

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)  
Aug 11, 2025
  2. SEC Identification Number  
CS201627300
  3. BIR Tax Identification No.  
009-468-103
  4. Exact name of issuer as specified in its charter  
SP New Energy Corporation
  5. Province, country or other jurisdiction of incorporation  
Metro Manila, Philippines
  6. Industry Classification Code(SEC Use Only)
  7. Address of principal office  
Rockwell Business Center, Ortigas Avenue, Barangay Ugong, Pasig City, Second District, National Capital Region, Philippines  
Postal Code  
1604
  8. Issuer's telephone number, including area code  
+639175607351; +639228588428
  9. Former name or former address, if changed since last report  
N.A.
  10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------|---|
| Common              | 50,073,050,000  |
11. Indicate the item numbers reported herein  
Items 4 and 9

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



# SP New Energy Corporation

## SPNEC

### PSE Disclosure Form 4-30 - Material Information/Transactions

**References: SRC Rule 17 (SEC Form 17-C) and  
Sections 4.1 and 4.4 of the Revised Disclosure Rules**

#### Subject of the Disclosure

Results of the Meeting of the Board of Directors dated 11 August 2025

#### Background/Description of the Disclosure

Please be informed that the Board of Directors of SP New Energy Corporation (the "Company"), at its meeting held today, 11 August 2025, approved the following, among others:

- Approval of the amendments to the charters of the Company's (i) Audit Committee and (ii) Internal Audit Department;
- Approval of the proposed charters of the Company's (i) Corporate Governance Committee and (ii) Risk Oversight and Related Party Transactions Committee;
- Approval of the changes to the Company's Manual on Corporate Governance; and
- Appointment of Mr. Rochel Donato R. Gloria ("Mr. Gloria") as Chief Risk Officer of the Company.

Mr. Gloria currently serves as the Chief Financial Officer of MGEN Renewable Energy, Inc. and the Company, among others, and as board member of various companies in the energy sector. From 2018 to 2024, he served as the Chief Risk Officer of Global Business Power Corporation ("GBPC"). Prior to joining GBPC, he held leadership roles in other power companies such as First Philec, Inc., Aboitiz Power Corporation, Oklahoma Gas and Electric Corporation, and MERALCO. He is a seasoned executive with over 39 years of leadership experience in corporate finance, business development, and marketing from various industries, including energy, telecommunications, and private equity. Mr. Gloria holds a Master of Business Administration degree from the Graduate School of Business of the Ateneo de Manila University. He graduated with a Bachelor of Science degree in Industrial Management, with a minor in Mechanical Engineering, from De La Salle University.

Additionally, the Board of Directors was informed by the Company's President and Chief Executive Officer, Mr. Emmanuel V. Rubio, that the Company executed a Deed of Accession and Amendment (the "Deed") with Kepco Philippines Holdings, Inc. ("KPHI") in relation to the parties' shareholdings in Solar Philippines Calatagan Corporation ("SPCC"). SPCC's Board of Directors approved the execution of the Deed on 8 August 2025 and authorized either its President or Treasurer to sign the same. SPCC's Treasurer signed the Deed on 11 August 2025. The Deed is part of the required acts of a successor-in-interest to any shareholder in the Shareholders' Agreement originally executed between Solar Philippines Power Project Holdings, Inc. ("SPPPHI"), KPHI, SPCC, and Mr. Leandro Antonio L. Leviste. The Company became the successor-in-interest of SPPPHI in SPCC when SPPPHI sold all its shares to the Company in 2023.

#### Other Relevant Information

Please see attached SEC Form 17-C.

#### Filed on behalf by:

Name	Mary Ann Ballesteros
Designation	Chief Compliance Officer and Data Privacy Officer

# COVER SHEET

C S 2 0 1 6 2 7 3 0 0

S.E.C. Registration Number

S P N E W E N E R G Y C O R P O R A T I O N  
( f o r m e r l y S o l a r P h i l i p p i n e s  
N u e v a E c i j a C o r p o r a t i o n )

(Company's Full Name)

R o c k w e l l B u s i n e s s C e n t e r ,  
O r t i g a s A v e n u e , B a r a n g a y  
U g o n g , P a s i g C i t y 1 6 0 4

(Business Address of the Company)

Jo Marianni P. Ocampo-Jalbuena

Contact Person

0 9 1 7 - 5 6 0 7 3 5 1

Company Telephone Number

1 2 3 1  
Month Day

Fiscal Year

SEC Form 17-C

Form Type

1<sup>st</sup> Monday of May each year

Regular Meeting

Certificate of Permit to Offer Securities for Sale (Pursuant to SEC MSRD Order No. 87, Series of 2021)

Secondary License type, if applicable

MSRD/CMD/CTD

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

Remarks = Pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. 11 August 2025  
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS201627300      3. BIR Tax Identification No. 009-468-103
4. SP New Energy Corporation  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. Rockwell Business Center, Ortigas Avenue, Barangay Ugong, Pasig City 1604  
Address of principal office, with postal code
8. (0917) 560-7351  
Issuer's telephone number, including area code
9. N.A.  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
---------------------	--

