

STI EDUCATION SYSTEMS HOLDINGS, INC.

BOARD CHARTER

A. INTRODUCTION

The Board of Directors (the "Board") of STI EDUCATION SYSTEMS HOLDINGS, INC. ("STI Holdings" or the "Corporation") is the highest mandate in governance matters and in the management of the business of the Corporation.

It is the responsibility of the Board to foster the success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary duty, and to promote and adhere to the principles and best practices of Corporate Governance.

The Board shall exercise its powers and duties in the best interest of the Corporation and its shareholders and other investors.

This Board Charter (the "Charter") shall complement or supplement the Corporation Code of the Philippines, the Corporation's Articles of Incorporation and By-Laws, and rules and regulations issued by the Securities and Exchange Commission, Philippine Stock Exchange and other relevant government authorities.

B. COMPOSITION OF THE BOARD

The Board should be composed of such members to create a collective working knowledge, experience, and expertise in the Corporation's industry. It should have an appropriate mix of competence and expertise to enable the Board to fulfill its roles and responsibilities, and to respond to the needs of the Corporation based on the evolving business environment and strategic direction.

The Board shall be composed of eleven (11) members who are elected by the Stockholders. At least three (3) of its members shall be Independent Directors.

A majority of the Members of the Board should be comprised of Non-Executive Directors and Independent 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.

C. NOMINATION AND ELECTION OF DIRECTORS

The Directors shall be elected at the annual meeting of the stockholders, provided that, in the event of failure to hold such meeting or to hold such election at such

meeting, it may be held at any special meeting of the stockholders called for that purpose.

Each Director shall hold office until the annual meeting held next after his election and until his successor shall have been duly chosen and qualified, or until his resignation shall have been accepted or he shall have been removed in the manner hereinafter provided, and vacancies in the Board of Directors may be filled by the vote of a majority of the remaining Directors constituting a quorum.

The Corporate Governance Committee shall conduct the nomination of Directors prior to the annual Stockholders' meeting. All recommendations shall be signed by the nominating Stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Corporate Governance Committee and the Corporate Secretary at least forty five (45) calendar days before the date of the actual meeting.

The Corporation shall cause the election of an independent director or independent directors as may be required by law. An independent director shall hold no interests or relationships with the Company that may hinder his or her independence from the Company or management or that may interfere with the exercise of independent judgment in carrying out the responsibilities of a director. He / She shall submit to the Corporate Secretary a letter of confirmation stating that he/she holds no interests affiliated with the Company, management or controlling stockholder at the time of his/her election or appointment and/or re-election as director.

An Independent Director shall serve a maximum cumulative term of nine (9) years. After serving this maximum cumulative term, an Independent Director shall be perpetually barred from re-election as such in the Corporation. An Independent Director barred from re-election as such may continue to qualify for nomination and election as a non-Independent Director. In the event the Corporation wants to retain the Independent Director after serving nine (9) years, the Board should provide meritorious justification/s and seek Stockholders' approval during the Annual Stockholders' Meeting. The nine-year term shall be reckoned from 2012, pursuant to SEC Memorandum Circular No. 9 Series of 2011.

D. BOARD MEETINGS

Regular meetings of the Board of Directors shall be held on a quarterly basis. Special meetings of the Board may be called by the Chairman of the Board, the President, or at the request of two Directors, on notice in writing sent by mail to or delivered at such registered address not less than seventy-two hours prior to any such meeting. Such notice shall constitute full legal notice of any such meeting, whether received or not. No meeting and no business transacted at any meeting where a question is passed shall be effected by a failure to give notice of such meeting to any Director, if such Director attends such meeting, or after any such meeting approved in writing

of the transactions thereof. The directors may adjourn and otherwise regulate their meetings, subject to the By-Laws of the Corporation, as they think fit.

A majority of the Directors shall form a quorum for the transaction of business at a Directors' meeting, and the votes of at least a majority of the Directors of the Corporation present at the meeting shall be necessary to carry any resolution or transact business at any meeting of Directors.

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 SEC.

Independent Directors should always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one Independent Director in all its meetings.

E. FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board shall be responsible for fostering the long-term success of the Corporation and sustaining its competitiveness and profitability in a manner that is consistent with its corporate objectives and long-term interests of its stockholders and other stakeholders. The members of the Board must act in a manner characterized by transparency, accountability and fairness.

Apart from the duties and responsibilities contained the Corporation Code, the Corporation's Articles of Incorporation and By-Laws as well as other pertinent regulations, the Board shall:

- (1) oversee the development of and approve the Corporation's business objectives and strategy and monitor their implementation in order to sustain the Corporation's long term viability and strength;
- (2) review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans;
- (3) set performance objectives;
- (4) monitor implementation of corporate strategies, policies and plans as well as corporate performance; and
- (5) oversee major capital expenditures, acquisitions and divestitures.

The Board shall likewise establish a performance management framework that will measure the performance of management and personnel and ensure that the same is at par with the standards set by the Board.

The Board shall also be responsible for developing and overseeing an appropriate internal control system to identify, monitor and manage potential conflicts of interest of management, Board members and stockholders. There shall be a regular review of the effectiveness of the Corporation's internal control system in order to maintain its adequacy and effectiveness.

The Board shall develop and implement a sound enterprise risk management framework to identify, monitor and manage key business risk. The framework shall help the Board to identify risk exposures for the Corporation's subsidiaries as well as risk on an enterprise level.

F. THE CHAIRMAN OF THE BOARD

In addition to the duties imposed under the By-Laws, the Chairman shall perform the following duties and responsibilities in relation to the Board:

- (1) Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.
- (2) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management, and the Directors;
- (3) Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
- (4) Maintain qualitative and timely lines of communication and information between the Board and Management
- (5) Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.
- (6) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors.
- (7) Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.

