



CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors (“**Board**”) of Monde Nissin Corporation (“**MNC**” or the “**Corporation**”), as the governing body elected by MNC’s stockholders, exercises all the corporate powers, controls all properties, and conducts all the business of MNC. The Board is primarily responsible in matters of governance and in overseeing the business of MNC. Within their authority as granted under Republic Act No. 11232, the Revised Corporation Code of the Philippines (the “**Revised Corporation Code**”) and other applicable laws, and the By-Laws of MNC (“**By-Laws**”), the Directors, acting as the Board, spearhead the promotion of good corporate governance and ensure that adherence to the best practices of corporate governance remains one of MNC’s top priorities.

The Board shall exercise its powers and duties in the best interest of the Corporation, its stockholders, and other stakeholders. Accordingly, the Board adopts this Board Charter to guide its decision-making process, actions, procedures, and processes, and in implementing its objectives, to ensure the long-term success of MNC.

I. COMPOSITION OF THE BOARD

1. **Number of Directors.** — The Board shall have nine (9) members (“**Directors**”)¹ or such number of Directors provided in MNC’s Articles of Incorporation.²
2. **Qualifications of Directors.** — A Director shall:
 - a. have at least one (1) share of stock in MNC standing in his or her name in the books of the Corporation at the time he or she is elected;³
 - b. possess relevant qualifications, such as previous business experience, membership in good standing in the relevant industry, and membership in business or professional organizations;⁴ and
 - c. exercise integrity, probity, and diligence in the performance of his or her functions.⁵
3. **Disqualifications of Directors.** —
 - a. No person shall qualify or be eligible for nomination, election, or to continue office as a Director if he or she is in possession of any of the grounds for disqualification provided under applicable laws, or if he or she is or becomes engaged in any business that competes with or is antagonistic to that of MNC or MNC’s affiliates or subsidiaries (collectively, “**Affiliates**”).⁶ Without limiting the generality of the foregoing, a person shall be deemed as so engaged:⁷

¹ Fifth Article, MNC’s Articles of Incorporation, as amended (“**AOI**”).

² Sec. 2.1, Article I, MNC’s New By-Laws (“**By-Laws**”).

³ Sec. 2.2, Article I, By-Laws; Sec. 3, Article I, MNC’s 2021 Manual on Corporate Governance (“**CG Manual**”).

⁴ Sec. 3, Article I, CG Manual.

⁵ *Id.*

⁶ Sec. 2.3, Article I, By-Laws; Sec. 4, Article I, CG Manual.

⁷ Sec. 2.4, Article I, By-Laws; Sec. 4, Article I, CG Manual.

- (i) If he or she is an employee, manager, officer, 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 in which MNC owns at least [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 any of its Affiliates;⁸
- (ii) If he or she is an employee, manager, officer, 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 any of its Affiliates, when in the judgment of the Board by at least a majority vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board; or⁹
- (iii) If the Board, in the exercise of its judgment in good faith, determines by at least a majority vote, that he or she is a nominee of any person set forth in (a) or (b) above.¹⁰

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.¹¹

- b. Any Director who willfully and knowingly voted or consented to patently unlawful acts of MNC, or who was found guilty of gross negligence or bad faith in directing the corporate affairs of MNC, or who acquired any personal or pecuniary interest in conflict with his or her duty as a Director shall be disqualified from nomination or election to the Board.
 - c. 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 the shareholders owning or representing at least a majority of the outstanding capital stock of the Corporation.¹²
4. **Notification of Other Directorships.** — A Director must formally notify the Board before he or she accepts a directorship in another company or entity.¹³
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.¹⁴ A NED shall have no executive responsibility for MNC’s day-to-day operations.¹⁵ NEDs shall have separate periodic meetings with MNC’s external auditor and the respective heads

⁸ Sec. 2.4 (a), Article I, By-Laws; Sec. 4(a), Article I, CG Manual.

⁹ Sec. 2.4 (b), Article I, By-Laws; Sec. 4(b), Article I, CG Manual.

¹⁰ Sec. 2.4 (c), Article I, By-Laws; Sec. 4(c), Article I, CG Manual.

¹¹ Sec. 2.4, Article I, By-Laws; Sec. 4, Article I, CG Manual.

¹² Sec. 11, Article I, CG Manual.

¹³ Sec. 12, Article I, CG Manual.

¹⁴ Sec. 5, Article I, CG Manual.

¹⁵ *Id.*

of MNC's internal audit, compliance, and risk functions, without the Chief Executive Officer ("CEO") present, to ensure that proper checks and balances are in place within the Corporation.¹⁶

6. **Executive Directors.** — Executive Directors are members of the Board who concurrently hold positions as officers of the Corporation. As such, an Executive Director is expected, at all times, to lead the Corporation and perform his or her duties as a member of the Board based on his or her knowledge of MNC's day-to-day operations and his or her specific area of management expertise related to his or her position as an officer of MNC.