Common	50,073,050,000*
--------	-----------------

*\*Note: The Company's voting stock is composed of 69,477,252,552 shares, broken down as follows: 50,073,050,000 common shares and 19,404,202,552 preferred "B" shares. Out of the 69,477,252,552 shares, 8,124,350,005 common shares are registered with the Securities and Exchange Commission ("SEC"). The rest of the shares were exempt from the registration requirement under the Securities Regulation Code at the time of their issuance.*

11. Indicate the item numbers reported herein:

**Item 9. Other Events**

Please be informed that the Board of Directors of SP New Energy Corporation (the "Company"), at its meeting held today, 11 August 2025, approved the following, among others:

- a. Approval of the amendments to the charters of the Company's (i) Audit Committee and (ii) Internal Audit Department;
- b. Approval of the proposed charters of the Company's (i) Corporate Governance Committee and (ii) Risk Oversight and Related Party Transactions Committee;
- c. Approval of the changes to the Company's Manual on Corporate Governance; and

- d. Appointment of Mr. Rochel Donato R. Gloria ("Mr. Gloria") as Chief Risk Officer of the Company.

Mr. Gloria currently serves as the Chief Financial Officer of MGEN Renewable Energy, Inc. and the Company, among others, and as board member of various companies in the energy sector. From 2018 to 2024, he served as the Chief Risk Officer of Global Business Power Corporation ("GBPC"). Prior to joining GBPC, he held leadership roles in other power companies such as First Philec, Inc., Aboitiz Power Corporation, Oklahoma Gas and Electric Corporation, and MERALCO. He is a seasoned executive with over 39 years of leadership experience in corporate finance, business development, and marketing from various industries, including energy, telecommunications, and private equity. Mr. Gloria holds a Master of Business Administration degree from the Graduate School of Business of the Ateneo de Manila University. He graduated with a Bachelor of Science degree in Industrial Management, with a minor in Mechanical Engineering, from De La Salle University.

Additionally, the Board of Directors was informed by the Company's President and Chief Executive Officer, Mr. Emmanuel V. Rubio, that the Company executed a Deed of Accession and Amendment (the "Deed") with Kepco Philippines Holdings, Inc. ("KPHI") in relation to the parties' shareholdings in Solar Philippines Calatagan Corporation ("SPCC"). SPCC's Board of Directors approved the execution of the Deed on 8 August 2025 and authorized either its President or Treasurer to sign the same. SPCC's Treasurer signed the Deed on 11 August 2025. The Deed is part of the required acts of a successor-in-interest to any shareholder in the Shareholders' Agreement originally executed between Solar Philippines Power Project Holdings, Inc. ("SPPPHI"), KPHI, SPCC, and Mr. Leandro Antonio L. Leviste. The Company became the successor-in-interest of SPPPHI in SPCC when SPPPHI sold all its shares to the Company in 2023.


[This space was intentionally left blank.]

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SP NEW ENERGY CORPORATION  
Issuer

11 August 2025  
Date

  
JO MARIANNI P. OCAMPO-JALBUENA  
Corporate Secretary



## AUDIT COMMITTEE CHARTER

DOCUMENT NO. PM-SPNEC-IA-001

REV. NO: 01

EFFECTIVITY DATE

DOCUMENT APPROVAL			
	NAME	POSITION	SIGNATURE
REVIEWED BY:	BENJAMIN I. ESPIRITU	Chairman, Audit Committee	
ENDORSED BY:	LYDIA B. ECHAUZ	Chairman, Corporate Governance Committee	
APPROVED BY:	MANUEL V. PANGILINAN	Chairman, Board of Directors	



DEPARTMENT	: INTERNAL AUDIT DEPARTMENT
TITLE	: AUDIT COMMITTEE CHARTER

## TABLE OF CONTENTS

<b>1</b>	<b>PURPOSE</b>	<b>3</b>
<b>2</b>	<b>AUTHORITY</b>	<b>3</b>
<b>3</b>	<b>DUTIES AND RESPONSIBILITIES</b>	<b>3</b>
	3.1 With respect to the financial reporting process, disclosures, and internal control system	
	3.2 With respect to the auditing process	
	3.3 With respect to compliance	
	3.4 Other responsibilities	
<b>4</b>	<b>MEMBERS</b>	<b>7</b>
<b>5</b>	<b>MEETINGS</b>	<b>8</b>
<b>6</b>	<b>REPORTING PROCEDURES</b>	<b>9</b>
<b>7</b>	<b>PERFORMANCE ASSESSMENT AND CONTINUOUS IMPROVEMENT</b>	<b>10</b>
<b>8</b>	<b>AMENDMENT OR ALTERATION OF THIS CHARTER</b>	<b>10</b>



PM-SPNEC-IA-001	Title: <b>AUDIT COMMITTEE CHARTER</b>	Rev. 01
-----------------	---------------------------------------	---------

## **1 PURPOSE**

The primary purpose of the Audit Committee (the "Committee") is to assist the Solar Philippines New Energy Corporation (SPNEC) Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the internal and external audit processes, and compliance with laws and regulations.

