RFM CORPORATION
CORPORATE GOVERNANCE COMMITTEE CHARTER

1. PURPOSE

The Corporate Governance Committee ("the Committee") is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It assists the Board of Directors ("the Board") in the nomination, election, or replacement of the members of the Board of Directors of RFM Corporation ("RFM" or "the Corporation") by formulating, developing and instituting the nomination process and procedure, determining the shortlist of nominees for election to the Board, and to identify and recommend candidates to fill in the vacancies occurring between annual shareholder meetings.

2. ORGANIZATION AND MEMBERSHIP

The Corporate Governance Committee shall be composed of three (3) members, all of whom, insofar as it is practicable, should be independent directors, including the Chairman. The Board appoints the Chairperson ("the Chair").

The members of the Committee shall be elected annually to one (1)-year terms by a majority vote of the Board.

Vacancies in the Committee shall be filled by a majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. The members of the Committee may be removed by a majority vote of the independent directors then in office.

The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each Committee member in advance of the meeting. The Chair, subject to the approval of a majority of the members of the Committee, shall have the authority to change the agenda to respond to any matters that warrant attention.

3. ROLES AND RESPONSIBILITIES

The Committee shall have the following duties and functions:

3.1 Governance

(a) Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;

(b) Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

(c) Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

(d) Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

(e) Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

(f) Propose and plan relevant trainings for the members of the Board;

3.2 Nomination

(a) Determine the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board, and;

(b) Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors by considering the guidelines herein set forth. In determining the number of concurrent directorships that a Board member may have, the Committee shall consider the:

(i) Nature of the business of the Corporation of which he is a director;
(ii) Number of directorships/active memberships and officerships in other corporations or organizations, and;
(iii) Such other factors which the Committee may consider from time to time.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

(c) The executive directors, the independent directors and non-executive directors shall submit themselves to a low indicative limit on membership in other corporate boards of listed companies other than the subsidiaries of the Corporation. The same low limit shall apply to independent, non-executive directors who serve as full time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

4. AUTHORITY

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants, as it deems appropriate. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged. The Committee shall also have the authority to retain other professionals to assist it with any background checks or other related matters.

5. MEETINGS

The Committee shall meet at least twice a year. Additional meetings may occur as the Committee or its Chair deems advisable. The Committee shall cause to be kept adequate minutes of all its proceedings, and shall report its actions to the next meeting of the Board. The Committee members shall be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter or (b) any provision of the By-Laws of RFM Corporation.

The Committee may request that any directors, officers or employees, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

6. NOMINATION AND VOTING PROCEDURES

In accordance with the By-Laws of the Corporation, The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

If the office of any Director becomes vacant by any reason other than by removal by the stockholders or expiration of term, the remaining Directors if constituting a majority vote, may choose a successor or successors who shall hold office for the unexpired term. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Securities and Exchange Commission ("the Commission") within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining Directors, if still constituting a quorum, upon the nomination of the Committee. Otherwise, said vacancy shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

The nomination shall be conducted as follows:

1. Any shareholder, including minority shareholders, may submit to the Committee the name/s of the nominee/s to the Board including the independent directors. The Corporate Secretary shall assist in presenting all nominations to the Committee. Copies of the profile/s of the nominee/s to the Board shall be provided in the Corporation's Information Statement and in its website for examination by the shareholders as well as in other reports as may be required to be submitted to the Commission.

2. The Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the following qualifications and disqualifications:

   A. Qualifications of Directors:

   (i) He or she must be a holder of at least one (1) share of stock of the Corporation;

   (ii) He or she shall be at least a college graduate or have sufficient experience in business management to substitute for such formal education;

   (iii) He or she shall be at least twenty one (21) years old;

   (iv) He or she shall have proven to possess integrity and probity;

   (v) He or she shall be prudent;

   (vi) He or she shall have practical understanding of the business of the Corporation;

   (vii) He or she shall have membership in good standing in relevant industry, business or professional organizations, and;

   (viii) He or she shall have previous business experience.

