August 11, 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City, Philippines

Attention: MR. VICENTE GRACIANO P. FELIZMÉNIO, JR.
Director, Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.
Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Philippines

Attention: MR. JOSE VALERIANO B. ZUÑO III
OIC – Head, Disclosure Department

Subject: Updates and Amendments to the Annual Corporate Governance Report

Gentlemen:

Please be advised of the amendment to the Charters of the Executive Committee, Audit and Governance Committee/Related Party Transactions Committee, Risk Committee, Nomination Committee, Remuneration Committee, and Committee of Inspectors of Ballots and Proxies. The amendment was approved by the Board of Directors of Manila Water Company, Inc. in its meeting held on August 11, 2016.

The amendment to the Charters of the Board Committees pertains to the inclusion of a provision that committee meeting materials shall be provided to the members at least five (5) working days prior to the date of the intended meeting.

Copies of the revised charters are attached for your reference.

Very truly yours,

[Signature]

JOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary
CHARTER OF THE EXECUTIVE COMMITTEE

The Board of Directors (“Board”) of Manila Water Company, Inc. (the “Corporation”) hereby adopts this Charter of the Executive Committee.

Section 1.  Membership

1.1 Composition

The Committee shall be composed of five (5) members. The Board shall appoint the members of the Committee from among its members.

The Board shall designate the Chairman of the Committee and may, from time to time, increase the membership of the Committee and appoint additional members therein.

1.2 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.

1.3 Vacancy

Any vacancy in the Committee caused by the death, resignation, removal or disqualification of member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and have qualified.

1.4 Compensation

Each Committee member shall receive such emolument and/or compensation as may be fixed by the Board pursuant to the By-Laws.

Section 2.  Powers, Duties and Responsibilities of the Committee

2.1 The Committee is authorized to act, and shall act, on matters within the competence of the Board, except with respect to:

(a) approval of any action for which shareholders’ approval is also required;

(b) filling of vacancies in the board;

(c) the amendment or repeal of the By-laws or the adoption of new By-laws;
(d) the amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable; and

(e) distribution of dividends to shareholders.

2.2 The Committee shall perform such other functions as may be properly delegated to it by the Board.

2.3 The Committee shall refer the resolution of matters to the Board Committee that has the authority or competence to act on those matters in accordance with their respective Charters.

2.4 The Committee shall be guided by the Corporation’s mission and vision in the fulfillment of its functions.

Section 3. Resolutions and Actions

3.1 Meetings, Quorum and Actions

(a) The Committee shall meet in person or telephonically or video conference or through such other similar means at such times and frequency as may be necessary.

(b) As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials of the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.

(c) The attendance of at least four (4) members of the Executive Committee shall constitute a quorum.

(d) The majority vote of all members shall be necessary to carry an act or resolution of the Committee.

(e) Actions of the Committee may also be taken by written consent (in physical, electronic or digital format) by majority of the members when deemed necessary or desirable by the Committee or its Chairman.

(f) Attendance of members at Committee meetings shall be disclosed in the Corporation’s annual report.
3.2 Minutes

Minutes of the Committee meeting will be recorded and maintained by the Office of the Corporate Secretary. The Corporate Secretary or his designate shall act as secretary for the meetings.

3.3 Reports to and Ratification by the Board

The Chairman of the Committee or his designate shall report to the Board all actions of the Committee at the meeting of the Board following such actions.

An act of the Executive Committee which is within the scope of its powers shall not require ratification or approval by the Board for its validity and effectivity. However, any such act shall be subject to revision or alteration by the Board, provided that no rights of third parties shall be affected by a revision or alteration.

Section 4. Miscellaneous

4.1 Access to Information

The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.

4.2 Technical Assistance

The Corporate Secretary, the management and all personnel of the Corporation shall provide assistance and support to the Committee.

The Committee may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

All resources necessary for the Committee to perform its duties and functions shall be provided by the Corporation, at its expense.

4.3 Records/Confidentiality

The Corporate Secretary shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records of the Committee shall be kept confidential.
4.4 **Annual Review**

This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.

4.5 **Self-Evaluation**

The Committee shall conduct a yearly self-evaluation of its own performance.

4.6 **Effectivity**

This Charter shall take effect when approved by the Board.
A. **INTRODUCTION**

This document shall be known as the Audit and Governance Committee Charter (the “Charter”) and shall prescribe the roles, responsibilities, and authority of the Audit and Governance Committee (“Committee”) of Manila Water Company, Inc. (“Manila Water” or the “Company”), including the rules of procedures necessary for the conduct of the duties and functions of the Committee, as approved by the Board of Directors (the “Board”).

The Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Company and shall be responsible for ensuring the development of, compliance with, and periodic review of corporate governance policies and practices of the Company.

B. **THE COMMITTEE STRUCTURE, MEMBERSHIP AND QUALIFICATIONS**

It is the duty of the Board to ensure the presence and adequacy of internal control mechanisms for good governance. For this purpose, the Board created the Committee composed of four (4) members at least one of whom shall be an independent director. The independent director shall chair the Committee.

The Board will appoint the Committee members and the Committee Chair. Vacancies shall be filled up by the Board within a reasonable period so as not impair the functions of the Committee subject to the qualifications requirement as herein provided. The Chairman shall be selected from among the incumbent independent directors of the Company.

