

COVER SHEET

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S.E.C. Registration Number

M O N D E N I S S I N C O R P O R A T I O N

(Company's Full Name)

F E L I X R E Y E S S T . , B A R A N G A Y

B A L I B A G O , C I T Y O F S A N T A

R O S A , L A G U N A

(Business Address : No. Street/City/Province)

ATTY. MAUREEN O. LIZARONDO-MEDINA

Contact Person

88880999

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

**MANUAL ON
CORPORATE
GOVERNANCE**

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

DIRECTORS' CERTIFICATE



KNOW ALL MEN BY THESE PRESENTS:

That, we, the undersigned Acting Chairman of the Board of Directors, the Corporate Secretary, and at least a majority of the members of the Board of Directors of **MONDE NISSIN CORPORATION** (the "Corporation"), a corporation organized and existing under and by virtue of the laws of the Philippines with principal place of business at Felix Reyes St., Barangay Balibago, Santa Rosa, Laguna, Philippines do hereby certify that the **accompanying copy of the Manual on Corporate Governance** is a true and correct copy thereof and was approved by at least a majority of the members of the Board of Directors at a special meeting held at the principal place of business of the Corporation on **March 1, 2021**, at which a quorum was present and acting throughout.

IN WITNESS WHEREOF, this Certificate has been signed by the following officers and directors of the Corporation on the date and at the place stated hereinafter.

HENRY SOESANTO
Acting Chairman of the Board
TIN: 100-574-508

MONICA DARMONO
Director
TIN: 424-838-837

HELEN G. TIU
Corporate Secretary/Director
TIN: 116-284-194

DAVID JOHN NICOL
Director
TIN: 292-536-142


REPUBLIC OF THE PHILIPPINES)
 QUEZON CITY, METRO MANILA) SS.

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in Quezon City, Philippines, this **March 2, 2021**, affiants exhibiting to me their respective competent evidence of identity as follows:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Place & Date of Issue</u>
Henry Soesanto	TIN 100-574-508	N/A
Monica Darmono	TIN 424-838-837	N/A
David John Nicol	TIN 292-536-142	N/A
Helen Go Tiu	TIN 116-284-194	N/A

WITNESS MY HAND AND SEAL at the place and on the date above written.

Doc. No. 415 ;
 Page No. 84 ;
 Book No. 1 ;
 Series of 2021.


ATTY. GARNY-LUISA S. ALEGRE
 Notary Public of Quezon City
 Commission No. NP-035 (2021 - 2022)
 IBP No. 120608 /11-16-2020
 Roll No. 53666/Albay
 PTR No. 02573252/1-04-2021/Parañaque City
 MCLE No. VII-0002539/2-24-2020
 Banawe, Quezon City



MONDE NISSIN CORPORATION MANUAL ON CORPORATE GOVERNANCE



2021

THE MANUAL

Monde Nissin Corporation (“MNC” or the “Corporation”) is fully committed to the principles and best practices of corporate governance as contained in this Manual on Corporate Governance (“Manual”). This Manual articulates MNC’s distribution of rights and responsibilities among the different participants in MNC’s governance ecosystem – its shareholders, Board of Directors (the “Board”), officers and management, its employees, and other stakeholders – and lays down the rules and procedures for good governance-based actions and decision-making. Together with MNC’s company ethic founded on integrity, continuous learning and innovation, and sustainability, MNC adheres to the principle that good corporate governance helps to build an environment of trust, transparency, and accountability necessary for fostering long-term investment, financial stability, and business integrity, thereby supporting stronger growth and more inclusive societies. Accordingly, MNC considers this Manual indispensable to its operations, and shall ensure that adherence to good corporate governance remains one of the organization’s top priorities.

I. THE BOARD OF DIRECTORS

MNC shall be headed by a competent, working Board of Directors to foster the long-term success of MNC, and to sustain its competitiveness and profitability in a manner consistent with MNC’s objectives and the long-term best interests of MNC’s shareholders and other stakeholders. As the governing body elected by the shareholders to exercise all the corporate powers, control all properties, and conduct all the business of MNC, the Board spearheads the promotion of corporate governance.

1. Composition. — The Board shall be composed of nine (9) directors (“Directors”) or such number of Directors provided in MNC’s Articles of Incorporation (“Articles”), duly elected and qualified in accordance with MNC’s By-Laws (“By-Laws”), the Revised Corporation Code of the Philippines (“Corporation Code”),¹ and the Securities Regulation Code (“SRC”).² The Board comprises men and women with a collective working knowledge, experience, or expertise that are relevant to MNC’s business, and its members shall remain qualified for their positions individually and collectively, to enable the Board to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.
2. Term. — The Directors shall hold office for one (1) year and until the election and qualification of their successors in accordance with the By-Laws, and in consonance with the principles instituted in this Manual, and the Charter of the Board of Directors (“Board Charter”).
3. Qualifications. — A Director shall:
 - a. have at least one (1) share of stock in MNC standing in his/her name in the books of the Corporation at the time of his/her election;
 - b. possess relevant qualifications, such as previous business experience, membership in good standing in the relevant industry, and membership in business or professional organizations; and
 - c. exercise integrity, probity, and diligence in the performance of his/her functions.

¹ Republic Act No. 11232, February 20, 2019.

² Republic Act No. 8799, July 19, 2000.

The Board shall fully disclose all relevant and material information on individual Directors to evaluate his/her experience and qualifications, and assess any potential conflicts of interest that might affect a Director's judgment.