## **2 AUTHORITY**

The Committee shall have the authority, duties, and responsibilities as set out herein, along with any other duties and powers that may be delegated to the Committee by the Board.

In terms of the performance of its duties and responsibilities, the Committee is empowered to:

- Have resources and authority appropriate to discharge its responsibilities as set out in this Charter, including the authority to engage external auditors for special audits, reviews, and other procedures and to obtain advice from the special counsel and other experts or consultants to assist in the conduct of an investigation, without need for Board approval;
- Seek any information it may require from any employee, director, agent, or advisor and all such persons who may be directed to cooperate with the request made by the Committee;
- Meet separately with any Company officer, the Chief Audit Executive and/or the external auditors or outside counsel to discuss any matter that the Committee or any of the foregoing persons or firms believe should be discussed privately; and
- Resolve any disagreements between Management and the auditors regarding financial reporting.

## **3 DUTIES AND RESPONSIBILITIES**

To carry out its purposes, the Committee shall have the following duties and responsibilities:

### **3.1 WITH RESPECT TO THE FINANCIAL REPORTING PROCESS, DISCLOSURES, AND INTERNAL CONTROL SYSTEM**

- 3.1.1. Advise Management and the external auditors that they are expected to provide to the Committee a timely analysis of significant/critical financial reporting issues and practices for their review particularly as they relate to the completeness, accuracy, and fairness of the quarterly/bi-annual and annual financial statements before submission to the Board with particular focus on the following matters:
  - a. any change(s) in accounting policies and practices;
  - b. compliance with accounting standards;

PM-SPNEC-IA-001	Title: <b>AUDIT COMMITTEE CHARTER</b>	Rev. 01
-----------------	---------------------------------------	---------

- c. areas where a significant amount of judgment has been exercised and reasonableness of estimates and assumptions;
- d. compliance with tax, legal and regulatory requirements;
- e. any significant audit adjustments;
- f. impact of new accounting standards and interpretation; and
- g. the going concerns assumptions and any qualifications.

- 3.1.2 Review with Management and the external auditors the results of the audit of the financial statements and evaluation of internal accounting controls, including any disagreements with Management, problems or difficulties encountered and any restrictions on the scope of external auditor's activities or access to requested information;
- 3.1.3 Understand the scope of internal and external auditors' review of internal control over financial reporting, which review shall include the identification of material errors and fraud, and obtain reports on significant findings and recommendations, actions and measures in case of error and fraud, together with Management's responses;
- 3.1.4 Consider the effectiveness of the Company's internal control system, with Management's assurance that the Company's financial, operational, compliance and disclosure controls are adequate and effectively functioning, including information technology security and control;
- 3.1.5 Review with Legal Counsel and Compliance Officer disclosures and presentation covering litigation, claims, contingencies, or other significant legal issues that materially impact the financial statements, if applicable;
- 3.1.6 Receive an annual attestation from the Chairman of the Committee, President/Chief Executive Officer, and the Chief Audit Executive on the existence of an adequate and effective internal control system in the conduct of the Company's business;
- 3.1.7 Obtain and consider any reports or communications submitted to the Committee by the external auditors; and,
- 3.1.8 Review and approve the Management representation letter before submission to the external auditors.

### **3.2 WITH RESPECT TO THE AUDITING PROCESS**

#### ***Internal Auditor***

- 3.2.1 Recommend the appointment or replacement of the Chief Audit Executive (CAE), who shall functionally report directly to the Committee, and ensure that Internal

<b>PM-SPNEC-IA-001</b>	<b>Title: AUDIT COMMITTEE CHARTER</b>	<b>Rev. 01</b>
------------------------	---------------------------------------	----------------

Audit shall be free from interference or undue influence in determining its scope, performance of its work and in communicating its results;