7. **Independent Directors.** —

a. 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 ("PLCs").¹⁷

b. An Independent Director is an individual who, apart from the shareholdings and fees received from MNC, is independent of management and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his or her exercise of independent judgment in carrying out his or her responsibilities as a Director.¹⁸

c. An Independent Director:

i. is not, or has not been, an officer or employee of MNC unless there has been a change in the controlling ownership of the Corporation;¹⁹

ii. is not, and has not been in the three (3) years immediately preceding his or her election, a Director of MNC; a director, officer or employee of any of MNC's Affiliates; or a director, officer, or employee of MNC's substantial shareholders;²⁰

iii. 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 or her election;²¹

iv. is not an owner of more than two (2%) percent of the outstanding shares of MNC or its Affiliates;²²

¹⁶ *Id.*

¹⁷ Sec. 2.5, Article I, By-Laws; Sec. 5, Article I, CG Manual.

¹⁸ *Id.*

¹⁹ Sec. 6, Article I, CG Manual.

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

- v. is not a relative of a Director, officer, or substantial shareholder of MNC or its Affiliates;²³
 - vi. is not acting as a nominee or representative of any Director of MNC or its Affiliates;²⁴
 - vii. is not a securities broker-dealer of listed companies and registered issuers of securities;²⁵
 - viii. is not retained, either in his or 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 or her election;²⁶
 - ix. does not engage or has not engaged, whether by himself or herself or with other persons or through a firm of which he or 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 or her independent judgment;²⁷
 - x. is not affiliated with any non-profit organization that receives significant funding from MNC, its Affiliates, or the Corporation's substantial shareholders;²⁸ and
 - xi. is not employed as an executive officer of another company where any of MNC's executives serve as Directors.²⁹
- d. For this purpose, an Independent Director shall submit to MNC's Corporate Secretary a letter confirming that he or she holds no interests affiliated with MNC, MNC's management, or any controlling stockholder of the Corporation and possesses none of the disqualifications indicated herein at the time of his or her election or appointment or re-election as a Director.
- e. **Lead Independent Director.** – A Lead Independent Director shall be appointed if the Chairperson of the Board ("**Board Chairperson**") is not an Independent Director.³⁰ If the Board Chairperson is an Independent Director, he or she shall also serve as Lead Independent Director.³¹ The Lead Independent Director shall, among others:

²³ *Id.* "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.

²⁴ *Id.*

²⁵ "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.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ Sec. 2.5, Article I, By-Laws; Sec. 6, Article I, CG Manual.

³⁰ Sec. 3, Article III, CG Manual.

³¹ *Id.*

- i. serve as intermediary between the Board Chairperson and the other Directors, if and when necessary;³²
- ii. convene and chair the periodic meetings of the NEDs with the external auditor and the heads of MNC's internal audit, compliance and risk functions, as may be necessary;³³ and
- iii. contribute to the performance evaluation of the Board Chairperson.³⁴

II. TERM OF DIRECTORS

1. **Generally.** — Directors shall hold office for one (1) year and until the election and qualification of their successors in accordance with the Corporation's By-Laws.³⁵ There are no limits to the number of terms a Director other than an Independent Director may serve.
2. **Term of Independent Directors.** —
 - a. An Independent Director serves for a maximum cumulative term of nine (9) years, after which, he or she is perpetually barred from re-election as an Independent Director of MNC.³⁶ However, the former Independent Director may continue to qualify for election as a non-independent Director.³⁷
 - b. 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 of such Independent Director and seeks shareholders' approval during the annual meeting of the shareholders to retain the Independent Director who has served a maximum cumulative term of nine (9) years.³⁸

III. COMPETENCY, DIVERSITY, DISCLOSURES, EDUCATION AND EVALUATION

1. **Competencies.** — The Board shall comprise men and women with a collective working knowledge, experience, or expertise that are relevant to MNC's business,³⁹ 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 Corporation based on the evolving business environment and strategic direction.⁴⁰
2. **Diversity.** — The Board shall adopt a policy on diversity that encourages the selection of an appropriate mix of competent Directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. Diversity includes business experience,

³² *Id.*

³³ *Id.*

³⁴ *Id.*

³⁵ Fifth Article, AOI; Sec. 2.1, Article I, By-Laws; Sec. 2, Article I, CG Manual.

³⁶ Sec. 6, Article I, CG Manual.

³⁷ *Id.*

³⁸ *Id.*

³⁹ Sec. 1.1, Article I, By-Laws.