4. Disqualifications. — No person shall qualify or be eligible for nomination or election as a Director if he/she is in possession of any of the grounds for disqualification provided under applicable laws, and the rules and regulations of the Securities and Exchange Commission ("SEC") as those may be amended from time to time, or if he/she is engaged in any business that competes with or is antagonistic to that of MNC or MNC's affiliates or subsidiaries (collectively, "Affiliates"). Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:
- a. if he/she is an employee, officer, manager, director or controlling person, or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares, of any corporation [other than one in which MNC owns at least twenty per cent (20%) of the capital stock] or entity engaged in a business that the Board, by at least a majority vote, determines to be competitive or antagonistic to the business of MNC or of its Affiliates;
 - b. if he/she is an employee, officer, manager, director or controlling person, or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares, of any corporation or entity engaged in any line of business of MNC or of its Affiliates, when in the judgment of the Board, by at least a majority vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; or
 - c. if the Board, in the exercise of its judgment in good faith, determines by at least a majority vote, that he/she is a nominee of any person set forth in (a) and (b) above.

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationships.

5. Non-Executive Directors. — at least a third of the members of the Board shall be, as much as possible, Non-Executive Directors ("NEDs") to help secure objective and independent judgment in corporate affairs. A NED shall have no executive responsibility for MNC's day-to-day operations. NEDs shall have separate periodic meetings with MNC's external auditor and the respective heads of MNC's internal audit, compliance, and risk functions, without the Chief Executive Officer present, to ensure that proper checks and balances are in place within MNC. Such meetings shall be led by the Lead Independent Director.
6. Independent Directors. — MNC shall comply with the requirement to have such number of Independent Directors as may be required by law, and with the legally prescribed procedures for their nomination and election, as applicable to publicly-listed corporations.

An Independent Director:

- a. is not, or has not been a senior officer or employee of MNC unless there has been a change in the controlling ownership of MNC;

- b. is not, and has not been in the three (3) years immediately preceding his/her election, a Director; a Director, officer, or employee of MNC's Affiliates; or a Director, officer, or employee of MNC's substantial shareholders;
- c. has not been appointed in MNC or its Affiliates as chairperson emeritus, ex-officio Director/officer or member of any advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his/her election;
- d. is not an owner of more than two (2%) percent of the outstanding shares of MNC or its Affiliates;
- e. is not a relative of a Director, officer, or substantial shareholder of MNC or its Affiliates;³
- f. is not acting as a nominee or representative of any Director of MNC or its Affiliates;
- g. is not a securities broker-dealer of listed companies and registered issuers of securities;⁴
- h. is not retained, either in his/her personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of MNC, its Affiliates, or of a substantial shareholder, or is otherwise independent of management and free from any business or other relationship within the three (3) years immediately preceding his/her election;
- i. does not engage or has not engaged, whether by himself/herself or with other persons or through a firm of which he/she is a partner, Director, or substantial shareholder, in any transaction with MNC or its Affiliates or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his/her independent judgment;
- j. is not affiliated with any non-profit organization that receives significant funding from MNC, its Affiliates or substantial shareholders; and
- k. is not employed as an executive officer of another company where any of MNC's executives serve as Directors.

An Independent Director serves for a maximum cumulative term of nine (9) years, after which, he/she is perpetually barred from re-election as such in MNC, but may continue to qualify for election as a non-independent Director. An Independent Director may be retained as such for a period longer than nine (9) years provided that the Board presents meritorious justification/s for the retention and seeks shareholders' approval during the annual shareholders' meeting.

7. *Onboarding and Continuing Education.* — A new Director shall undergo an orientation program which shall include the following topics: MNC's vision and mission, corporate structure, business strategies and operations, company policies, matters pertaining to MNC's organizational and governance documents [such as the Articles, By-Laws, this Manual, board committee ("**Committee**") charters], other SEC-prescribed topics regarding laws and regulations on corporations and securities,

³ "Relative" includes the Independent Director's spouse, parent, child, brother, sister, and the spouses of such children, brothers, or sisters unless such child, brother, sister and spouses of such children, brothers or sisters are living independently in a separate household.

⁴ "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to a stock exchange, an associated person or salesman, and an authorized clerk of the broker or dealer.

corporate governance, and other matters essential for the effective performance of his/her duties and responsibilities.

Each Director shall attend an annual continuing training program involving courses on corporate governance and other related topics at least once a year.

8. *The Board's Responsibilities.* — The Board shall perform all the functions and duties of a board of directors provided under the Corporation Code and all other relevant laws and regulations, the Articles and By-Laws, and the Board Charter. To ensure a high standard of governance, the Board shall collectively exercise objective and independent judgment on all corporate affairs, and perform its responsibilities with integrity at all times.