The members of the Committee who are members of the Board shall have all the qualifications and none of the disqualifications provided in the Corporate Governance Manual (the “Manual”) of the Company. Any member of the Committee who is not a member of the Board shall have the following qualifications:

i. At least twenty-one (21) years of age;

ii. A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;

iii. Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions;
iv. Possesses adequate understanding of accounting and auditing principles in general and of the Company’s financial management systems and environment in particular;

v. Possesses such qualifications and stature that would enable them to effectively participate in the deliberations of the Committee;

vi. Other relevant qualifications, such as membership in good standing in business, professional organizations or relevant industry;

vii. Possesses none of the disqualifications provided in the Manual and By-Laws of the Company as well as existing rules and regulations, if any.

The Committee members shall be prohibited from being an employee of the Company. In addition, the Committee members shall not engage in any private business transactions with the Company or receive compensation from any private entity that has material business relationship with the Company other than being a shareholder thereon.

C. MEETINGS AND SCHEDULE OF ACTIVITIES

To provide a systematic guide for the discharge of its responsibilities, the Committee shall approve the annual calendar/schedule of activities and the determined agenda for each meeting subject to adjustments and/or revisions, as needed. The Chief Audit Executive (“CAE”) will ensure that the schedule is carried out as planned.

The Committee shall meet at least quarterly. Preferably, the quarterly meetings will be held prior to meeting of the Board of Directors. In cases when there is a need for special meetings to take up any critical items that would need approval in between the quarterly meetings, the Chairman of the Committee shall call for a special meeting and determine the conduct thereof.

The agenda for the meetings will be developed by the CAE based on the agreed calendar of activities and inputs from the Committee members, subject to the approval of the Chairman. The quarterly meetings will include the review and discussion of the quarterly or year-end financial statements, the related disclosures and other reportorial requirements.
The President and the CFO may be requested to attend Committee meetings. As and when appropriate, the Committee may require other members of management to be present at the meetings. External subject experts, such as the appointed independent auditors and other consultants, may also be invited to the meetings.

The Committee shall meet with the internal and the external auditors in executive session at least once a year. The CAE must communicate and interact directly with the Committee. (New standard – ISPPIA 1111)

The Committee shall meet with the CAE and the Senior Management, as it may deem necessary, to discuss the Definition of Internal Auditing, the Code of Ethics, and the Standards. (New standard-ISPPIA 1010)

*The materials for the meetings shall be given to each member at least five (5) working days prior to the intended meeting to give the member sufficient time to prepare for the meeting and to raise any concern on the materials.*

**D. FUNCTIONS AND RESPONSIBILITIES**

In general, the Committee shall assist the Board in the performance of the following functions:

i. Ensure the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;

ii. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;

iii. Institutionalizing the internal audit functions;

iv. Ensuring the presence of, and regularly reviewing, the performance and quality of external audit;

v. Provide strategic policies and guidelines to the Company on major capital expenditures and key investments. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies;
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<th>MANILA WATER COMPANY, INC. AUDIT AND GOVERNANCE COMMITTEE CHARTER</th>
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<tr>
<td>VERSION NO. 4</td>
<td>REVISION NO. 5</td>
<td>REVISION DATE August 11, 2016</td>
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vi. Formulate a clear communication and disclosure strategy to promptly and regularly communicate with the regulators and the Company’s shareholders and other stakeholders on matters of importance;

vii. Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;

viii. Adopt a system of internal checks and balances for the Board and management which systems shall be continuously and regularly reviewed and updated to ensure adequacy and effectiveness;

ix. Provide the stockholders and stakeholders with relevant and timely information about the Company’s performance, position and prospects as well as other financial reporting and control requirements as may be issued by regulator or required by the shareholders and stakeholders from time to time.

tax. Adoption, implementation and continuous monitoring of policies and procedures that will ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, 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 as well as other unusual or complex transactions;

xi. Recommend the appointment and removal of the external auditors;

xii. Creation of procedures for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, subject only to reasonableness of expense;

In particular, the Committee shall have the following duties and responsibilities:

i. assist the Board in its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations and secure Management’s assurance as to the state of the Company’s internal control;

ii. make a fair and balanced review of all financial reports and check against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
iii. determine the impact of new accounting standards and interpretations in the financial standing and reports of the Company;

iv. assess annual and interim financial reports as to completeness, clarity, consistency and accuracy of disclosures including information on related party transactions;

v. perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management;

vi. be responsible for setting up an internal audit department and consider the appointment and removal of the CAE; establish and identify the reporting line of the CAE so that the reporting levels allow the internal audit activity to fulfill its responsibilities;

vii. ensuring that internal auditors have free and full access to all the Company’s records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;

viii. provide oversight of the Company’s internal and external auditors; ensure that the internal and external auditors act independently from each other; and ensure that the external auditor is given unrestricted access to all records, properties and personnel to enable it to perform its audit function;

ix. review internal audit plans, including audit scope, resources and budget necessary to implement it, to ensure its conformity with the objectives of the Company;

x. discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure cooperation where more than one audit firm is needed in order to secure proper coverage and minimize duplication of efforts;

xi. monitor and evaluate the adequacy and effectiveness of the Company’s internal control system, including financial reporting control and information technology security;

xii. ensure that accounting system of the Company adheres to internationally accepted financial reporting standards and that auditing processes, practices and methodologies are compliant with generally accepted audit standards and practices.
xiii. develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a procedures and policies handbook that will be used by the entire organization;

xiv. receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies;

xv. establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. The internal auditor shall functionally report directly to the Audit and Governance Committee which committee shall ensure the internal auditor’s independence and freedom from interference by outside parties;

xvi. review the quarterly, half-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, stock exchange and other regulatory requirements;

xvii. recommend and review the appointment and removal of external auditors and their remuneration;

xviii. coordinate, monitor and facilitate compliance with laws, rules and regulations;

xix. evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company’s overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Company’s annual report;

xx. understand and evaluate disagreements between the external auditors and management and make the appropriate recommendation to the Board for redress of the matter.