⁴⁰ Sec. 1, Article I, CG Manual.

age, gender, ethnicity, skills, competence, and knowledge.⁴¹ With respect to gender, 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.⁴²

3. **Disclosure.** — The Board shall, in keeping with the disclosure obligations incumbent upon PLCs, fully disclose all relevant and material information on individual Directors for purposes of evaluating his or her experience and qualifications, and assess any potential conflicts of interest that might affect a Director’s judgment.⁴³
4. **Onboarding and Continuing Education.** —
 - a. A new Director shall undergo an orientation program which at the minimum shall be for at least eight (8) hours and shall include the following topics: MNC’s vision and mission, corporate structure, business strategies and operations, company policies, matters pertaining to MNC’s organization and governance (e.g., MNC’s AOI, By-Laws, CG Manual, and Board Committee Charters), other topics prescribed by the Securities and Exchange Commission (“SEC”), the Philippine Stock Exchange (“PSE”) and other regulatory agencies (e.g., laws on corporations, rules governing PLCs, regulations on corporations and securities, and corporate governance), and other matters essential for a Director to perform his or her duties as such.⁴⁴
 - b. Each Director shall attend an annual four (4)-hour continuing training program involving courses on corporate governance and other related topics (including those matters described in (a) above) at least once a year.⁴⁵
 - c. Directors are encouraged to assess their own training and development needs for the continuing training program.
5. **Review of Board Profile.** — The Board shall regularly review its composition, and assess whether it possesses the right mix of backgrounds and competencies, taking into account the evolving requirements of the Corporation, and best practices in corporate governance.
6. **Board Assessment.** —
 - a. The best measure of the Board’s effectiveness is through an assessment process.⁴⁶ The Board shall regularly carry out evaluations to appraise its performance as a body.⁴⁷
 - b. The Board shall undergo a formal assessment process annually whereby each Director will complete a structured questionnaire relating to the role, composition, process, practices, and behavior of the Board, the committees established by the Board (the “**Board Committees**”), and the individual Directors.⁴⁸ Responses to the questionnaires are confidential and provided

⁴¹ Sec. 10, Article I, CG Manual.

⁴² *Id.*

⁴³ Sec. 3, Article I, CG Manual.

⁴⁴ Sec. 7, Article I, CG Manual.

⁴⁵ *Id.*

⁴⁶ Sec. 13, Article I, CG Manual.

⁴⁷ *Id.*

⁴⁸ *Id.*

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.⁴⁹

- c. The performance assessment shall be conducted by an independent third-party consultant every three (3) years.⁵⁰ The third-party consultant should be an acknowledged expert, or a general professional firm, company, or partnership, or practitioner in one or more of the following fields: governance, management, behavioral psychology, law, or audit.⁵¹

IV. ELECTION OF DIRECTORS

The Directors shall be elected by MNC's stockholders who are entitled to vote at the annual meeting of the Corporation's stockholders in accordance with the By-Laws.⁵²

1. **Nomination of Directors.** — Any stockholder, including minority stockholders,⁵³ shall have the right to nominate candidates for membership in the Board. The list of names of the nominees to the Board, together with the written consent of the nominees shall be filed with and submitted to the Board's Corporate Governance, Nomination, and Remuneration Committee through the office of MNC's Corporate Secretary at least sixty (60) business days prior to the date set for the annual meeting of the stockholders wherein they will be elected.⁵⁴
2. **Required Vote.** — For the election of Directors, it is necessary for one-half plus one of the outstanding shares of stock to be present or represented in the annual stockholders' meeting.⁵⁵ Stockholders casting votes through remote communication or in absentia, electronically or otherwise, shall be deemed present for purposes of determining the existence of a quorum.⁵⁶
3. **Filling of Vacancies.** — Any vacancy due to expiration of term shall be filled no later than the day of such expiration at the annual stockholders' meeting.⁵⁷ For any vacancy arising from removal by the stockholders, the election shall be held at the same meeting if so stated in the agenda and notice of meeting.⁵⁸ In all other cases, the vacancy may be filled by at least a majority vote of the remaining directors, if still constituting a quorum; otherwise, the vacancy shall be filled in a special stockholders' meeting called for that purpose, in any instance no later than forty-five (45) days from the time the vacancy occurred.⁵⁹ The Director so elected shall be referred to as replacement Director and act as a member of the said Board only for the unexpired term of his or her predecessor.⁶⁰

When the remaining Directors cannot constitute a quorum and emergency action is required to prevent grave, substantial, or irreparable loss or damage to MNC, the vacancy may be temporarily

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² Sec. 2.1, Article I, By-Laws.

⁵³ Sec. 1, Article V, CG Manual.

⁵⁴ Sec. 2.6., Article I, By-Laws.

⁵⁵ Sec. 8.3, Article IV, By-Laws.