The Board, acting as a whole or through its Committees, shall:

- a. oversee the development, review, and approval of MNC's business objectives and strategy, and oversee and monitor the implementation of the same;
- b. have a clearly defined vision, mission, and statement of core values;
- c. have a strategy execution process that facilitates effective management performance and is attuned to MNC's corporate culture;
- d. establish an effective performance management framework to align management's performance with the standards and criteria set by the Board;
- e. ensure and adopt an effective succession planning program for Directors, management and other key positions;
- f. adopt a policy specifying the relationship between remuneration and performance, and ensure that MNC has measurable standards to align the performance-based remuneration of the executive Directors and senior executives with MNC's long-term interest, such as through claw back provisions and deferred bonuses;
- g. adopt and approve the remuneration of Directors and of top management;
- h. ensure that the Board has a formal and transparent board nomination and election policy;
- i. be primarily responsible for approving the selection and assessing the performance of management, led by the President, the Chief Executive Officer, the Executive Vice President, the vice presidents, the functional directors, and/or other department, division, or group heads, and leaders of other units performing control functions;
- j. establish and ensure an effective performance management framework that ensures that management's performance is at par with the standards set by the Board;

- k. establish relevant internal control systems which shall include a mechanism for monitoring and managing potential conflict of interest of the Board, management, and shareholders, and ensure compliance therewith;
 - l. adopt and approve an internal audit charter;
 - m. ensure that MNC has a sound enterprise risk management (“ERM”) framework to effectively identify, monitor, assess, and manage key business risks. The ERM framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies;
 - n. have a clear insider trading policy;
 - o. ensure that MNC has a policy on granting loans to Directors, either forbidding the practice or ensuring that any such transaction is conducted on an arm’s length basis and at market rates;
 - p. ensure that MNC discloses the types of decisions requiring the Board’s approval; establish corporate disclosure policies and procedures that would result in a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of the corporation’s financial condition, results and business operations;
 - q. have a clear and focused policy on the disclosure of non-financial information, and providing details on MNC’s management of economic, environmental, social, and governance issues affecting the business, if any, and adopt a globally recognized standard in reporting sustainability and non-financial issues;
 - r. establish a governance process on information technology issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the Board;
 - s. ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights, and transfer rights;
 - t. establish policies, programs and procedures that encourage MNC employees to actively participate in MNC’s governance and the realization of MNC’s goals; and
 - u. in case of acquisition or disposal of assets, appoint an independent party to evaluate the fairness of the transaction price.
9. *A Director’s Responsibilities.* — A Director shall fully commit and be loyal to MNC, and should devote the time and attention necessary to properly and effectively perform his/her duties and responsibilities. Each Director is duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. Accordingly, a Director shall:
- a. at all times, act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of MNC;

- b. not participate in discussions or deliberations involving his/her own individual remuneration;
- c. attend and actively participate in all meetings of the Board, the Committees, and of shareholders, in person or through tele/video-conferencing conducted in accordance with the SEC's issuances;
- d. review meeting materials for all Board and Committee meetings;
- e. ask the necessary questions or seek clarifications and explanations during Board and Committee meetings; and
- f. abstain from taking part in the deliberations of any transaction affecting the corporation in which he/she may have a material interest.

As a policy, MNC shall have no arrangements that constrain a Director's ability to vote independently.

- 10. Board Diversity. — The membership of the Board shall be diverse in order to avoid groupthink and to ensure that optimal decision-making is achieved. Board diversity includes diversity in business experience, gender, age, ethnicity, skills, competence and knowledge. The Board shall, as much as possible, have a membership comprising of at least 30% female Directors, or at least three (3) female Directors, whichever figure is lower, at any given time,
- 11. Retirement. — No person eighty (80) years of age or older shall be eligible for election, re-election, appointment, or re-appointment as a Director except in meritorious cases and approved by at least a majority of shareholders owning or representing at least a majority of the outstanding voting capital stock of the Corporation.
- 12. Notification of Other Directorships. — A Director must formally notify the Board before he/she accepts a directorship in another company.
- 13. Assessment. — The best measure of the Board's effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

The Board shall undergo a formal assessment process annually whereby each Director will complete a structured questionnaire relating to the role, composition, processes, practices and behaviour of the Board, the Committees, and the individual Directors. Responses to the questionnaires are confidential and provided to MNC's Chief Compliance Officer, who shall report the aggregated results to the Board during the meeting immediately following the end of the assessment process.

The performance assessment shall be conducted by an independent third-party consultant every three (3) years. The third-party consultant should be an acknowledged expert, professional or practitioner in the fields of governance, management, behavioral psychology, law, or audit.

- 14. Conduct of Meetings. — The Board shall endeavor to meet at least once every quarter during the year. Directors shall attend regular and special Board meetings, which may be conducted in person, or through remote communication (such as videoconferencing, teleconferencing or other alternative

modes of communication as allowed by law or the SEC). Participation and voting cannot be done by proxy. The manner in which meetings are called and conducted shall be governed by the provisions of MNC's By-Laws and Board Charter.

II. BOARD COMMITTEES

The Committees support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. Each Committee shall submit to the Board at least once a year a report of its accomplishments and self-assessment of its performance.

Among other committees the Board may establish, it shall have the following Committees:

1. Executive Committee. — There shall be an **Executive Committee** composed of not less than three (3) but nor more than five (5) Directors elected and appointed by a majority of the Board. The Executive Committee shall help and assist the Board and MNC's officers in the management and direction of MNC's business, and shall also exercise any of the powers and attributes of the Board during the intervening period between the Board's meetings, as may be allowed by law. A majority of the members of the Executive Committee at any meeting shall constitute a quorum. In addition to taking action at a meeting, the Executive Committee may validly act upon the **written consent** of a majority of its members. At each meeting of the Board, the acts and proceedings of the Executive Committee since the preceding meeting of the Board shall be submitted for such action thereon as the Board may deem proper. The Executive Committee's chairperson should be an Executive Director.
2. Audit Committee. — The **Audit Committee** serves to enhance the Board's oversight capability over MNC's financial reporting, internal control system, internal and external audit processes, and compliance functions. The Audit Committee should be composed of at least three (3) appropriately qualified NEDs, the majority of whom, including the Audit Committee's chairperson, should be Independent Directors. All of the members of the Audit Committee must have relevant background, knowledge, skills, and experience in the areas of accounting, auditing, and finance. The Audit Committee's chairperson should not be the Board Chairperson or the chairperson of any other Committees.

