

AZALEA LEISURE AND RESIDENCES CORPORATION

BOARD CHARTER

1. Purpose

This Board Charter sets out the roles, responsibilities, and authorities of the Board of Directors (“the Board”) of **AZALEA LEISURE AND RESIDENCES CORPORATION doing business under the name and style of Azalea Vacation Club** (“the Club”). It serves as a guide for effective governance, ensuring the Club operates transparently, ethically, and in the best interests of its members in accordance with applicable laws and regulations of the Republic of the Philippines.

2. Objectives of the Board

The Board is responsible for overseeing the strategic direction, financial sustainability, risk management, and overall governance of the Club. Its primary objective is to ensure the long-term success of the Club while upholding the rights and interests of its members.

3. Composition of the Board

- The Board shall consist of five (5) directors and two (2) independent directors, elected in accordance with the Club’s by-laws and relevant Philippine laws.
- The composition shall reflect a balance of skills, expertise, experience, and independence.
- A Chairperson shall be elected among the Board members and shall not also serve as the President/General Manager, unless duly justified and approved by the majority of members.

4. Roles and Responsibilities of the Board

The Board shall:

1. Strategy and Planning
 - Approve the mission, vision, and long-term strategic plans of the Club.
 - Oversee implementation of strategic initiatives and monitor performance.
2. Governance and Compliance
 - Ensure compliance with applicable laws, regulations, and the Club’s Articles of Incorporation and By-Laws.
 - Adopt and periodically review policies relating to corporate governance and club operations.
3. Financial Oversight
 - Approve the annual budget and financial statements.
 - Oversee internal controls and the integrity of financial reporting.
 - Ensure proper use and stewardship of the Club’s assets.
4. Risk Management
 - Identify and evaluate key risks facing the Club.

- Ensure the implementation of appropriate risk management frameworks and controls.
- 5. Audit and Internal Controls
 - Oversee internal and external audit processes.
 - Review audit findings and monitor the implementation of recommendations.
- 6. Appointments and Remuneration
 - Appoint and evaluate the performance of the General Manager/President.
 - Determine fair compensation policies for management and staff, in line with club performance and industry benchmarks.
- 7. Membership and Stakeholder Relations
 - Promote open communication and engagement with members.
 - Protect the interests and rights of all stakeholders, particularly Club members.
- 8. Sustainability and Ethics
 - Uphold ethical standards and promote responsible tourism and environmental stewardship in line with local and national goals.

5. Duties of Individual Directors

Each director shall:

- Act honestly, in good faith, and in the best interest of the Club.
- Exercise due care, skill, and diligence in performing their duties.
- Avoid conflicts of interest and disclose any personal or financial interests that may influence decision-making.
- Maintain confidentiality of Board matters.

6. Meetings of the Board

- The Board shall meet at once a year or as needed.
- A majority of directors shall constitute a quorum.
- Meetings may be held physically or virtually, provided proper notice is given and minutes are recorded.
- Resolutions may be passed by a majority vote unless otherwise provided in the By-Laws.

7. Board Committees

At present, the Club has the following committees:

- Audit Committee
- Nominations Committee

The Board may establish other committees to enhance governance efficiency, including but not limited to:

- Corporate Governance Committee
- Board Risk Oversight Committee

Each committee shall operate under a formal charter approved by the Board.

8. Evaluation and Development

- The Board shall conduct an annual self-assessment of its performance and that of its committees and members.
- Directors shall participate in ongoing professional development and governance training, in compliance with SEC Corporate Governance Guidelines (as applicable).

9. Access to Information and Independent Advice

- Directors shall have unrestricted access to Club records and officers.
- The Board and its committees may seek independent professional advice, at the Club's expense, to assist in the performance of their duties.

10. Review of the Charter

This Charter shall be reviewed at least once every two (2) years or as necessary to remain compliant with evolving laws, regulations, and governance best practices. Amendments shall require Board approval.

Approved by:

Chairman, Board of Directors: Lony R. Capellan
Date: 30 July 2024

President: Lony R. Capellan
Date: 30 July 2024

Corporate Secretary: Atty. Hazel L. Helmuth
Date: 30 July 2024