⁵⁶ *Id.*

⁵⁷ Sec. 3.1., Article I, By-Laws.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.*

filled from among the officers of MNC by the unanimous vote of the remaining Directors.⁶¹ The designated Director's actions shall be limited to any necessary emergency action and his or her term shall cease within a reasonable time from the termination of the emergency or upon election of the replacement Director, whichever comes first.⁶²

V. BOARD INDEPENDENCE AND CONFLICT OF INTEREST

It is the duty of each Director to promote the best interests of MNC.⁶³ Therefore, in making decisions, each Director should only serve the best interests of MNC, and must not consider his or her personal interest.⁶⁴

1. **Disclosure of Interest.** — Directors with interest, potential or otherwise, in any related party transactions or contracts (“RPT”) shall timely and fully disclose any and all material facts and abstain from deliberations on and approval of the same without prejudice to compliance with the requirements of the law and the rules and regulations promulgated or enforced by the SEC and other regulators, as these laws or regulations may be promulgated or amended from time to time. Material RPTs, as defined in applicable laws, shall be approved by at least two-thirds (2/3) of all the Directors, with at least a majority vote of all of the Independent Directors voting to approve the material RPT.⁶⁵
2. **Dealing in the Corporation's Shares.** — In line with MNC's insider trading policy, each Director is required to report to the Board and MNC's Chief Compliance Officer any dealing in MNC's shares done by such Director within three (3) business days from any such dealing.⁶⁶ MNC shall disclose the trading of its shares by Directors as required by applicable law and rules and regulations.
3. **Confidentiality Rule.** — Subject to the provisions of applicable law or regulations, all Directors, incumbent and former, shall keep confidential all the information they may obtain or encounter from confidential reports prepared by or on behalf of MNC, or such confidential information that they may obtain during Board and/or other internal deliberations, discussions, or communications. They shall also ensure that all persons who have access to the same information likewise comply with this rule.
4. **Employment of Former Directors.** — A former Director may be allowed to take a certain position within MNC, provided that it is in the best interest of MNC, as determined by the incumbent members of the Board.

VI. DECISION-MAKING AND MEETINGS OF DIRECTORS

1. **Collegial Body.** — The Directors shall act only as a body, i.e., as the Board.⁶⁷ Except as otherwise contemplated under MNC's AOI or By-Laws or under the Revised Corporation Code, the attendance of a majority of the Directors shall be necessary at all duly constituted meetings of the Board to constitute a quorum for the transaction of any business.⁶⁸

⁶¹ Sec. 3.2., Article I, By-Laws.

⁶² *Id.*

⁶³ Sec. 9, Article I, CG Manual.

⁶⁴ *Id.*

⁶⁵ Par. 4, Sec. 4, MNC's Related Party Transactions Policy.

⁶⁶ Sec. 6, MNC's Insider Trading Policy.

⁶⁷ Sec. 4.1, Article I, By-Laws.

⁶⁸ *Id.*

In the absence of a quorum, a majority of the Directors present may adjourn any meeting from time to time until a quorum be had. Notice for meetings which are continuations of any adjourned meeting need not be given.

2. **Valid Corporate Acts.** — Every decision of a majority of the Directors present at a duly-constituted meeting of the Board at which there is a quorum shall be a valid act of the Corporation,⁶⁹ except for such matters which require the vote of majority of all the members of the Board as prescribed by law or the By-Laws.
3. **Frequency of Meetings.** — Regular meetings of the Board shall be held every quarter. The Board shall designate the days when such regular meetings shall be held, at such places and at such times as the Board shall, from time to time, by resolution determine.⁷⁰ Special meetings of the Board may be called by the following at any time: (i) the President of MNC, or (ii) the CEO of MNC.⁷¹ Any two (2) members of the Board can also call a special meeting of the Board on three (3) business days⁷² prior notice to each Director personally, in writing, by telefacsimile, or via electronic media.⁷³
4. **Attendance.** — The participation of Directors, including voting, at the Board’s meetings can be in person, through remote communication (such as videoconferencing, teleconferencing, or other alternative modes of communication as allowed by law or regulations).⁷⁴ Participation and voting cannot be done by proxy.⁷⁵ The failure by a Director, without any justifiable cause, to attend at least fifty percent (50%) of all Board meetings during any term is a ground for disqualification in the succeeding election.
5. **Notice of Meeting.** — Notice of meetings may be given by any customary means of communication (e.g., by electronic mail, in writing, by telephone, by telefax, or via electronic media). The notice shall specify the time and place of the meeting and include a detailed agenda. As much as practicable, Board materials are to be distributed to all Directors at least two (2) Business Days prior to each Board meeting.
6. **Chairperson of the Meeting.** — Board meetings shall be chaired by the Board Chairperson or, in his or her absence, by the Vice Chairperson.
7. **Matters for Discussion in Meetings.** — In any Board meeting, decisions may be made on matters not included in the distributed meeting agenda only if there are no objections posed by any member of the Board.
8. **Minutes of the Meeting.** — Minutes of the Board meetings shall be taken and recorded by MNC’s Corporate Secretary or any one of the Assistant Corporate Secretaries. Minutes shall be signed by the chairperson of the meeting and by MNC’s Corporate Secretary or Assistant Corporate Secretary who took notes of the proceedings.