The Audit Committee meets with the Board at least every quarter without the presence of the Chief Executive Officer or other members of MNC's management team, and periodically meets with MNC's Chief Internal Audit Executive or the head of MNC's internal audit ("IA") function.

The Audit Committee has the following duties and responsibilities, among others:

- a. recommends the approval of the IA Charter, which formally defines the role of IA and the audit plan as well as oversees the implementation of the IA Charter;
- b. through the IA department, monitors and evaluates the adequacy and effectiveness of MNC's internal control system, integrity of financial reporting, and security of physical and information assets. The Audit Committee shall ensure that well-designed internal control procedures and processes that will provide a system of checks and balances are

institutionalized in order to safeguard MNC's resources and ensure their effective utilization, prevent occurrence of fraud and other irregularities, protect the accuracy and reliability of MNC's financial data, and assure compliance with laws and regulations;

- c. oversees the IA department, and recommends the appointment and/or grounds for appointment of an IA head. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services, if necessary, for MNC's best interest;
- d. establishes and identifies the reporting line of MNC's Chief Internal Audit Executive and/or the head of MNC's internal audit function, to enable him/her to properly fulfill his/her duties and responsibilities. For this purpose, he/she should directly report to the Audit Committee;
- e. reviews and monitors management's responsiveness to the internal auditor's findings and recommendations;
- f. prior to the commencement of an audit, discusses with MNC's external auditor the nature, scope, and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to such external auditor and to MNC's overall consultancy expenses. The Audit Committee should disallow any non-audit work that will conflict with the external auditor's duties as such or which may pose a threat to the external auditor's independence.⁵ The non-audit work, if allowed, should be disclosed in MNC's annual report and annual corporate governance report;
- h. reviews and approves the interim and annual financial statements before any of these are submitted to the Board, with particular focus on the following matters:
 - any change/s in accounting policies and practices;
 - areas where a significant amount of judgment has been exercised;
 - significant adjustments resulting from the audit;
 - going concern assumptions;
 - compliance with accounting standards; and
 - compliance with tax, legal, and regulatory requirements;
- i. reviews the disposition of the recommendations in the external auditor's management letter;
- j. performs oversight functions over, and guarantees the independence of, the Corporation's internal and external auditors. It ensures that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions;
- k. coordinates, monitors, and facilitates compliance with laws, rules, and regulations; and

⁵ As defined under the Code of Ethics for Professional Accountants.

- I. recommends to the Board the appointment, reappointment, removal, and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared.

3. Corporate Governance, Nomination, and Remuneration Committee. — The Corporate Governance, Nomination and Remuneration Committee (“CG-NRC”) assists the Board in the performance of its corporate governance responsibilities and ensures that corporate governance principles and practices are being complied with and observed by the Corporation, supervises the manner of nominating and selecting Directors, and makes recommendations on the proper remuneration of Directors. The CG-NRC should be composed of at least three (3) NEDs, all of whom, as much as possible, should be Independent Directors, including its chairperson. The CG-NRC meets at least twice during the year, and shall periodically meet with MNC’s Corporate Secretary and Chief Compliance Officer.

3.1 The CG-NRC has the following duties and responsibilities, among others, in connection to its corporate governance functions:

- a. oversees the implementation of, and periodically reviews, MNC’s corporate governance framework to ensure that it remains appropriate in light of material changes to MNC’s size, complexity, and business strategy, as well as its business and regulatory environment, and adopts corporate governance policies and sees to it that these are reviewed and updated regularly, and consistently implemented across the entire organization;
- b. oversees the periodic performance evaluation of the Board and the Committees as well as management, and conducts an annual self-evaluation of its performance;
- c. ensures that the results of the Board evaluation are shared and discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; and
- d. recommends continuing education/training programs for Directors, assignment of tasks/projects to the Committees, succession plan for the Directors and senior executives, and remuneration packages for corporate and individual performance.

3.2 The CG-NRC has the following duties and responsibilities, among others, in relation to its director nomination and remuneration functions:

- a. determines the nomination and election process of Directors and has the special duty of defining the general profile of Board members that MNC may need, and vetting that the nominees possess the appropriate knowledge, competencies, and expertise that complement the existing skills of the incumbent Directors, by promulgating guidelines for the conduct of nominations and establishing screening policies and procedures for the review of the qualifications of all nominees, including that of Independent Directors;
- b. ensures that the Board has an effective, secure, and efficient voting system;

- c. establishes a formal and transparent procedure to develop a policy for determining the remuneration of Directors and officers that is consistent with MNC's culture and strategy as well as the business environment in which it operates; and
- d. recommends to the Board the Directors' fees and other compensation, upon ensuring that the level of compensation is commensurate to the work required of Directors in a company of MNC's size and scope.

No Director acting alone shall be involved in deciding his/her own individual remuneration during his/her incumbent term.

4. *Risk and Related Party Transactions Committee*. — The Risk and Related Party Transactions Committee ("R-RPTC") is responsible for the oversight of MNC's ERM framework and system, and reviews MNC's material related party transactions ("RPT"). The R-RPTC shall be composed of at least three (3) NEDs, the majority of whom should be Independent Directors, including its chairperson. No Executive Director shall sit as a member of the R-RPTC. The R-RPTC's chairperson should not be the Board Chairperson or the chairperson of any other Committee. At least one (1) member of the committee must have relevant knowledge and/or experience on risk and risk management.