xxi. conduct a yearly self-evaluation of the directors and executive officers and report the results of the same to the Board. Independent consultants may also be invited to assist the Committee in the process;
xxii. develop and recommend to the Board corporate governance principles applicable to the Company;
xxiii. monitor and assess the Company’s compliance with rules and regulations relating to corporate governance policies;
xxiv. make an assessment of the correspondence between the Company and its regulators regarding financial statement filings and disclosures;
xxv. evaluate and monitor compliance with the Company’s policy in detection of fraud and whistle-blower program;
xxvi. evaluate compliance with the Company’s Code of Conduct and Ethics.

In the fulfillment of the foregoing functions, the Committee shall maintain a free and open communication with the Company’s independent auditors, the internal auditors and the management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all records, books of accounts, facilities and personnel of the company and the power to retain outside counsel or other experts for this purpose.

Furthermore, the Committee may rely upon the expertise and knowledge of Management, the Internal Auditors and Independent Auditors in the fulfillment of its responsibilities.

The independent Auditors are responsible to the Committee in helping ensure the integrity of the financial statements while the Internal Auditors help the Committee identify the risks, control and financial reporting issues through the continuous review of the effectiveness of the organization’s risk management, financial reporting and controls, and corporate governance processes.

E. FINANCIAL REPORTING
The Committee shall:

i. Review of the financial statements and all related disclosures and reports certified by the Chief Finance Officer (CFO) and released to the public and/or submitted to the Philippine Securities and Exchange Commission for compliance
with both the internal financial management handbook and existing financial accounting standards, legal and regulatory requirements.

ii. Review of the quarterly, mid-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, alternative accounting treatments and significant adjustments resulting from the audit, on-going concern assumptions, compliance with accounting standards, tax, legal, and stock exchange requirements.

iii. Ensure that a transparent financial management system is established to ensure the integrity of internal control activities throughout the organization.

iv. Maintain at international standards, the Company’s accounting and auditing processes, practices and methodologies, and ensure that:
   a. The accounting system of the Company is compliant with the current and existing financial accounting standards.
   b. An accountability statement is in place that specifically identifies officers and/or personnel directly responsible for the accomplishment of such task.

v. Review and approve management representation letter before the same is submitted to the independent auditor.

vi. Communicate with the Company’s legal officer/s or counsel/s regarding litigations, claims, contingencies or other significant legal issues that may have an impact on the financial standing of the Company.

F. INTERNAL AUDIT

The Committee shall:

i. Review and approval of the Internal Audit Charter and subsequent revisions thereto.

ii. Set up the Internal Audit Activity (“IAA”), including the appointment and removal of the CAE. The Committee shall establish and identify the reporting line of the CAE so that the reporting levels allow the IAA to fulfill its responsibilities. The Committee, having appointed the CAE, shall also concur in his/her replacement, re-assignment or dismissal.

iii. Ensure that the Internal Auditors have free and full access to all Corporation’s records, properties and personnel relevant to and required by its function and that the IAA shall be free from interference in determining its scope, performing its work and communicating its results.
iv. Approve the Annual Internal Audit Work Plan and all deviations therefrom, ensure that the audit resources are reasonably allocated to the areas of higher risk.

v. Review reports of the IAA and regulatory agencies, where applicable, ensure that management is taking appropriate and corrective actions in a timely manner, including addressing internal control and compliance issues.

vi. Review of the IAA’s periodic reports and the IAA Annual Report. Periodic reports shall highlight the status of projects in accordance with the audit plan approved by the Committee, as well any unplanned projects. Such reports shall include a summary of key findings and recommendations, including the status of implementation. The Annual Report shall discuss the IAA’s activities and performance relative to the audit plans and strategies approved by the Committee.

vii. Conduct separate meetings with the President to discuss any matter that the Committee or the auditors may deem necessary to be discussed privately.

viii. Provide inputs on the performance of the IAA and communicate/discuss such inputs with the President who shall then translate these into a performance appraisal applicable to the CAE and the Internal Auditors taken as a whole.

ix. As necessary, institute special investigations and, if appropriate, the hire of special counsel or experts to provide the necessary assistance.