- 3.2.2 Review and recommend the approval of the Internal Audit Charter (IA Charter) and subsequent revisions thereto, which formally define the role of Internal Audit, and the annual audit plan as well as overseeing the implementation of the IA Charter. This shall be consistent with the mandatory guidance of The Institute of Internal Auditor's International Professional Practices Framework, the scope, and nature of assurance and consulting services, as well as any changes in the financial, risk management, and governance processes of the organization. The audit plan should include the audit scope, resources, and budget necessary to implement the same and reflect the developments in the professional practice of internal auditing;
- 3.2.3 Review and approve any outsourcing of the internal audit function;
- 3.2.4 Advise the Chief Audit Executive that he or she is expected to provide to the Committee summaries of and, as appropriate, significant reports to Management prepared by the Internal Audit and shall monitor Management's responsiveness to Internal Audit's findings and recommendations;
- 3.2.5 Require the Chief Audit Executive to render to the Committee an annual report on Internal Audit's activities and performance relative to the audit plans and strategies approved by the Committee, which report shall include significant risk exposures and control issues, corporate governance issues and other matters requested by the Committee or the Board;
- 3.2.6 Require a statement from the Chief Audit Executive that the activities of Internal Audit are conducted in accordance with the International Professional Practices Framework (IPPF) which includes the Global Internal Audit Standards, Topical Requirements, and Global Guidance; if otherwise, a disclosure that Internal Audit has not yet fully achieved compliance with the IPPF;
- 3.2.7 Ensure that internal auditors are independent, professionally competent and have free and full access to all the Company's records, properties, and personnel relevant to and required by its function.
- 3.2.8 Review and monitor Management's responsiveness to the Internal Audit's findings and recommendations through the implementation of agreed-upon remedial actions and measures;
- 3.2.9 Ensure that the Internal Audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee for the continuous improvement of the Internal Audit activity.

PM-SPNEC-IA-001	Title: <b>AUDIT COMMITTEE CHARTER</b>	Rev. 01
-----------------	---------------------------------------	---------

### ***External Auditor***

- 3.2.10 Review and evaluate procedures and criteria for the selection, appointment, annual performance evaluation, and if appropriate, the termination of services of the external auditors and recommend to the Board for approval, the appointment, reappointment, removal of the external auditors, duly accredited by the SEC, and ratified by the Shareholders. In case of removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures;
- 3.2.11 Review the external auditors' proposed nature, scope, and fees of the audit prior to the commencement of the audit and ensure proper coordination of audit effort with Internal Audit;
- 3.2.12 Review disposition of the recommendations in the external auditor's Management letter and where applicable, ensure that Management is taking appropriate corrective actions;
- 3.2.13 Ensure that the external auditors have unrestricted access to all records, properties, and personnel to enable them to perform their audit function;
- 3.2.14 Review and approve, in consultation with the Chief Finance Officer and Chief Audit Executive, all audit and non-audit services to be performed by the external auditors and the related fees to be paid for such services and ensure that non-audit services, if allowed or approved, are disclosed in the Company's Annual Report and Annual Corporate Governance Report;
- 3.2.15 Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company (Statement of Independence) and evaluate any relationships or services disclosed in such Statement that may impact the objectivity, independence, or quality of services of the external auditors and take appropriate action in response to such Statement to satisfy itself of the external auditor's independence; and,
- 3.2.16 Ensure that the external auditors or the lead audit partner of the external auditing firm assigned to the Company are changed or rotated once every five (5) years as provided under applicable laws and regulations.

### **3.3 WITH RESPECT TO COMPLIANCE**

- 3.3.1 Monitor compliance and adherence by the Company with all applicable laws and regulations pursuant to which the Company conducts its operations and business activities;

PM-SPNEC-IA-001	Title: <b>AUDIT COMMITTEE CHARTER</b>	Rev. 01
-----------------	---------------------------------------	---------

- 3.3.2 Obtain updates from Management and Company's Compliance Officer and/or Legal Counsel regarding compliance matters including breaches of laws and regulations, findings of any examinations by regulatory agencies and any auditor observations on a quarterly basis or more frequently, as necessary; and
- 3.3.3 Review the process for communicating the codes of conduct to employee personnel and Management and for monitoring compliance with said codes of conduct.

### **3.4 OTHER RESPONSIBILITIES**

- 3.4.1 Report its activities to the Board on a regular basis and make such recommendations with respect thereto and on other matters as the Committee may deem necessary or appropriate;
- 3.4.2 Conduct or authorize an investigation into any matter that falls within its scope of responsibilities;
- 3.4.3 Develop related continuing education program for members of the Committee in coordination with the Corporate Governance Committee;
- 3.4.4 Review and assess the adequacy of this Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law and regulation;
- 3.4.5 Evaluate the Committee's performance on a regular basis; and
- 3.4.6 Perform other activities related to this Charter as requested by the Board of Directors.

## **4 MEMBERS**

- 4.1 The Committee shall be composed of at least three (3) Board members, who shall preferably have accounting and finance backgrounds, two of whom shall be Independent Directors and another with audit experience, and only such Member-Directors shall have voting rights. The Chairman shall be an Independent Director. Each member of the Committee ("Member") shall have at least an adequate understanding of the Company's financial management systems and environment. The Members, including the Chairman thereof, shall be appointed by the Board of Directors annually.
- 4.2 The Audit Committee shall consider succession-related issues relative to the chair and members of the Committee and draw up a plan for due consideration by the



<b>PM-SPNEC-IA-001</b>	<b>Title: AUDIT COMMITTEE CHARTER</b>	<b>Rev. 01</b>
------------------------	---------------------------------------	----------------

Corporate Governance Committee to effectively address any such issues, even as it recognizes the annual Board election and committee membership appointment processes inherent in the Company. Such a plan may consider the length of term for each committee member, and the chair may serve the complex nature of the role, continuity of the Committee's work, and the orderly transfer of accumulated knowledge.