4.1 The R-RPTC has the following duties and responsibilities, among others, in connection with its ERM oversight functions:

- a. develops a formal ERM plan which contains the following elements: common language or register of risks; well-defined risk management goals, objectives and oversight; uniform processes of assessing risks and developing strategies to manage prioritized risks; designing and implementing risk management strategies; and continuing assessments to improve risk strategies, processes, and measures;
- b. oversees the ERM plan's implementation through and with the Chief Risk Executive/Officer and/or the person in charge of MNC's ERM system, and conducts regular discussions on MNC's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned departments or units are addressing and managing these risks;
- c. evaluates the ERM plan to ensure its continued relevance, comprehensiveness, and effectiveness. The R-RPTC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. advises the Board on its risk appetite levels and risk tolerance limits, and reviews, at least annually, MNC's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on MNC's business;
- e. assesses the probability of each identified risk becoming a reality and estimates its possible impacts on the business, to the organization and its stakeholders (including financial, reputational, and governance impacts), and likelihood of occurrence.

- f. provides oversight over management's activities in managing credit, market, liquidity, operational, legal, and MNC's other risk exposures. This function includes regularly receiving information on risk exposures and risk management activities from management, and determining whether external technical support in risk management is necessary; and
- g. reports to the Board on a regular basis, or as deemed necessary, MNC's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

4.2 The R-RPTC has the following duties and responsibilities, among others, in connection with its RPT review functions:

- a. evaluates, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured;
- b. evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (*e.g.*, price commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of MNC are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the RPT Committee takes into account, among others, the following:
 - the related party's relationship to MNC and interest in the transaction;
 - the proposed RPT's material facts, including the proposed aggregate value of such transaction;
 - the benefits to MNC of the proposed RPT;
 - the availability of other sources of comparable products or services; and
 - an assessment of whether the proposed RPT is on terms that are comparable to the terms generally available to an unrelated party under similar circumstances. Thus, the R-RPTC should ensure that MNC has an effective price discovery system and due diligence procedures in place in determining a fair price for RPTs;
- c. oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures, and reports to the Board on a regular basis, the status, and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- d. ensures that appropriate disclosure is made, and/or information is provided to regulators on MNC's RPT exposures, and policies on existing or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of MNC's RPTs. Related parties, RPTs, and changes in relationships should be reflected in the relevant reports to the Board and regulators; and

- e. ensures that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process.
5. Charters and Governance Codes and Policies. — All Committees shall have a committee charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information (“**Committee Charter**”). Committee Charters, MNC’s Code of Conduct and Ethics (“**Code of Conduct**”), and any corporate governance policies adopted by the Board (including, but not limited to: Whistle-Blowing Policy, Conflict of Interest Policy, Insider Trading Policy, Related Party Transactions Policy, Data Privacy Policy, Diversity and Inclusivity Policy, Anti-Bribery and Corruption Policy, and Policy Relating to Health, Safety and Welfare of Employees), shall be made available on MNC’s website and are deemed incorporated into this Manual.

III. OFFICERS

MNC’s officers leading its governance functions are its Chairperson Emeritus, Chairperson of the Board (“**Board Chairperson**”), Chief Executive Officer (“**CEO**”), President, Treasurer, Corporate Secretary, Chief Finance Officer (“**CFO**”), Chief Compliance Officer, Chief Risk Executive/Officer, Chief Internal Audit Executive, and such other governance officers as may from time to time be elected or appointed by the Board. One person may hold any two compatible offices.

The Board shall fully disclose all relevant and material information on officers to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

1. Chairperson Emeritus. — The honorary title of Chairperson Emeritus may be conferred by the Board to a Director who shall have served as Chairperson of the Board of MNC for at least ten (10) consecutive years. The Chairperson Emeritus is expected to share with the Board good governance insights from the early days of the company until the present.
2. Chairperson of the Board. — The Board Chairperson shall be elected by the Directors from their own number. The position of Board Chairperson should be held by a person other than the President. He/She shall preside all the meetings of the stockholders and of the Directors, and shall perform such other duties, responsibilities, and functions as contained in this Manual and in the Board Charter, and as the Board may from time to time fix or delegate.

The Board Chairperson shall ensure that lines of communication and flow of information between the Board, its Committees, and management, are maintained, and he/she shall facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the respective skills and expertise of the Directors.

If the Board Chairperson is not an Independent Director, the Board shall designate a Lead Director among the Independent Directors.

3. Lead Independent Director. — A Lead Independent Director shall be appointed if the Board Chairperson is not an Independent Director. If the Board Chairperson is an Independent Director,

he/she shall also serve as Lead Independent Director. The Lead Independent Director shall, among others:

- a. intermediate between the Board Chairperson and the other Directors, if and when necessary;
- b. convene and chair the periodic meetings of the NEDs with the external auditor and heads of internal audit, compliance and risk, as may be necessary; and
- c. contribute to the performance evaluation of the Board Chairperson.