⁶⁹ Sec. 4.1, Article I, By-Laws.

⁷⁰ Sec. 4.2, Article I, By-Laws.

⁷¹ *Id.*

⁷² As used herein, “**Business Day**” means a day other than a Saturday, Sunday, or public holiday in Makati City, Philippines.

⁷³ Sec. 4.2, Article I, By-Laws.

⁷⁴ Sec. 4.3, Article I, By-Laws.

⁷⁵ *Id.*

9. **Non-Executive Sessions.** — The 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 any executive present, to ensure that proper checks and balances are in place within MNC.⁷⁶ Such meetings shall be led by the Lead Independent Director.⁷⁷

VII. RESPONSIBILITIES OF THE BOARD AND OF THE DIRECTORS

The Board shall perform all the functions and duties of a board of directors in accordance with the Revised Corporation Code and all other laws and regulations, MNC’s AOI and By-Laws, MNC’s CG Manual, and this Board Charter.⁷⁸ 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.⁷⁹

1. **Duties, Powers, and Attributes of the Board.** — In addition to the duties, powers, and attributes provided in applicable laws and regulations and in MNC’s By-Laws, the Board shall perform the following functions:
- a. oversee the development, review, and approval of MNC’s business objectives and strategy, and oversee and monitor the implementation of the same;⁸⁰
 - b. have a clearly defined vision, mission, and statement of core values;⁸¹
 - c. have a strategy execution process that facilitates effective management performance and is attuned to MNC’s corporate culture;⁸²
 - d. establish an effective performance management framework to align management’s performance with the standards and criteria set by the Board;⁸³
 - e. ensure and adopt an effective succession planning program for Directors, management, and other key officers;⁸⁴
 - 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 clawback provisions and deferred bonuses;⁸⁵
 - g. adopt and approve the remuneration of top management, and recommend the remuneration of Directors;⁸⁶

⁷⁶ Recommendation 5.7.1, I-ACGR.

⁷⁷ Recommendation 5.7.2, I-ACGR.

⁷⁸ Sec. 8, Article I, CG Manual.

⁷⁹ *Id.*

⁸⁰ Sec. 8(a), Article I, CG Manual.

⁸¹ Sec. 8(b), Article I, CG Manual.

⁸² Sec. 8(c), Article I, CG Manual.

⁸³ Sec. 8(d), Article I, CG Manual.

⁸⁴ Sec. 8(e), Article I, CG Manual.

⁸⁵ Sec. 8(f), Article I, CG Manual.

⁸⁶ Sec. 8(g), Article I, CG Manual.

- h. ensure that the Board has a formal and transparent board nomination and election policy;⁸⁷
- i. be primarily responsible for approving the selection and assessing the performance of management, led by the President, the CEO, the Executive Vice President, the vice presidents, MNC’s functional directors, and/or other department or group heads, and leaders of other groups performing control functions;⁸⁸
- 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;⁸⁹
- 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;⁹⁰
- l. adopt and approve an internal audit charter;⁹¹
- 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;⁹²
- n. have a clear insider trading policy;⁹³
- 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;⁹⁴
- 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 MNC’s financial condition, results, and business operations;⁹⁵
- 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;⁹⁶

⁸⁷ Sec. 8(h), Article I, CG Manual.

⁸⁸ Sec. 8(i), Article I, CG Manual.

⁸⁹ Sec. 8(j), Article I, CG Manual.

⁹⁰ Sec. 8(k), Article I, CG Manual.

⁹¹ Sec. 8(l), Article I, CG Manual.

⁹² Sec. 8(m), Article I, CG Manual.

⁹³ Sec. 8(n), Article I, CG Manual.

⁹⁴ Sec. 8(o), Article I, CG Manual.

⁹⁵ Sec. 8(p), Article I, CG Manual.

⁹⁶ Sec. 8(q), Article I, CG Manual.