- 4.3 The Board of Directors may appoint one or more persons to serve as advisor(s) to the Committee ("Advisors"). Advisors shall have the right to attend and speak at any meeting of the Committee but shall have no right to vote in respect of any action by the Committee.
- 4.4 The Chairman of the Committee or any Member or Advisor may be removed from office only by the Board of Directors.

## **5 MEETINGS**

- 5.1 The Committee shall hold meetings at such times and places as it considers appropriate, provided that not less than four (4) meetings shall be held each year.
- 5.2 Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate, and the Chairman shall convene a meeting upon the request of a majority number of the voting Members.
- 5.3 The agenda for the meeting shall be developed by the Chief Audit Executive based on the agreed calendar of activities by the Committee and inputs from Management and the Internal Audit, subject to the approval of the Chairman.
- 5.4 The Committee members shall be provided with an advance copy of the meeting agenda and related materials at least three (3) working days before the meeting date.
- 5.5 The Committee shall conduct a separate executive session with the external auditors, and the Chief Audit Executive, at least once a year to discuss any matters that the Committee or auditors believe should be discussed privately, which may include results of the audit and/or investigation, quality of management, financial and internal controls.
- 5.6 The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee.
- 5.7 A Committee meeting shall be convened by not less than three (3) calendar days' notice in writing, specifying the place, date and time for the meeting and the general nature of the business to be transacted at the meeting.

PM-SPNEC-IA-001	Title: <b>AUDIT COMMITTEE CHARTER</b>	Rev. 01
-----------------	---------------------------------------	---------

- 5.8 Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee, and any such waiver may be retrospective.
- 5.9 Each Member/Advisor shall give the Secretary of the Committee an email address for the service of notices of meetings of the Committee.
- 5.10 Notice of a meeting of the Committee shall be deemed to be duly given to a Member/Advisor if it is given personally, in writing or orally, or sent by email, as appropriate, in accordance with Section (5.6) above.
- 5.11 The quorum for a meeting of the Committee shall be a majority of the voting Members present throughout the meeting.
- 5.12 Members and Advisors may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.
- 5.13 Officers and employees of the Company or its subsidiaries and affiliates shall attend meetings of the Audit Committee upon the invitation of the Chair of the Audit Committee.
- 5.14 Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the voting members present at such meeting. Each voting member, including the Chairman of the Committee, shall have one (1) vote. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

## **6 REPORTING PROCEDURES**

- 6.1 The Chairman of the Committee shall render a report apprising the Board of Directors of the results of the Committee's activities every after a meeting of the Committee.
- 6.2 The Committee Chairman will also submit an Annual Audit Committee report to the Board and the Shareholders that will be published in the Annual Report of the Company.



PM-SPNEC-IA-001	Title: <b>AUDIT COMMITTEE CHARTER</b>	Rev. 01
-----------------	---------------------------------------	---------

## **7 PERFORMANCE ASSESSMENT AND CONTINUOUS IMPROVEMENT**

- 7.1 The members of the Committee shall evaluate its performance against expectations set in this Charter and aligned with SEC Memorandum Circulars and the ASEAN Corporate Governance Scorecard concerning Audit Committees, by filling up a self-assessment questionnaire that is developed by the Corporate Governance Committee.
- 7.2 The Committee shall obtain and subject itself to an independent assessment by the Board of Directors based on best practices and relative to its performance in the discharge of its responsibilities as set out in this charter.
- 7.3 Based on the results of the performance assessment, the Committee shall formulate and implement plans to improve its performance. These may include the identification of relevant training needs intended to keep the members up to date with corporate governance best practices, accounting, and auditing standards, as well as specific areas of concern.

## **8 AMENDMENT OR ALTERATION OF THIS CHARTER**

This Charter shall not be amended, altered, or varied unless such an amendment, alteration or variation has been approved by the resolutions of the Board of Directors.

<b>PM-SPNEC-IA-001</b>	<b>Title: AUDIT COMMITTEE CHARTER</b>	<b>Rev. 01</b>
------------------------	---------------------------------------	----------------

### REVISION HISTORY

<b>REVISION NO</b>	<b>PAGE REVISED</b>	<b>DESCRIPTION OF REVISION</b>	<b>EFFECTIVITY DATE (MM/DD/YR)</b>
00	-	Initial Release	04/14/2025
01	5 and 7	Removal of Related Party Transactions, Alignment with the Updated Global Standards, Strengthened Mandate for Internal Audit and Enhanced Communication Protocols.	TBD