x. Monitor the assessment of IAA in determining whether the information technology governance of the organization sustains and supports the organization’s strategies and objectives. (New standard–ISPPIA 2110.A2)

xi. Provide inputs on the IAA’s evaluation of the potential occurrence of material errors and fraud. IAA should inform the Committee how the organization manages fraud risk. The Committee shall determine the sufficiency of the risk controls applied in the Company for the occurrence of such material errors and fraud and provide inputs and/or guidance on how to improve the same. (New standard–ISPPIA 2120.A2)

xii. The Committee shall report to the Board any material error or fraud it may have found on its own or through the evaluation conducted by the IAA related to the business of the Company, particularly in financial reporting, and recommend appropriate actions to be taken by the Board to correct the same.
xiii. Provide and approve the limits of IAA’s responsibility in assisting the management in establishing and improving risk management process. IAA must refrain from assuming management responsibility by actually managing risks. (*New standard-ISPPIA 2120.C3*)

xiv. Oversee that IAA will only state that their engagements are “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing”, only if the results of the quality assurance and improvement program support the statement. (*New standard-ISPPIA 2430*)

xv. Review and evaluate IAA’s evaluation of the Company’s internal controls including Information Technology systems and functions;

xvi. Evaluate and deliberate on the weaknesses of the Company’s internal control and reporting processes and provide guidance or establish corrective measures for its improvement;

xvii. Ensure that management employs the services of internal auditors who are compliant with all qualification requirements of existing regulations, if any, and/or have sufficient experience and expertise in the performance of internal audit functions and that the performance of the internal auditor’s functions are in compliance with international standards on the Practice of Internal Auditing;

xviii. Determine the propriety of keeping an in-house audit function as compared to outsourcing. The Committee shall make the appropriate recommendation to the Board should it determine that the internal audit function should be outsourced.

G. EXTERNAL AUDIT

The Committee shall:

i. Recommend the appointment and removal of the Independent Auditors and the fixing of their compensation to the Board and ensure that the rotation process of the auditors of the external auditors of the firm engaged is enforced.

ii. Ensure that the external auditors comply with relevant and applicable auditing standards.

iii. Review and pre-approve the Independent Auditor’s plans to understand the basis for their risk assessment and financial statement materiality including the scope and frequency of the audit, and ensure cooperation when more than one professional service firm is needed.
iv. Monitor the coordination efforts of the external and internal auditors.

v. Review the reports of the Independent Auditors and regulatory agencies, where applicable. Ensure that management is taking appropriate corrective actions in a timely manner, including addressing control and compliance issues.

vi. Conduct a separate meeting in executive session, with the external auditors to discuss any matter that the committee or auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls.

vii. Review and approve the proportion of audit versus non-audit work both in relation to their significance to the auditor and in relation to the Company’s year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the independent auditor. The amount of non-audit work of independent auditors shall be disclosed in the annual report.

viii. Evaluate the internal control issues that have been raised by the independent auditor.

ix. Communicate with the external auditors of the Company within a reasonable period of time after the completion of the independent audit and to discuss any material findings on the Company relating to critical policy weaknesses, the external auditor’s observation on the Company’s internal controls, audit adjustments, alternative treatments, the independent auditor’s independence and limitations on the audit that may have been imposed by management and other material issues that affect the integrity and accuracy of the Company’s financial reporting;

x. Evaluate the performance of the external auditor and to ensure that the same performs its functions in compliance with the relevant and applicable auditing standards.

I. REPORTING PROCEDURES

To keep the Board of Directors appraised on the results of the Committee’s activities, the Committee Chairman shall submit a report every quarter to the Chairman of the Board and shall report to the Board during its meeting for the quarter, if necessary.

The Committee Chairman will also submit and present an Annual Audit and Governance Committee report to the Board during its first meeting immediately following the end of the fiscal year.
J. PERFORMANCE EVALUATION AND CONTINUOUS IMPROVEMENT

To ensure that the Committee continues to fulfill its responsibilities in accordance with global best practices and in compliance with the Manual and other relevant regulatory requirements, the Committee shall conduct an assessment of its performance at least annually.

In this regard, the Committee shall:

i. As a body, evaluate its performance by filling up a self-assessment questionnaire that shall benchmark its practices against the expectations set out in this Charter.

ii. Based on the results of the self-assessment, formulate and implement plans to improve its performance. These shall include the identification of relevant 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 (e.g. emerging risks).

iii. Annually, review the status of implementation of such plans for improvement.

iv. In addition, the Committee shall obtain and subject itself to an independent assessment by the Board of Directors relative to its performance in accordance with expectations set out in this Charter and the discharge of its responsibilities as specified in the Committee’s Calendar of Activities.

K. FUNCTIONAL AND SECRETARIAT SUPPORT

The IAA shall support the Committee in the rendition of its functions, specifically:

i. IAA shall provide all the secretariat support to the Committee.

ii. The CAE shall attend all the Committee meetings and ensure that a legal officer records the minutes of the meetings.

iii. IAA shall keep all minutes of the meetings and make these available for inspection by any member of the Committee or the Board of Directors, as and when requested.

iv. IAA shall review all papers for submission to the Committee, including any proposals from management before these are submitted to the Committee for approval. If there are unresolved differences in opinion on any proposal between the proponent and IAA, these shall be highlighted to the Committee for consideration and decision.
L. REVIEW AND AMENDMENTS

The Committee shall review the Charter annually and any revision deemed necessary or appropriate will be endorsed by the Committee for approval of the Board.

M. APPROVAL

This revised Charter was approved by unanimous vote of the members of the Board of Directors during its Regular Meeting on 11 August 2016 held at Board Room, 35th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Charter was revised to indicate that committee meeting shall be provided to the members at least five (5) working days prior to the intended meeting.

N. ADOPTION AND EFFECTIVITY

This Charter was adopted by the Board of Directors on November 8, 2004 and became effective on January 1, 2005. The Revised Charter shall be effective March 1, 2016.