- r. establish a governance process on information technology issues including disruption, cybersecurity, and disaster recovery, to ensure that all key risks are identified, managed, and reported to the Board;⁹⁷
- s. ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights, and transfer rights;⁹⁸
- t. establish policies, programs, and procedures that encourage MNC employees to actively participate in MNC's governance and the realization of MNC's goals;⁹⁹
- u. in case of acquisition or disposal of assets, appoint an independent party to evaluate the fairness of the transaction price;¹⁰⁰
- v. create and design a Code of Conduct with an anti-corruption policy and programs suitable to the needs of MNC and ensure proper and efficient implementation and monitoring of compliance with the Code of Conduct, including providing appropriate orientation and training to the Board, senior management, and employees;¹⁰¹
- w. decide as to the safekeeping of the funds of MNC, and open deposit accounts with any bank authorized to operate in the Philippines and/or abroad;
- x. call special meetings of stockholders, when necessary;
- y. determine the time and manner of issuance of unissued stocks and treasury shares of MNC;
- z. establish Board Committees deemed necessary in running the affairs of MNC, which will have their respective charters providing for their purposes, structures, operations, reporting processes, and performance standards;
- aa. provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- bb. formulate a clear communication and disclosure policy and strategy to accurately, promptly, regularly, and effectively communicate with the SEC, the PSE, other regulators and government agencies, and MNC's stockholders, and oversee the proper and effective implementation thereof;
- cc. establish and make available an alternative dispute resolution mechanism in MNC through which intra-corporate disputes may be amicably settled;
- dd. create an internal self-rating system for the annual performance self-assessment of the Board Chairperson, the individual Directors, the Board Committees, MNC's CEO, President, Executive

⁹⁷ Sec. 8(r), Article I, CG Manual.

⁹⁸ Sec. 8(s), Article I, CG Manual.

⁹⁹ Sec. 8(t), Article I, CG Manual.

¹⁰⁰ Sec. 8(u), Article I, CG Manual.

¹⁰¹ Recommendation 15.2, I-ACGR.

Vice President, and other key management officials in accordance with the process and criteria laid down in this Board Charter, and in line with MNC's plans and objectives;

- ee. recommend to the stockholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
- ff. establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation, and to have direct access to a unit created to handle whistleblowing concerns and ensure its enforcement;
- gg. determine the manner and conditions under which employees of MNC shall be granted pensions, retirement gratuity, or life insurance protection;
- hh. institute, maintain, defend, compromise, or drop any litigation in which MNC or its officers may be interested in as plaintiff or defendant in connection with the business of MNC and grant extension of time for the payment or settlement of any indebtedness in favor of MNC;
- ii. settle any doubts that may arise relative to the interpretation of the By-Laws and, if necessary fill-in any omissions; any such action shall be reported at the stockholders' annual meeting for such action as the stockholders may see fit to take;
- jj. institutionalize an overarching policy on the management of material RPTs to ensure effective compliance with existing laws, rules, and regulations at all times and that material RPTs are conducted on an arm's length basis, and that no stockholder or stakeholder is unduly disadvantaged;¹⁰²
- kk. approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes in the terms and conditions of material RPTs previously approved in accordance with the SEC Rules on Material RPTs for Publicly-Listed Companies;¹⁰³

Material changes in the terms and conditions of the material RPT include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor, and collateral requirement of the material RPT;¹⁰⁴

- ll. establish effective audit, risk and compliance systems to determine, identify and monitor related parties and material RPTs; continuously review and evaluate existing relationships between and among businesses and counterparties; and identify, measure, monitor, and control risks arising from material RPTs.¹⁰⁵

These systems shall be able to define the related parties' extent of relationship with the company; assess situations in which a non-related party (with whom a company has entered

¹⁰² Sec. 2.A.1, SEC Memorandum Circular No. 10, Series of 2019, Rules on Material Related Party Transactions for Publicly-Listed Companies (“**SEC MC 10-2019**”).

¹⁰³ Sec. 2.A.2, SEC MC 10-2019.

¹⁰⁴ *Id.*

¹⁰⁵ Sec. 2.A.3, SEC MC 10-2019.

into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the Company to a particular related party.¹⁰⁶ The said systems will facilitate submission of accurate reports to the regulators/supervisors. The systems as well as the overarching policies shall be subject to periodic assessment by the internal audit and compliance officers and shall be updated regularly for their sound implementation.¹⁰⁷ The overarching policy and the system shall be made available to the SEC and audit functions for review. Any change in the policy and procedure shall be approved by majority of the Board and approved by majority of the stockholders constituting a quorum;¹⁰⁸

- mm. ensure that (i) senior management addresses legitimate issues on material RPTs that are raised and (ii) stakeholders who raise concerns are protected from detrimental treatment or reprisals;¹⁰⁹
 - nn. approve the annual plans and budget of MNC, as well as the corresponding investments and personnel movements; and
 - oo. based on the report by the Audit Committee, and with the help of independent auditors, approve the financial statements of MNC.
2. **Duties of Individual Directors.** — In addition to the foregoing, each Director is expected to fully commit and be loyal to MNC, and should devote the time and attention necessary to properly and effectively perform his or her duties and responsibilities.¹¹⁰ Each Director is duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.¹¹¹ 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;¹¹²
 - b. not participate in discussions or deliberations involving his or her own remuneration;¹¹³
 - c. attend and actively participate in all meetings of the Board, the Board Committees, and of shareholders, in person or through tele/video-conferencing conducted in accordance with regulations and/or the issuances of the SEC;¹¹⁴
 - d. review meeting materials for all Board and Board Committee meetings;¹¹⁵

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ Sec. 2.A.4., SEC MC 10-2019.