4. Chief Executive Officer. — The Chief Executive Officer of MNC (“CEO”) shall determine MNC’s strategic direction and formulate and implement its strategic plan. The CEO shall have general care, management, and administration of MNC’s business operations, determines MNC’s strategic direction and formulate and implement its strategic plan on the direction of the business, oversee MNC’s operations both on a day-to-day basis and at the strategic level, and manage human and financial resources in accordance with MNC’s strategic plan. In this connection, the Chief Executive Officer may be assisted by a Chief Strategy Officer. In addition to the powers and responsibilities provided in MNC’s By-Laws and such other powers as are inherent to the CEO or which may be delegated or entrusted to the CEO by the Board, among the CEO’s governance functions are as follows:

- a. ensure that the business and affairs of MNC are managed in a sound and prudent manner;
- b. see to it that operational, financial and internal controls are adequate and effective to ensure reliability and integrity of business and corporate information, efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations, contracts and other commitments;
- c. provide leadership for management in developing and implementing businesses strategies, plans and budgets to the extent approved by the Board, and direct, guide, and evaluate the work of management;
- d. communicate and implement MNC’s vision, mission, aspirations, values, and strategy across the entire organization;
- e. possess a good working knowledge of the industries and markets MNC operates in, and to uphold, and update, MNC’s core business goals and purposes;
- f. to serve as the link between the organization and external stakeholders;
- g. build and enhance MNC’s corporate culture and environment, and motivate and inspire MNC’s officers and employees;
- h. to perform such other functions, prerogatives and powers which may be assigned to him/her by the Board.

5. President. — The President shall be elected by the Directors from their own number. The position of President should be held by a person other than the Board Chairperson and the President may not concurrently hold the position of Corporate Secretary or of Treasurer. He/She shall have the duties, responsibilities, and functions as contained in the By-Laws, the Board Charter, and as the Board may, from time to time, fix or delegate.

In the absence of the President, MNC's Acting President, shall be, in this order of precedence: (i) chairperson of the Executive Committee; (ii) CEO; (iii) Executive Vice-President; and (iv) any senior officer as may be determined by the Board.

6. Treasurer. — The Treasurer, who must be a resident of the Philippines, who may or may not be a stockholder of MNC, and may not concurrently hold the position of President, shall exercise oversight functions over the accumulation, custody, and disbursement of corporate funds, instruments and documents. He/She should work with the CEO and the CFO in ensuring that all corporate funds and assets are managed in accordance with sound business practice.
7. Corporate Secretary. — The Corporate Secretary must be a citizen and resident of the Philippines, must possess appropriate administrative, interpersonal, and legal skills, be aware of the laws, rules and regulations necessary in the performance of his/her duties and responsibilities, and possessed of education, experience, and knowledge on legal, financial, and accounting matters. He/She must be learned in the field of corporate law, and possessed of working knowledge on MNC's operations. He/She is elected by the Board and may not concurrently hold the position of President, and shall have the duties, responsibilities, and functions as contained in the By-Laws, the Board Charter, and as the Board may, from time to time, fix or delegate.

The Corporate Secretary may designate one or more Assistant Secretaries to perform in his/her stead, all or any of his/her duties and functions, or to otherwise assist the Corporate Secretary in the performance of his/her functions, subject always to the Corporate Secretary's supervision and control. Assistant Corporate Secretaries must be citizens and residents of the Philippines and should not be members of the Board.

8. Chief Financial Officer. — The CFO must be an individual competent in all matters relating to finance, fiscal management, and accounting, in order to optimize and achieve the implementation and realization of MNC's financial goals, objectives, and budgets. He/She is also charged with ensuring that MNC's entire business complies with all applicable legal, tax, and accounting requirements, principles, and standards, and that MNC is at all times able to meet its financial commitments by managing its cash flow in the most efficient way. Together with the CEO, the CFO shall oversee the day-to-day management of MNC's treasury and financial resources in accordance with MNC's operational policies and strategic plan. He/She shall also oversee the preparation and generation of all relevant financial reports in accordance with efficient and best practices, and must render an annual statement showing MNC's financial condition the previous year not later than the last working day of each year.

The CFO, who may or may not be a stockholder of the Corporation, should not be a member of the Board. He/She may nominate from time to time, with the approval of the CEO, other personnel such as comptrollers, accountants, auditors, analysts, bookkeepers, financial advisors, and finance

managers to assist him/her in the performance of his/her functions in ensuring the financial success of MNC and in fostering and implementing a sound fiscal policy.

9. Chief Compliance Officer. – The Chief Compliance Officer is a member of MNC’s management team charged with the compliance and good governance function. The Compliance Officer, who may or may not be a stockholder of the Corporation, should not be a member of the Board, and should preferably be a member of the Philippine bar, with knowledge and expertise on a broad range of legal disciplines. He/She shall primarily be charged with monitoring compliance with the provisions and requirements of this Manual, the Code of Corporate Governance for Publicly-Listed Corporations and other SEC issuances regarding good governance practices, MNC’s Articles, By-Laws, the Code of Conduct, and all other applicable laws and regulations. Working together with other management personnel in identifying and resolving compliance issues, the Chief Compliance Officer shall report to the Board compliance issues identified and how these may be or have been resolved. He/She is elected by the Board and may not concurrently hold the position of Corporate Secretary. To ensure independence, the Chief Compliance Officer, just as the Corporate Secretary, is primarily liable to MNC and its stockholders, and not to the Board Chairperson or President.