Initial Issue Date: November 8, 2004
Revisions:

- November 25, 2009 - to include new Auditing Standards
- February 15, 2010 – to explicitly state and clearly define Definition of Internal Auditing and the responsibilities of IAA in consulting services
- February 14, 2011 - to include the ERM functions of the AGC that is also the function of the Board to review and endorse to the Board the adequacy and effectiveness of Manila Water’s enterprise risk management process.
- February 14, 2012 – change in Audit and Governance Committee Members. The AGC reviewed the Charter to determine its adequacy in achieving the AGC’s and Internal Audit’s objectives. Consequently, the AGC approved and signed Charter.
- August 29, 2012 – to adopt the guidelines set forth by the Securities and Exchange Commission in its Memorandum Circular No. 4 Series of 2012 on the specific functions of the Audit Committee and an assessment of its performance.
- February 24, 2016 – to update the Charter of Audit & Governance Committee in relation to the creation of the Risk Committee.
- August 11, 2016 – to indicate that committee meeting shall be provided to the members at least five (5) working days prior to the intended meeting.
A. Introduction

In line with best corporate governance practices and to ensure effective management of strategic, operational, financial and compliance-related risks, the Board of Directors (the “Board”) of Manila Water Company, Inc. (the “Company”) created the Risk Committee (the “Committee”) to provide assistance in fulfilling the Board’s oversight responsibilities in relation to risk governance in the Company.

B. Committee Structure

The Committee shall be comprised of four (4) members of the Board, majority of whom shall be independent directors of the Company. The Board shall designate one member, who must be an independent director, to serve as the Committee Chairman.

The Board shall appoint the Committee members at its annual organizational meeting. Membership shall be reviewed annually, subject to the approval of the Board.

C. Authority, Roles and Responsibilities of the Committee

The Committee shall have the following authority, roles and responsibilities:

1. Promote an open discussion regarding risks faced by the Company, as well as risks faced by its subsidiaries that may have potential impact on the Company’ operations, and ensure that risk awareness culture is pervasive throughout the organization.

2. Ensure that an overall set of risk management policies and procedures exist for the Company.

3. Review the Company’s risk governance structure and the adequacy of the Company’s risk management framework / process.

4. Review and endorse to the Board changes or amendments to the Enterprise Risk Management (ERM) Policy.

5. Perform oversight functions specifically in the areas of managing strategic, financial, compliance, operational and other risks of the Company, and crisis management.
6. In coordination with the Audit and Governance Committee, ensure that the Company’s internal audit work plan is aligned with risk management activities and that the internal control system considers all risks identified in the risk assessment process.

7. Perform other activities related to this Charter as requested by the Board.

This policy notwithstanding, Management shall remain primarily responsible for the development, implementation, monitoring and reporting of the risk management framework, process and strategies intended to address the identified risks.

D. Meetings and Schedule of Activities

The Committee shall meet at least twice a year, or more frequently as needed. All meetings shall be presided by the Committee Chairman and attended by all committee members, whether in person or via teleconference or videoconference. Meetings shall not proceed in the absence of a quorum; that is, three (3) committee members.

Separate executive sessions may be conducted by the Committee with the Chief Risk Officer (CRO), Chief Finance Officer (CFO), Chief Audit Executive (CAE), other members of the Management team and/or external auditors to foster open communication and discuss any matter that the Committee believes as needed to be discussed in private.

The minutes of the Committee meeting shall be recorded and maintained by the Enterprise Risk and Insurance Management (ERIM) Department and presented to the Committee at the next meeting for approval.

Aside from regular meetings, the Committee shall also construct and agree on an annual calendar, which will lay down the schedule of activities for the year. This shall provide a systematic guide for the discharge of the Committee’s responsibilities. Accordingly, the Chief Risk Officer shall ensure that the schedule is followed as planned.

*The materials for the meetings shall be given to each member at least five (5) working days prior to the intended meeting to give the members sufficient time to prepare for the meeting and to raise any concern on the materials.*
E. Functional and Secretariat Support

The Enterprise Risk and Insurance Management (ERIM) Department shall support the Committee in the performance of its functions, specifically:

1. The ERIM Department shall provide all the secretariat support to the Committee.
2. The Chief Risk Officer shall attend all the Committee meetings and ensure that the minutes of the meetings are properly recorded by a representative from the Office of the Corporate Secretary.
3. The ERIM Department shall keep all minutes of the meetings, recorded and prepared by the Office of the Corporate Secretary and make these available for inspection by any member of the Committee or the Board, as and when requested.
4. The ERIM Department shall review all papers for submission to the Committee, including any proposals from management before these are submitted to the Committee for approval. If there are unresolved differences in opinion on any proposal between the proponent and ERIM Department, these shall be highlighted to the Committee for consideration and decision.

F. Other Matters

1. Reports to the Board

The Committee Chairman shall submit and present a report to the Board, containing updates on all actions taken by the Committee at the Board meeting following the Committee meeting.

Similarly, the Committee Chairman shall also submit and present an annual report to the Board during its first meeting following the immediate calendar year. The annual report shall include a summary of the Committee’s activities during the year, an over-all assessment of its performance and recommendations for improvement.

2. Performance Evaluation

The Committee shall review its performance annually with respect to the fulfillment of its functions and responsibilities as mandated in this Charter. The Board may conduct an independent annual assessment of the Committee’s performance.
3. Annual Charter Review

This Charter shall be reviewed annually by the Committee to ensure its continuing adequacy and consistency with the Board’s objectives and responsibilities. Any proposed changes shall be approved by the Board.