¹¹⁰ Sec. 9, Article I, CG Manual.

¹¹¹ *Id.*

¹¹² Sec. 9(a), Article I, CG Manual.

¹¹³ Sec. 9(b), Article I, CG Manual.

¹¹⁴ Sec. 9(c), Article I, CG Manual.

¹¹⁵ Sec. 9(d), Article I, CG Manual.

- e. ask the necessary questions or seek clarifications and explanations during Board and Board Committee meetings;¹¹⁶
- f. abstain from taking part in the deliberations of any transaction affecting MNC in which he or she may have a material interest;¹¹⁷
- g. engage in fair business transactions with MNC and ensure that his or her personal interests do not create any bias when making Board decisions;
- h. exercise independent judgment;
- i. have a working knowledge of the statutory and regulatory requirements affecting MNC;
- j. keep confidential all non-public information acquired by reason of his or her Board membership;
- k. ensure the continuing soundness, effectiveness, and adequacy of MNC's control environment; and
- l. attend and participate in the training program of MNC.

3. The Board Chairperson. —

- a. The Board Chairperson has the following powers:
 - i. to preside at all of stockholders' meetings and meetings of the Board;¹¹⁸
 - ii. to cast the deciding vote in case of a tie in the stockholders' meetings or in the Board meetings; and
 - iii. to exercise such other powers which are given him or her in the By-Laws.
- b. Roles and Responsibilities of the Chairperson – The Board Chairperson has the following roles and responsibilities:
 - i. makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of MNC, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
 - ii. ensures that lines of communication and flow of information between the Board, its Committees, and management are maintained;

¹¹⁶ Sec. 9(e), Article I, CG Manual.

¹¹⁷ Sec. 9(f), Article I, CG Manual.

¹¹⁸ Sec. 4, Article III, By-Laws; Sec. 2, Article III, CG Manual.

- iii. guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
 - iv. facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
 - v. ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by management;
 - vi. allows the Board members to freely express their opinions about any matter being discussed;
 - vii. assures the availability of proper orientation for first-time directors and continuing training opportunities for all Directors;
 - viii. makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on; and
 - ix. performs such other responsibilities as the Board may fix.
4. **Adherence to the Code of Conduct and Ethics.** — The Board shall ensure that all Directors, executives, and employees adhere to MNC’s Code of Conduct. The Board shall adopt measures for the strict implementation and monitoring of compliance with the Code of Conduct.¹¹⁹

VIII. BOARD COMMITTEES

1. **Rationale.** — The Board shall establish Board Committees which 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.¹²⁰ Each Committee shall submit to the Board at least once a year a report of its accomplishments and self-assessment of its performance.¹²¹
2. **Delegation of Rights and Responsibilities to the Board Committees.** — The Board may delegate part of its rights and responsibilities to any of the Board Committees. The Board Committees shall be composed of competent men and women specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee.
3. **Board Committee Charters.** — The Board shall adopt for each Board Committee a charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties, and responsibilities of the Board Committee and the rules governing the exercise of those powers or performance of the duties and responsibilities.¹²²

¹¹⁹ Recommendation 7.2, I-ACGR.

¹²⁰ Principle 3, I-ACGR; Article II, CG Manual.

¹²¹ Article II, CG Manual.

¹²² Sec. 1, Article II, By-Laws; Sec. 5, Article II, CG Manual.

4. **The Committees.** — The Board shall establish the following committees: (a) Executive Committee; (b) Audit Committee; (c) Corporate Governance, Nomination and Remuneration Committee; (d) Risk and Related Party Transactions Committee, and (e) such other Board Committees that focus on specific board functions and other bodies that it may deem necessary or advisable in respect of the affairs of the Corporation.¹²³ The powers, duties, and responsibilities of the Committees, as well as the terms governing their membership and leadership, shall be governed primarily by the respective Board Committee Charters to be adopted and promulgated by the Board.¹²⁴

IX. LIABILITY OF DIRECTORS

1. **Joint and Several Liability** — Directors who willfully and knowingly vote or consent to patently unlawful acts of MNC or who are guilty of gross negligence or bad faith in directing the affairs of MNC or acquire any personal or pecuniary interest in conflict with their duty as such Directors, shall be jointly and severally liable for all damages resulting therefrom suffered by MNC, its stockholders and other stakeholders.¹²⁵
2. **Liability as Trustee for the Corporation** — When a director attempts to acquire or acquires, in violation of his duty, any interest adverse to MNC in respect of any matter which has been reposed in him or her in confidence, as to which equity imposes a disability upon him or her to deal in his or her own behalf, he or she shall be liable as a trustee for MNC and must account for the profits which otherwise would have accrued to MNC.¹²⁶

X. COMPENSATION OF THE BOARD

Directors shall be entitled to receive from MNC, fees and other compensation for their services as Directors in accordance with Section 29 of the Revised Corporation Code.¹²⁷ The level of compensation should be commensurate to MNC's size and scope.¹²⁸ In no case shall the total yearly compensation of Directors exceed three percent (3.0%) of the net income before income tax of MNC during the preceding year.