B. Disqualification of Directors

B-1. Permanent Disqualifications:

The following shall be grounds for permanent disqualification of a director:

(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporate Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP; or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

(iii) Any person finally convicted judicially of an offense involving moral turpitude or fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or similar fraudulent acts or transgressions;

(iv) Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;

(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

(vi) Any person judicially declared to be insolvent;

(vii) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;

(viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment, and;

No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business or activity which competes with or is antagonistic to that of the Corporation or any of its subsidiaries and affiliates, which disqualification may be waived by a majority vote of the Board of Directors, upon the recommendation of the Committee.

B-2. Temporary Disqualifications:

Any of the following shall be a ground for the temporary disqualification of a director:

(i) Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency unless absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election. A director, however, shall not be considered absent if he participates in the meetings via teleconferences;

(ii) Dismissal/termination from directorship in another listed corporation the shares of which are listed on the Exchange, for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;

(iii) Being under preventive suspension by the Corporation;

a. In the case of independent director,

i. his beneficial equity ownership in the corporation or any of its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;

ii. in the case of independent directors, the additional grounds for temporary disqualification shall be those provided under Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

b. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

3. After nomination, the Committee shall prepare a Final List of Candidates which shall contain all information about the nominee/s for directors including independent directors, as required under Part IV (A) of Annex "C" of SRC Rule 12, and which list shall be made available to the Commission and to all shareholders through the filing and distribution of the Information Statement in accordance with SRC Rule 20, or in such other reports that the Corporation is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the director/s, including independent directors, shall be identified in such report including any relationship with the nominee.

4. Only the nominee/s whose name/s appear/s in the Final List of Candidates shall be eligible for election as Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the election.

5. The election of independent directors shall be as follows:

   i. The conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the Corporation or by its By-Laws;

   ii. It shall be the responsibility of the Chairperson of the Meeting to inform all shareholders in attendance of the mandatory requirement of electing independent directors/s. He shall ensure that the independent directors are elected during the stockholders meeting.

   iii. Specific slot/s for independent directors shall not be filled-up by unqualified nominees.

6. All directors are subject to re-election annually, except where the term limit of independent directors applies as provided for in the Corporation's Manual of Corporate Governance. The Corporation may use professional search firms or external sources when searching for candidates to the Board, as necessary.

7. In the absence of the submission of the name/s of the nominee/s to the Board including the independent directors prior to the annual stockholders' meeting as above-provided, the incumbent directors may again be nominated by a simple oral nomination on the floor during the actual annual stockholders' meeting; *Provided,* That the incumbent directors including independent directors at the time of their nomination possess all the qualifications and none of the disqualifications as such director as provided hereunder and pursuant to applicable laws.

8. Article 11 of the By-laws of the Corporation provides that the stockholders may vote in person or by proxy. In accordance with Section 24 of the Corporation Code of the Philippines, each stockholder may vote in any one of the following manner:

   a. He may vote such number of shares for as many persons as there are Directors to be elected;

   b. He may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by his shares;

   c. He may distribute them on the same principle to as many candidates as he may see fit. In any of these instances, the total number of votes cast by the stockholder should not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the total number of Directors to be elected.

9. The election of directors will be by plurality of votes, and every shareholder will be entitled to cumulate his votes. Each outstanding share of stock entitled the registered shareholder to one (1) vote. The Corporate Secretary will report on the votes received and tabulated at that point in time. An independent external auditor shall validate the voting results and the final tally of the votes shall be reflected in the minutes of the meeting. This election and voting procedure, however, may be dispensed with if, by motion of a shareholder during the actual stockholders' meeting duly made and seconded, the nominees are deemed duly-elected into office.

APPROVED FOR RECOMMENDATION TO THE BOARD OF DIRECTORS:

ROMEO L. BERNARDO
Chairman

LILIA R. BAUTISTA
Member

JOSEPH D. SERVER, JR.
Member

ENRIQUE OLIVER F. REY-MATIAS
Compliance Officer

ATTY. JUFIL E. SIQUIAN
Corporate Secretary