4. Access to Information

The Committee shall have reasonably free and full access to the Company’s data, records and properties, as well as information from employees, officers, directors or external parties that may be relevant in monitoring and assessing risk exposures and their implications to the Company.
CHARTER OF THE NOMINATION COMMITTEE

The Board of Directors (“Board”) of Manila Water Company, Inc. (the “Corporation”) hereby adopts this Charter of the Nomination Committee.

Section 1. Membership

1.1 Composition

The Committee shall be composed of at least three (3) members, majority of whom shall be independent directors. The Board may, from time to time, increase the membership of the Committee and appoint additional members therein, who may or may not be members of the Board.

The Board will designate the Chairman of the Committee who must be an independent director.

1.2 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board. The Committee shall comply with the rules and regulations of the Securities and Exchange Commission and the Philippine Stock Exchange.

1.3 Vacancy

Any vacancy in the Committee caused by the death, resignation, removal or disqualification of a member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

1.4 Compensation

Each Committee member shall receive such emolument or compensation as may be fixed by the Board pursuant to the By Laws.

Section 2. Powers, Duties and Responsibilities of Committee

2.1 The Committee shall have the following powers, duties and responsibilities:

(a) Establish and maintain a process to ensure that all candidates/nominees to be nominated for election as directors at the Annual Stockholders’ Meeting are qualified in accordance with the By-laws, Manual of Corporate Governance and relevant laws, rules and regulations.
(b) Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

(c) Review and evaluate the qualifications of persons nominated to positions in the Corporation which require appointment by the Board, and provide guidance and advice as necessary for the appointments of persons nominated to other positions.

(c) Review and revise if necessary, the succession plans for members of the Board and officers from Group Directors to the President/CEO.

(d) Provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board members and in appointing officers or advisors and develop, update as necessary and recommend to the Board policies for considering nominees for directors, officers or advisors.

(e) Discharge any other duties and responsibilities delegated to the Committee by the Board from time to time.

2.2 The Committee shall be guided by the Corporation’s mission and vision in the fulfillment of its functions.

2.3 All nominees for election in the following offices shall be referred to the Nomination Committee for evaluation of their qualifications:

(a) Board of Directors;
(b) President and Chief Executive Officer
(c) Chief Finance Officer or Treasurer
(d) Group Directors or Vice President level
(e) Corporate Secretary
(f) Assistant Corporate Secretary
(g) Other executive officers of the Corporation whose appointments are required by the Board to be submitted to the Board for approval

The Committee shall not endorse a nominee for appointment by the Board unless it has determined that all nominees have all the qualifications and none of the disqualifications for the position.
Section 3. Resolutions and Actions

3.1 Meetings, Quorums and Actions

(a) The Committee shall meet in person or telephonically or video conference or through such other similar means at least twice a year at a time and place determined by its Chairman, with further meetings to occur when deemed necessary or desirable by the Committee or its Chairman.

(b) As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials for the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.

(c) The attendance of a majority of the members of the Committee shall constitute a quorum.

(d) The majority vote of all its members shall be necessary to approve an act or resolution.

(e) Actions of the Committee may also be taken by written consent (in physical, electronic or digital format) by majority of the members when deemed necessary or desirable by the Committee or its Chairman.

(f) Attendance of members at Committee meetings shall be disclosed in the Corporation’s annual report.

3.2 Minutes

Minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary. The Corporate Secretary or the designate of the Committee shall act as secretary for the meetings.

3.3 Reports to the Board

All actions and resolutions of the Committee shall be presented to the Board for ratification and/or approval.

The Chairman of the Committee or his designate shall report to the Board all actions of the Committee at the meeting of the Board following such actions.
Section 4. Miscellaneous

4.1 Access to Information

The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.

4.2 Technical Assistance

The Corporate Secretary, the management and all personnel of the Corporation shall provide assistance and support to the Committee.

The Committee may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

All resources necessary for the Committee to perform its duties and functions shall be provided by the Corporation, at its expense.

4.3 Records/Confidentiality

The Corporate Secretary shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records shall be kept confidential.

4.4 Annual Review

This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.

4.5 Self-Evaluation

The Committee shall conduct a yearly self-evaluation of its own performance.

4.6 Effectivity

This Charter shall take effect when approved by the Board.
CHARTER OF THE REMUNERATION COMMITTEE

The Board of Directors ("Board") of Manila Water Company, Inc. (the "Corporation") hereby adopts this Charter of the Remuneration Committee.

Section 1. Membership

1.1 Composition

The Committee shall be composed of at least three (3) members, a majority of whom shall be independent directors. The Board may from time to time increase the membership of the Committee, and appoint additional members therein, who may or may not be directors.

The Board shall designate the Chairman of the Committee who must be an independent director.

1.2 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board unless removed or replaced by the Board.

1.3 Vacancy

Any vacancy in the Committee caused by the death, resignation, or disqualification of member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and have qualified.

1.4 Compensation

Each Committee member shall receive such emolument and/or compensation as may be fixed by the Board pursuant to the By Laws.