- (8) Assure the availability of proper orientation for first-time Directors and continuing training opportunities for all Directors.
- (9) Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on;
- (10) Ensure effective communication with Stockholders;
- (11) Ensure constructive relations between the Board and Management; and
- (12) Promote high standards of corporate governance.

G. THE PRESIDENT/CEO

The President shall be the Chief Executive Officer (the "CEO"). The President/CEO shall:

- (1) Determine the Corporation's strategic direction and formulate and implement its strategic plan on the direction of the business;
- (2) Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any organizational or stakeholder change in relation to the same;
- (3) Oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan;
- (4) Keep up-to-date with the Corporation's industry, market and the core business purpose;
- (5) Direct, evaluate and guide the work of the key officers of the Corporation;
- (6) Manage the Corporation's resources prudently and ensure a proper balance of the same;
- (7) Provide the Board with timely information and interface between the Board and the employees;
- (8) Build the corporate culture and motivate the employees of the Corporation; and
- (9) Serve as a link between internal operations and external stakeholders.

H. CORPORATE SECRETARY

The Corporate Secretary is an officer of the Corporation and must comply with his/her responsibilities as set out in the By-Laws of the Corporation. He/She shall be a Filipino citizen and a resident of the Philippines. Considering his/her varied functions and duties, he/she must possess administrative and interpersonal skills, and if he/she is not the general counsel, then he/she must be aware of the laws, rules and regulations necessary in the performance of his/her duties and responsibilities. The Corporate Secretary must also have a working knowledge of the operations of the Corporation. He/She must be loyal to the mission, vision and objectives of the Corporation and be able to work fairly and effectively with the Board, Management and Stockholders. The Corporate Secretary shall attend training on corporate governance annually.

The Corporate Secretary shall:

- (1) Assist the Board and the Board Committees in the conduct of meetings;
- (2) Prepare the annual schedule of Board and Committee meetings;
- (3) Assist the Chairpersons of the Board and the Committees in preparing agenda items;
- (4) Inform the members of the Board, in accordance with the By- Laws, of the agenda of their meetings, and ensure that the members of the Board have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (5) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as all other documents, records and information essential to the conduct of his/her duties and responsibilities to the Corporation as set out in the By-Laws;
- (6) Keep abreast on relevant laws, regulations, all governance issuances, relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- (7) Work fairly and objectively with the Board, Management, Stockholders, and other Stakeholders, and contribute to the flow of information between the Board and the Management, the Board and the Committees, and the Board and its Stakeholders, including the Stockholders;

- (8) Attend all Board meetings and maintain record of the same, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- (9) Oversee the drafting of the By-Laws and ensure that they conform with regulatory requirements;
- (10) Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- (11) Submit a certification to the SEC every 30th of January of the year regarding the attendance of the Directors during Board meetings, countersigned by the Chairman of the Board; and
- (12) Perform such other duties and responsibilities as may be provided by the SEC.

I. BOARD COMMITTEES

The Board shall establish such Committees to aid in performing and implementing specialized functions and in complying with the principles of good corporate governance. If a Committee recommended by the Code of Governance is not established, the functions of such Committee may be performed by the whole Board or by another Committee.

The Board Committees are the Executive Committee, Audit Committee, Corporate Governance Committee and Related Party Transactions Committee.

The Chairpersons and members of the Audit Committee, the Corporate Governance Committee and the Related Party Transactions Committee shall be independent directors.

J. REMUNERATION OF THE BOARD

Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board a fixed sum and expenses of attendance, if any, and a Director's fee may be allowed for attendance at each meeting of the Board; provided that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore or for the Board to allow special fees by resolution to non-executive Directors.

K. ORIENTATION AND CONTINUING EDUCATION PROGRAMS FOR DIRECTORS

All first-time Directors should undergo an eight (8) hour orientation program on the following matters:

- (1) Duties and responsibilities of a Director.
- (2) Roles of a Director.
- (3) Accountabilities of a Director.
- (4) Code of Conduct of Directors.
- (5) Background on the business and industry of the Corporation.
- (6) SEC-mandated topics on Corporate Governance.

Such new Director shall, as appropriate, attend outside Director education courses sponsored by recognized organizations. It shall also include meetings with and presentations by key management and visits to Corporation facilities.

The Board recognizes the importance of continuing education of its members. All Directors of the Corporation should take at least four (4) hours of continuing education or training on the following matters:

- (1) Developments in the business environment.
- (2) Developments in rules and regulations of concerned regulatory agencies.
- (3) Corporate governance matters such as, but not limited to, audit, internal controls, risk management, sustainability, and strategy.

The Board acknowledges that the continuing education of its Directors may be provided in a variety of different forms, including external or internal education programs, presentations or briefings on particular topics, educational materials, meetings with key management and visits to Corporation facilities. The Corporation, under the direction of the Corporate Governance Committee, will assist the Board in pursuing continuing education programs for its Directors.

L. PERFORMANCE EVALUATION OF THE BOARD

The Board of Directors will conduct an annual self-evaluation to determine whether it and the Board committees are functioning effectively. The aforementioned evaluation shall be conducted in accordance with applicable rules and regulations.

M. ADOPTION AND EFFECTIVITY

This Charter shall take effect immediately after the approval of the Board. Amendments to comply with regulatory issuances of the SEC shall be deemed adopted and effective upon the effectivity of the regulatory issuance.


STI EDUCATION SYSTEMS HOLDINGS, INC.

By:



EUSEBIO H. TANCO
Chairman of the Board

20 July 2020
Date



MONICO V. JACOB
President and CEO

20 July 2020
Date



ARSENIO C. CABRERA, JR.
Corporate Secretary

20 July 2020
Date