## INTERNAL AUDIT CHARTER

DOCUMENT NO.: PM-SPNEC-IA-002

REV. NO.: 01

EFFECTIVITY DATE

DOCUMENT APPROVAL			
	NAME	POSITION	SIGNATURE
PREPARED BY:	ANTHONY VERGEL B. VELASCO	VP and Chief Audit Executive (CAE), MGEN Internal Audit	
REVIEWED AND ENDORSED BY:	BENJAMIN I. ESPIRITU	Chairman, Audit Committee	
APPROVED BY:	MANUEL V. PANGILINAN	Chairman, Board of Directors	

**DEPARTMENT : INTERNAL AUDIT DEPARTMENT****TITLE : INTERNAL AUDIT CHARTER****TABLE OF CONTENTS**

<b>1</b>	<b>MANDATE</b>	<b>3</b>
<b>2</b>	<b>POLICY STATEMENT</b>	<b>3</b>
<b>3</b>	<b>ROLE</b>	<b>3</b>
<b>4</b>	<b>PURPOSE AND MISSION</b>	<b>3</b>
<b>5</b>	<b>SCOPE OF WORK</b>	<b>4</b>
	5.1 Assurance Services	
	5.2 Consulting Services	
<b>6</b>	<b>ACCOUNTABILITY</b>	<b>5</b>
<b>7</b>	<b>RESPONSIBILITY</b>	<b>5</b>
<b>8</b>	<b>AUTHORITY</b>	<b>7</b>
<b>9</b>	<b>INDEPENDENCE, ORGANIZATIONAL POSITION, AND REPORTING RELATIONSHIPS</b>	<b>8</b>
<b>10</b>	<b>COMMITMENT TO ADHERENCE TO THE GLOBAL INTERNAL AUDIT STANDARDS</b>	<b>9</b>

<b>PM-SPNEC-IA-002</b>	<b>Title: INTERNAL AUDIT CHARTER</b>	<b>Rev. 01</b>
------------------------	--------------------------------------	----------------

## **1 MANDATE**

The Internal Audit Charter establishes the organizational status of the Internal Audit function in Solar Philippines New Energy Corporation (SPNEC), its subsidiaries and affiliates, including its role, purpose, mission, authority, responsibility and reporting relationships, and its oversight to the Internal Audit functions of the Subsidiaries and Affiliates.

The Internal Audit Charter shall be approved by the Board of Directors. It shall be reviewed annually, and any revisions or amendments shall likewise be subject to the Board's approval.

## **2 POLICY STATEMENT**

It is the policy of SPNEC to establish and support an internal audit function as a fundamental part of its Corporate Governance Practices.

## **3 ROLE**

The internal audit activity is established by the Board of Directors (the "Board") and operates under its oversight.

## **4 PURPOSE AND MISSION**

The purpose of the internal audit function is to strengthen SPNEC, its subsidiaries and affiliates' ability to create, protect, and sustain value by providing the Board of Directors and Management with independent, risk-based, and objective assurance, advice, insight, and foresight. It plays a key role in supporting the achievement of organizational objectives, strengthening governance, risk management, and control processes, enhancing decision-making and oversight, protecting the company's reputation, and reinforcing its credibility with stakeholders. Additionally, it contributes to the company's ability to serve the public interest.

The mission is to be a trusted partner and catalyst for improvement by promoting accountability, ethical conduct, effective risk management and continuous enhancement of processes through insightful and forward-looking internal audit work and data-informed evaluation of controls.

The internal audit function is most effective when carried out by competent professionals in conformance with the IIA's Global Internal Audit Standards, when it maintains independent positioning with direct accountability to the Board of Directors through the Audit Committee, and when internal auditors operate free from undue influence and maintain objectivity in their assessments.

PM-SPNEC-IA-002	Title: <b>INTERNAL AUDIT CHARTER</b>	Rev. 01
-----------------	--------------------------------------	---------

## 5 SCOPE OF WORK

The scope of internal audit services covers the entire breadth of the organization, including all SPNEC, Subsidiaries and Affiliate's activities, assets, systems, and personnel.

### 5.1 ASSURANCE SERVICES

These services involve the objective assessment of evidence to provide independent opinions or conclusions regarding governance, risk management, and control processes, systems, operations, or other subject matters such as:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information.
- Evaluating the adequacy of and compliance with policies, plans, and procedures.
- Evaluating whether resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether these are being carried out as planned.
- Evaluating the effectiveness and efficiency of the governance and risk management processes.

### 5.2 CONSULTING SERVICES

These services are advisory in nature and are generally performed at the specific request of an internal engagement client. These are intended to add value and improve the organization's risk management and control processes without the internal auditors assuming management responsibility. These include, but are not limited to the following:

- Performing advisory, training, and monitoring services related to readiness and compliance with the required self-assessments and certifications regarding internal controls over financial reporting.
- Fact-finding and verification services requiring an independent and objective perspective from outside of the requesting unit.