Section 2. Powers, Duties and Responsibilities of Committee

2.1 The Committee shall have the following powers, duties and responsibilities:

(a) Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation’s culture, strategy and the business environment in which it operates;
(b) Determine and approve all matters relating to the remuneration and benefits of the Board and the Corporation’s officers;

2.2 Evaluate and recommend for Board approval the pertinent guidelines on executive compensation, including non-monetary remuneration;

2.3 Periodically review and evaluate the policy on remuneration in order that it be in a sufficient level to attract and retain directors and officers of the Corporation;

2.4 Provide in the Corporation’s Required Reportorial Requirements, a clear, concise, and understandable disclosure of all compensation that may be paid to its directors and senior officers during the preceding fiscal year;

2.5 Review and revise if necessary, the existing Corporation policies to strengthen provisions on conflict of interest, compensation and benefit policies, promotion and career advancement and compliance with all regulatory policies.

No member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.

Section 3. Resolutions and Actions

3.1 Meetings, Quorums and Actions

(a) The Committee shall meet in person or telephonically or video conference or through such other similar means at least twice a year at a time and place determined by its Chairman, with further meetings to occur when deemed necessary or desirable by the Committee or its Chairman.

(b) As a general rule, Committee meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given by any customary means of communication such as electronic mail, in writing, by telephone, by telefax and other similar means. The notice shall specify the time and place of the meeting and include a detailed agenda. The materials for the meetings shall be given to each member of the Committee at least five (5) working days prior to the intended meeting, except as otherwise provided herein.

(c) The attendance of a majority of the members of the Committee shall constitute a quorum.

(d) The majority vote of all its members shall be necessary to approve an act or resolution.
(e) Actions of the Committee may also be taken by written consent (in physical, electronic or digital format) by majority of the members when deemed necessary or desirable by the Committee or its Chairman.

(f) Attendance of members at Committee meetings shall be disclosed in the Corporation’s annual report.

3.2 Minutes

Minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary, with the assistance of the Office of the Group Director for Corporate Human Resources Group. The Corporate Secretary or the designate of the Committee shall act as secretary for the meetings.

3.3 Reports to the Board

All actions and resolutions of the Committee shall be presented to the Board for ratification and/or approval.

The Chairman of the Committee or his designate shall report to the Board all actions of the Committee at the meeting of the Board following such actions.

Section 4. Miscellaneous

4.1 Access to Information

The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.

4.2 Technical Assistance

The Corporate Secretary, the Group Director for Corporate Human Resources Group, management and personnel of the Corporation shall provide assistance and support to the Committee.

The Committee may also invite such members of management and other persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

4.3 Records/Confidentiality

The Corporate Secretary, in coordination with the Office of the Group Director for Corporate Human Resources Group, shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or
regulations issued by competent government authorities, the records shall be kept confidential.

4.4 Annual Review
This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.

4.5 Self-Evaluation
The Committee shall conduct a yearly self-evaluation of its own performance.

4.6 Effectivity
This Charter shall take effect when approved by the Board.
CHARTER OF THE COMMITTEE OF INSPECTOR OF PROXIES AND BALLOTS

The Board of Directors (“Board”) of Manila Water Company, Inc. (the “Corporation”) hereby adopts this Charter of the Committee of Inspector of Proxies and Ballots (formerly the “Proxy Validation Committee”).

Section 1.   Membership

1.1  Composition

The Committee shall be composed of three (3) members who need not be directors or stockholders.

Unless otherwise provided by the Board, the Board shall appoint the following as ex-officio members of the Committee:

(a)  Head of Internal Audit Department as Chairman;

(b)  Chief Legal Counsel or Head of the Legal & Corporate Governance Department as Member; and

(c)  The External Auditor or in case of an auditing firm, a representative therefrom as Member

The Board may change the number and the composition of the Committee as it may deem necessary.

1.2  Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board. The Committee shall comply with the rules and regulations of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

1.3  Vacancy

Any vacancy in the Committee caused by the death, resignation, or disqualification of member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and have qualified.
Section 2. Powers, Duties and Responsibilities of Committee

The Committee shall have the following powers, duties and responsibilities:

2.1 At least five (5) working days prior to the date of the stockholders’ meeting, the Committee shall perform the validation of the proxies submitted by stockholders. The Committee shall only consider proxies submitted not later than seven (7) working days prior to the date of the stockholders’ meeting. The Committee shall prepare a summary of the valid and invalidated proxies to be submitted to the Office of the Corporate Secretary, together with the proxies.

2.2 The members of the Committee shall be the default inspector of ballots and tabulator of votes during the annual stockholders meeting. For this purpose, the Committee shall coordinate closely with the Office of the Corporate Secretary.

In case of unavailability of the members of the Committee, each member can send a qualified and competent representative.

The Committee shall submit the results of voting within one (1) business day after the annual stockholders meeting.