The Chief Compliance Officer shall have the duties, responsibilities, and functions as contained in the By-Laws and as the Board may, from time to time, fix or delegate. Among his/her other functions, the Chief Compliance Officer shall:

- a. ensure proper onboarding of new directors (e.g., orientation on MNC’s business, the contents of and principles in MNC’s Articles, By-Laws, this Manual, the Board Charters, the Code of Conduct, other company policies, among others);
- b. monitor, review, evaluate, and ensure the compliance by MNC, and its Directors and officers with all applicable laws rules and regulations, governance issuances of regulatory agencies, and the good governance principles generally recognized in the industry, and reports to the Board any perceived or proven violations of company policies and good governance practices together with a recommendation on the appropriate disciplinary action to be pursued or imposed;
- c. ensure that the principles contained in this Manual, the Code of Conduct, Board and Committee Charters, and all other company policies are properly disseminated to, and observed by, all stakeholders, report to the Board if violations are found, and recommend the imposition of appropriate disciplinary action;
- d. together with the Corporate Secretary, ensure the integrity and accuracy of all documentary submissions to regulators;
- e. appear before the SEC when summoned in relation to compliance with its rules and regulations on corporate governance;
- f. collaborate with other departments to properly address compliance issues, and to investigate fully and freely any perceived or reported violation(s) by any stakeholder of MNC which may be subject to investigation;

- g. identify possible areas where compliance issues may arise and tap the necessary personnel from within and without the organization for assistance, guidance, or counsel as he/she deems necessary in working towards the resolution of the same;
 - h. ensure the attendance of Directors and key officers to relevant trainings;
 - i. attend annually training/s on corporate governance and other best practices on the performance of the functions of a compliance and governance officer; and
 - j. perform such other duties and responsibilities as may be provided in issuances of the SEC pertaining to good governance and/or to compliance and governance officers.
10. Chief Risk Executive/Officer. – The Chief Risk Executive/Officer manages the corporation’s Risk Management System, and is the ultimate champion of ERM. /She shall have adequate resources and support to fulfill his/her responsibilities. He/She shall hold office at the pleasure of the Board and shall perform the following duties:
 - a. supervise the entire ERM process and spearhead the development, implementation, maintenance, and continuous improvement of ERM processes and documentation;
 - b. communicate the top risks and the status of implementation of risk management strategies and action plans to the R-RPTC. To ensure good governance, the Chief Risk Executive/Officer must have clear lines of communication with the R-RPTC;
 - c. collaborate with the management in updating and making recommendations to the R-RPTC;
 - d. suggest ERM policies and related guidance, as may be needed; and
 - e. provide insight on the following:
 - risk management processes are performing as intended;
 - risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - established risk policies and procedures are being complied with.
11. Chief Internal Audit Executive. – The Chief Internal Audit Executive shall oversee and be responsible for MNC’s internal audit, including that portion that may be outsourced to a third-party service provider. The Chief Internal Audit Executive, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO. He/She shall have the following responsibilities, among others:
 - a. periodically reviews the internal audit charter and presents it to management and the Audit Committee for approval;
 - b. establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with MNC’s goals;

- c. communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to management and the Audit Committee for review and approval;
- d. spearheads the performance of the internal audit activity to ensure that it adds value to MNC;
- e. reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan;
- f. presents findings and recommendations to the Audit Committee and gives advice to management and the Board on how to improve internal processes; and
- g. together with the President, attests in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.

IV. DISCLOSURE AND TRANSPARENCY

All material information about MNC which could adversely affect its viability or the interest of the stockholders and other stakeholders, as well as other relevant information, shall be publicly and timely disclosed to investors, stakeholders and other interested users through media and analysts' briefings or other means. Such information should include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, material RPTs, and direct and indirect remuneration of members of the Board and management.

1. Financial Statements. – MNC shall distribute or make available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.
2. Annual Report. – MNC shall disclose in its annual report the principal risks associated with the identity of MNC's controlling shareholders, the degree of ownership concentration; cross-holdings among MNC's affiliates, and any imbalances between the controlling shareholders' voting power and overall equity position in MNC.
3. Directors' and Officers' Share Dealings. – All Directors and officers shall be required to disclose and report to MNC any dealings in MNC's shares within three (3) business days. MNC shall disclose the trading of its shares by Directors, officers (or persons performing similar functions), and controlling shareholders, including purchases of MNC of its own shares from the market.
4. Board and Officers Remuneration. – MNC shall provide a clear disclosure of its policies and procedure for setting the remuneration of Directors and officers, including the level and mix of the same. The disclosure shall be on an individual basis, and shall include termination and retirement provisions.
5. Shareholder Agreements. – MNC shall disclose the existence, justification, and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of MNC.

6. Channels of Communication. – MNC shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, which is crucial for informed decision-making by investors, stakeholders, and other interested users. MNC shall have media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material, and relevant information to its shareholders and other investors.
7. Reports and Minutes of Shareholders' Meetings. – MNC shall, as much as possible, make the result of votes taken during the most recent annual or special shareholders' meeting publicly available the next working day. Minutes of annual and special shareholders' meetings shall be made available on the company website within five (5) business days from the date of the end of the meeting.
8. Attendance of External Auditor to Shareholders' Meetings. - The Board shall ensure the attendance of the external auditor and other relevant individuals to answer shareholders' questions during the Annual Shareholders' Meeting, or during any Special Shareholders' Meeting if appropriate and necessary.

The Board shall cause the filing of all required information through the appropriate Philippine Stock Exchange ("PSE") mechanisms for publicly listed companies and submission to the SEC for the interest of its stockholders and other stakeholders.

V. SHAREHOLDERS' RIGHTS

MNC shall treat all shareholders fairly and equitably, and shall recognize, protect and facilitate the exercise of their rights.