The role of Internal Audit is to determine whether the structure of risk management, control, and governance processes for SPNEC, its subsidiaries and affiliates as designed and represented by Management are adequate and functioning in a manner that ensures:

- Risks relating to the achievement of strategic objectives are appropriately identified, managed and/or reported.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.

<b>PM-SPNEC-IA-002</b>	<b>Title: INTERNAL AUDIT CHARTER</b>	<b>Rev. 01</b>
------------------------	--------------------------------------	----------------

- Employees' actions are in accordance with policies, standards, procedures and applicable laws and regulations.
- Resources are economically acquired, efficiently used, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the control processes.
- Significant legislative or regulatory issues are recognized and addressed appropriately.

Opportunities for improving management control, profitability, and the image of SPNEC, its subsidiaries and affiliates, may be identified during audits, and such will be communicated to the appropriate level of Management.

## **6 ACCOUNTABILITY**

The Chief Audit Executive (CAE) shall be accountable to the Audit Committee and the Management in the performance of his/her duties and shall:

- Provide annually an assessment of the adequacy and effectiveness of SPNEC's, its subsidiaries' and affiliates' processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of SPNEC, its subsidiaries and affiliates, including potential improvements to those processes, and provide information concerning such issues and resolutions.
- Provide information periodically on the status and results of the annual internal audit plan and the sufficiency of Internal Audit's resources.
- Coordinate with and provide independent assurance on other control and monitoring functions (e.g. risk management, compliance, security, legal, ethics, environmental and external audit).
- Coordinate with Management to support the Internal Audit mandate throughout the organization and promote the authority granted to the Internal Audit function.

## **7 RESPONSIBILITY**

### ***Ethics and Professionalism***

The CAE shall ensure that internal auditors:

- Adhere to the Global Internal Audit Standards, including the core principles of ethics and professionalism: integrity, objectivity, competence, due professional care, and confidentiality.
- Understand, respect, and meet the organization's legitimate and ethical expectations, while also recognizing conduct that deviates from those expectations.
- Promote and support an ethics-based culture throughout the organization.
- Report any organizational behavior that is inconsistent with the organization's ethical standards, as outlined in the relevant policies and procedures.

### ***Managing the Internal Audit Function***



PM-SPNEC-IA-002	Title: <b>INTERNAL AUDIT CHARTER</b>	Rev. 01
-----------------	--------------------------------------	---------

The CAE has the responsibility to:

- Effectively manage the internal audit activity for SPNEC, its subsidiaries and affiliates.
- Develop a flexible annual internal audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by Management, and submit that plan as well as periodic updates thereto to the Audit Committee for review and approval.
- Implement the annual internal audit plan, as approved, including, as appropriate, any special tasks or projects requested by Management and the Audit Committee.
- Consider the scope of work of the internal and external assurance and consulting service providers, as appropriate, for the purpose of providing optimal audit coverage to SPNEC, its subsidiaries and affiliates at a reasonable overall cost.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Conduct the appropriate follow-up on engagement findings and recommendations which shall remain in an open issues file until cleared.
- Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certifications, and other competencies to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Issue periodic reports to the Audit Committee and Management summarizing results of audit activities, including internal audit personnel headcount, movement, and professional development.
- Identify and consider trends and emerging issues that could impact SPNEC, its subsidiaries and affiliates and communicate to the Board of Directors through the Audit Committee, as appropriate.
- Establish and ensure adherence to the methodologies designed to guide the internal audit function.
- Ensure adherence to SPNEC's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Board of Directors through the Audit Committee.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services.
- Ensure there is an appropriate mechanism in place for the anonymous submission of employee concerns or complaints on questionable accounting or auditing matters and notify the Audit Committee of the status and disposition of reported complaints.
- Assist in the investigation of significant suspected fraudulent activities in SPNEC, its subsidiaries and affiliates and notify Management and the Audit Committee of the results.
- Provide a list of significant measurement goals and results to the Audit Committee.

***Communication with the Audit Committee and to the Board of Directors***

<b>PM-SPNEC-IA-002</b>	<b>Title: INTERNAL AUDIT CHARTER</b>	<b>Rev. 01</b>
------------------------	--------------------------------------	----------------

- Report periodically on Internal Audit's purpose, authority, responsibility, resource requirements and performance relative to its plan and on its conformance with the Global Internal Audit Standards, including principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality, including fraud risks, governance issues and other matters that require the attention of Senior Management and/or the Board of Directors.
- Communicate Internal Audit's plans, budget and resource requirements, including significant interim changes, and the impact of limitations on financial, human, and technological resources.
- Keep the Audit Committee informed of emerging trends, operational, financial and strategic assessments, and successful practices in internal auditing.
- Potential impairments to independence, including relevant disclosures, as applicable.
- Significant risks exposures and control issues, including fraud risks, governance issues, and other areas of focus to the Board of Directors.

#### ***Quality Assurance and Improvement Program***

The CAE will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with the laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the CAE will communicate with the Audit Committee and the Board of Directors about the internal audit function's quality assurance and improvement program, including the results of the assessment. External assessments will be conducted at least once every five years by a qualified, independent assessor with at least one assessor holding an active Certified Internal Auditor credential.