2.3 Perform such other duties and functions as may be delegated by the Board from time to time.

The Committee shall be guided by applicable laws, the By-laws, and the rules and regulations of the SEC regarding proxies. (SEC Rule 20, Section 20 of the Securities Regulations Code; SEC Memorandum Circular No. 5, S. 1996)

Section 3. Rules and Guidelines Relating to Proxies

3.1 Unless otherwise provided by applicable law, rules and regulations, the Committee shall comply with the foregoing rules relating to Proxies:

(a) Proxies shall be in writing and signed by the stockholder of record.¹

(b) Duly accomplished proxies must be submitted to the Office of the Corporate Secretary not later than seven (7) working days prior to the date of the stockholders’ meeting.²

(c) Validation of proxies shall be conducted at least five (5) working days prior to the

¹ Corporate Code, Section 58
² Amended By Laws, Article II, Section 7
date of the stockholders’ meeting.\(^3\)

(d) Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time.\(^4\)

(e) Stockholders may vote by proxy at other corporate meetings even when the purpose thereof is not solely to elect the directors of the Corporation.\(^5\)

(f) The By-laws shall be controlling in determining the proper procedure to be followed in the execution and acceptance of proxies, provided that the minimum required formalities prescribed by applicable laws, rules and regulations shall be complied with.\(^6\)

(g) Failure to affix documentary stamps shall not affect the validity of the proxy. The only adverse effect of such failure is that the same cannot be recorded as a public document and cannot be admitted or used as evidence in Court until the required documentary stamp is affixed and cancelled.\(^7\)

(h) Unless required by the corporate by-laws, a proxy need not be notarized.\(^8\)

(i) If the name of the proxy is left in blank, the person to whom it is given or the issuer corporation receiving the proxy is at liberty to fill in any name he/it chooses.\(^9\)

(j) If a duly accomplished and executed proxy is undated, the postmark or, if not mailed, its actual date of presentation shall be considered.\(^10\)

(k) A proxy executed by a corporation shall be in the form a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by the Corporate Secretary’s certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy.\(^11\)

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\(^3\) Amended By Laws, Article II, Section 7
\(^4\) Corporate Code, Section 58
\(^6\) SEC Memorandum Circular No. 5, S1996
\(^7\) Ibid.
\(^8\) Ibid.
\(^9\) Ibid.
\(^10\) Ibid.
\(^11\) Ibid.
(l) If the by-laws provide for a cut-off date for the submission of proxies, the same should be strictly followed.\textsuperscript{12}

(m) Where the Corporation receives more than one proxy from the same stockholder and they are all undated, the postmark dates shall be considered. If the proxies are mailed on the same date, the one bearing the latest time of day of postmark is counted. If the proxies are not mailed, then the time of their actual presentation is considered. That which is presented last will be recognized.\textsuperscript{13}

(n) Where a proxy is given to two or more persons in the alternative in one instrument, the proxy designated as an alternative can only as proxy in the event of non-attendance of the designated person.\textsuperscript{14}

(o) Where the same stockholder gives two or more proxies, the latest one given is to be deemed to revoke all former proxies.\textsuperscript{15}

(p) A proxy shall be valid only for the meeting for which it is intended.\textsuperscript{16}

(q) Executors, administrators, receivers and other legal representatives duly appointed by the court may attend and vote in behalf of the stockholders without a need of any written proxy.\textsuperscript{17}

(r) If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholding of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies. The number of persons to be designated as proxies may be limited by the By-laws.\textsuperscript{18}

(s) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners shall be necessary to appoint or revoke a proxy.\textsuperscript{19}

(t) For the persons owning shares in an “and/or” capacity, any one of them may appoint and revoke a proxy.\textsuperscript{20}

\textsuperscript{12} Ibid.
\textsuperscript{13} Ibid.
\textsuperscript{14} Ibid.
\textsuperscript{15} Ibid.
\textsuperscript{16} Ibid.
\textsuperscript{17} Ibid.
\textsuperscript{18} Ibid.
\textsuperscript{19} Ibid.
\textsuperscript{20} Ibid.
(u) Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.²¹

(v) A proxy shall not be invalidated on the ground that the stockholder who executed the same has no signature card on file with the Corporate Secretary or Transfer Agent, unless it can be shown that he/she refused to submit the signature card despite written demand to that effect duly received by the said stockholder at least ten (10) days before the annual stockholders meeting and election.²²

(w) There shall be a presumption of regularity in the execution of proxies and shall be accepted if they have the appearance of prima facie authenticity in the absence of timely and valid challenge.²³

(x) Any reasonable doubt about the validity of the proxy shall be resolved in favor of the stockholder.²⁴

3.2 Situations that do not Invalidate the Proxy

(a) Different inks were used to fill the proxy;
(b) The proxy is unattested by witnesses;
(c) The proxy is undated;
(d) The proxy does not state the day of the meeting or election, but states the year and/or the month thereof

Section 4. Resolutions and Actions

4.1 Meetings and Actions

The Committee shall meet in person at least once a year at a time and place determined by its Chairman, with further meetings to occur when deemed necessary or desirable by the Committee or its Chairman or by the Corporate Secretary.

All actions and resolutions of the Committee shall have immediate effect subject to review and ratification by the Board upon recommendation of the Office of the Corporate Secretary.

The materials for the meetings shall be given to each member at least five (5) working days prior to the intended meeting to give the members sufficient time to prepare for the meeting and to raise any concern on the materials.

4.2 Minutes

Minutes of the Committee meeting will be recorded and maintained by the Chairman of the
Committee and submitted to the Corporate Secretary.

4.3 Reports of the Committee

The Chairman of the Committee or his designate shall report to the Office of the Corporate Secretary all actions of the Committee following such actions.

Section 5. Miscellaneous

5.1 Access to Information

The Committee shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.

5.2 Technical Assistance

The Committee may invite such members of management and other persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

5.3 Records/Confidentiality

The Corporate Secretary, in coordination with the Chairman of the Committee, shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records shall be kept confidential.

5.4 Annual Review

This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.

5.5 Effectivity

This Charter shall take effect when approved by the Board.