1. Voting Rights. – Unless there is a specific denial of this right in the Articles or an amendment thereto, all holders of common shares, including minority shareholders, have the right to nominate, elect, remove, and replace Directors and vote on certain corporate acts in accordance with the Corporation Code, the By-Laws, and the guidelines promulgated by the Board and the CG-NRC.
2. Pre-Emptive Rights. – Unless there is a specific denial of this right in the Articles or an amendment thereto, all stockholders shall enjoy pre-emptive rights, and they shall have the right to subscribe to MNC's capital stock. The Articles may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Corporation Code.
3. Right of Inspection. – Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code; and shall be provided an annual report, including financial statements, subject to reasonable conditions the Board may impose.
4. Right to Information. – Upon request for a legitimate purpose, and subject to reasonable conditions the Board may impose, a shareholder shall be provided with periodic reports which disclose personal and professional information about the Directors and officers, and certain other matters such as their holdings of MNC's shares, dealings with MNC, relationship among Directors and officers, and the aggregate compensation of Directors and officers. The Information Statement/Proxy Statement where these are stated shall be distributed to the shareholders before annual general meetings and

in the Registration Statement and Prospectus in case of registration of shares for public offering with the SEC.

5. Right to Dividends. – Shareholders have the right to receive dividends subject to the discretion of the Board. However, the SEC may direct MNC to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except:
 - a. when justified by definite corporate expansion projects or programs approved by the Board;
 - b. when MNC is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
 - c. when it can be clearly shown that such retention is necessary under special circumstances obtaining in MNC, such as when there is a need for a special reserve for probable contingencies.
6. Appraisal Right. – Shareholders may exercise appraisal rights under the circumstances provided in the Corporation Code.
7. Notices. – The Board shall ensure that notices of annual and special stockholders’ meetings shall be sent to each shareholder in accordance with the By-Laws. For regular meetings, the notice shall be sent at least twenty-one (21) days prior to the date of the meeting, while for special meetings, at least fourteen (14) days prior written notice shall be sent to all stockholders.

Notices of annual stockholders’ meetings shall contain the profiles of Directors, the names of auditors seeking appointment or re-appointment, proxy documents, and provide the rationale for agenda items for the annual stockholders meeting.

8. Minority Shareholders. – The minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes, and subject to reasonable conditions the Board may impose.

In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information, and, if not included, the minority shareholders can propose to include such matters in the agenda of stockholders’ meetings, provided always that this right of access is conditioned upon the requesting shareholder having a legitimate purpose for such access, and subject to reasonable conditions the Board may impose.

9. Alternative Dispute Resolution. – Any dispute, controversy, or claim between MNC and its stockholders arising from, relating to, or in connection with the implementation of the Articles or By-Laws, or from intra-corporate relations, except those involving criminal offenses and interests of third parties, shall be referred to the Philippine Dispute Resolution Center, Inc. (“PDRCI”) in accordance with the PDRCI Arbitration Rules, and the relevant SEC rules and regulations.

The number of arbitrators shall be three (3) and appointed in accordance with the PDRCI Rules on the composition of arbitral tribunals comprising three (3) arbitrators. The arbitration shall be held in the PDRCI offices in Taguig City and conducted in English.

The arbitral award shall be in writing and shall state the reasons upon which it is based. Any award by the tribunal will be final and binding upon the parties. The arbitrators will award to the prevailing party, if any, the costs and attorneys' fees reasonably incurred by such party in connection with the arbitration. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the parties or their assets.

VI. STAKEHOLDER ENGAGEMENT

There shall be an investor relations office within MNC which shall be tasked with the:

- a. creation and implementation of an investor relations program that reaches out to all shareholders and fully informs them of corporate activities;
- b. formulation of a clear policy on communicating or relating relevant information to stockholders and other stakeholders and to the broader investor community accurately, effectively and sufficiently;
- c. setting up of an avenue to receive feedback, complaints and queries from shareholders other than through the annual stockholders' meeting;
- d. preparation of disclosure documents to the SEC and the PSE;
- e. creation and management of a mechanism by which shareholders can provide feedback on the performance of the Board; and
- f. dissemination of this Manual and the conduct of an orientation program for the Board and Management.

The head of MNC's investor relations office shall be present at every stockholders' meeting.

VII. SOCIAL RESPONSIBILITY

MNC is mindful of its businesses' impact to the economy, society and environment. It strives to be socially responsible in all its dealings within the communities it operates, in keeping with its mission to uplift the lives of the people it serves. Accordingly, MNC ensures that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development, and that its business is conducted in a sustainable manner.

VIII. PENALTIES FOR NON-COMPLIANCE

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed after notice and hearing, on MNC's Directors, officers, and employees in case of violation of any of the provisions:

- a. reprimand for the first violation;
- b. suspension from office for the second violation. The duration of the suspension shall be at the reasonable discretion of the Board, considering the gravity of the violation. This shall not be applicable to Directors; and
- c. removal from office for the third violation. With respect to Directors, the provisions of the Corporation Code on removal of directors shall be observed.

IX. EFFECTIVITY

This Manual shall be effective upon submission to the SEC.

X. PERIODIC REVIEW

This Manual shall be reviewed periodically by the CG-NRC, together with the other Board Committees as necessary, and the Board will make appropriate changes based on recommendations from the Committee(s).

IN WITNESS WHEREOF, we have hereunto set our hands on this 1st day of March, 2021 in the City of Sta. Rosa, Laguna.



HENRY SOESANTO
Acting Chairman of the Board/Director/CEO



MONICA DARMONO
Director/Treasurer



HELEN G. TIU
Director/Corporate Secretary



DAVID JOHN NICOL
Director/Chief Strategy Officer