XI. MISCELLANEOUS

1. **Access to Information** — The Board shall have reasonably free and full access to all relevant information, data, records, properties, and personnel of MNC.
2. **Technical Assistance** — The Board may invite such members of management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.
3. **Annual Review** — This Board Charter shall be periodically reviewed by the Board. Any proposed changes shall be approved by the Board.
4. **Effectivity** — This Board Charter shall take effect when approved by the Board and shall apply prospectively.

¹²³ Sec. 1, Article II, By-Laws.

¹²⁴ *Id.*

¹²⁵ Sec. 30, Revised Corporation Code.

¹²⁶ *Id.*

¹²⁷ Sec. 5, Article I, By-Laws.

¹²⁸ *Id.*

Approved and adopted by the Board of Directors on June 22, 2021.

Annex A

Guidelines in Conducting Performance Assessments

Annual performance assessments shall be conducted for the Board, the individual Directors, the Board Committees, and the President, CEO, and key officers. An independent consultant shall be regularly engaged to conduct the performance evaluation of the Board, committees, and individual Directors.

I. For the performance assessment of the Board

The Board shall conduct a self-evaluation where all Board members shall participate. In evaluating the Board's performance, the following criteria/factors shall be considered:

- a. *Knowledge* – Whether the Board possesses adequate information on industry trends and overall business environment;
- b. *Strategy and Implementation* – Whether the Board has adopted appropriate corporate strategy and whether the same has been effectively implemented;
- c. *Risk Management* – Whether the Board has a keen understanding of the types of risks to which MNC may be exposed and would be vulnerable, and whether it has adopted appropriate systems and processes to manage these risks;
- d. *Corporate Ethics* – Whether the Board has taken the lead role to ensure faithful compliance with all the applicable laws and rules, the By-Laws, the CG Manual, the Code of Conduct and Ethics, and other relevant company policies; and
- e. *Internal Control/Oversight Function* – Whether the Board has taken reasonable steps to ensure that MNC is properly managed, including monitoring of MNC's operational and financial results.

II. For the performance assessment of the individual Directors

The Board shall assess the performance of its individual members. In evaluating the performance of each Director, the following criteria/factors shall be considered:

- a. *Knowledge* – Whether the Director has in-depth knowledge of MNC's business and strategic direction;
- b. *Participation* – Whether the Director attended all, some, or only a few of the meetings of the Board and of the committees in which he or she is a member, and whether he or she made valuable contributions in the discussion of matters before the Board and/or the committees; and
- c. *Fair Dealing* – Whether the Director conducted fair business transactions with MNC and ensured that his or her personal interests did not conflict with the interests of MNC.

III. For the performance assessment of the Board Committees

The Board Committees shall assess their respective performance. The Board may conduct simultaneous evaluation of the performance of each Board Committee. In evaluating the performance of the Board Committees, the following criteria/factors shall be considered:

- a. *Board Committee Organization* – Whether the Board Committee is composed of appropriate number of Directors with the right balance of skills, experiences, and backgrounds to ensure the proper performance of the roles and responsibilities of the Board Committee;
- b. *Board Committee Meetings* – Whether the Board Committee had adequate number of meetings to sufficiently focus on significant matters of concern; and
- c. *Board Committee Processes and Procedures* – Whether the Board Committee adopted processes and procedures to ensure timely resolution of matters before it.

IV. For the performance assessment of the President, CEO, and other key officers

The Board shall assess the performance of the President, CEO, and other key officers. In evaluating their performance, the following criteria/factors shall be considered:

- a. *Compliance* – Whether the President, CEO, and other key officers have taken steps to ensure MNC's compliance with all the legal requirements in the management of its affairs;
- b. *Administration* – Whether the President, CEO, and other key officers have effectively managed the day-to-day operations of MNC towards the achievement of the organization's goals and objectives;
- c. *Knowledge, Skills, and Competence* – Whether the President, CEO, and other key officers possess appropriate knowledge, skills, and competence essential to the due performance of duties;
- d. *Corporate Ethics* – Whether the President, CEO, and other key officers have consistently demonstrated integrity and observed the corporate core values; and
- e. *Board-Management Relationship* – Whether the President, CEO, and other key officers have worked closely with the Board and provided the latter with complete, adequate information on the operations and affairs of MNC in a timely manner.