## **8 AUTHORITY**

The CAE and Internal Audit are authorized, in SPNEC, its subsidiaries and affiliates, to:

- Have unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Have full and free access to and communicate and interact directly with the Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives and issue reports.

<b>PM-SPNEC-IA-002</b>	<b>Title: INTERNAL AUDIT CHARTER</b>	<b>Rev. 01</b>
------------------------	--------------------------------------	----------------

- Obtain the necessary assistance of personnel in units within SPNEC, its subsidiaries and affiliates, where they perform audits as well as other specialized services from within or outside SPNEC, its subsidiaries and affiliates.

The CAE and staff of Internal Audit are not authorized to:

- Assess specific operations of a unit or department for which an Internal Audit employee was previously part of or responsible in the last twelve months.
- Perform any operational duties for SPNEC, its subsidiaries and affiliates.
- Initiate or approve accounting transactions except those pertaining to the operation of Internal Audit.
- Direct the activities of any SPNEC, its subsidiaries and affiliates employees not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.
- Draft and/or implement internal controls, develop procedures, and install systems. The Internal Audit may, however, be consulted on the adequacy of the related controls.

## **9 INDEPENDENCE, ORGANIZATIONAL POSITION, AND REPORTING RELATIONSHIPS**

The CAE will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference or undue influence from Management, thereby establishing independence of the Internal Audit function. To provide for the independence of Internal Audit, its personnel report to the CAE, who reports functionally to the Board of Directors through the Audit Committee and administratively to the President and Chief Executive Officer in a manner outlined in the above section on Accountability.

The CAE shall confirm to the Audit Committee, at least annually, the organizational independence of internal audit activity. If the governance structure does not support organizational independence, the CAE will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The CAE will disclose to the Board of Directors, through the Audit Committee, any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference and audit function's effectiveness and ability to fulfill its mandate.

The CAE and staff of Internal Audit shall:

- Remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.
- Have no direct operational responsibility or authority over any of the activities audited and shall not engage in any other activity that may impair professional judgment.

<b>PM-SPNEC-IA-002</b>	Title: <b>INTERNAL AUDIT CHARTER</b>	<b>Rev. 01</b>
------------------------	--------------------------------------	----------------

- Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

## **10 COMMITMENT TO ADHERENCE TO THE GLOBAL INTERNAL AUDIT STANDARDS**

Internal Audit and its activities shall adhere to the Global Internal Audit Standards ("Standards"), Global Guidance and Topical Requirements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF). The CAE will report periodically to Senior Management and the Board of Directors through the Audit Committee regarding the Internal Audit's conformance to the IPPF, including requirements on the Code of Ethics and the Standards, which will be assessed through a quality assurance and improvement program.

<b>PM-SPNEC-IA-002</b>	<b>Title: INTERNAL AUDIT CHARTER</b>	<b>Rev. 01</b>
------------------------	--------------------------------------	----------------

### REVISION HISTORY

<b>REVISION NO</b>	<b>PAGE REVISED</b>	<b>DESCRIPTION OF REVISION</b>	<b>EFFECTIVITY DATE (MM/DD/YR)</b>
00	-	Initial Release	04/14/2025
01	3,5-8	Alignment with Updated Global Standards, Strengthened Mandate for Internal Audit, Enhanced Communication Protocols and addition of Ethics and Culture Responsibilities.	



## CORPORATE GOVERNANCE COMMITTEE CHARTER

	Rev. Code: 1	Page 2 of 6
Section: Board of Directors	Effectivity Date:	
Subject: CORPORATE GOVERNANCE COMMITTEE CHARTER	Sensitivity Classification: Company Use	

## TABLE OF CONTENTS

<b>1. OBJECTIVES</b>	<b>3</b>
<b>2. KEY RESPONSIBILITIES</b>	<b>3</b>
<b>3. COMPOSITION</b>	<b>4</b>
<b>4. MEETINGS</b>	<b>4</b>
<b>5. RENUMERATION OF MEMBERS</b>	<b>5</b>
<b>6. MINUTES AND RECORDS</b>	<b>5</b>
<b>7. RESOURCES AND AUTHORITIES</b>	<b>6</b>
<b>8. COMMITTEE REPORTS AND PERFORMANCE EVALUATION</b>	<b>6</b>
<b>9. AMENDMENT AND ALTERATION OF THIS CHARTER</b>	<b>6</b>



	Rev. Code. 1	Page 3 of 6
Section: Board of Directors	Effectivity Date:	
Subject: CORPORATE GOVERNANCE COMMITTEE CHARTER	Sensitivity Classification: Company Use	

**A. General Objectives**

The Corporate Governance Committee shall make recommendations to the Board on the qualified nominees for election of Directors, improvements on board organization and procedures, mechanisms for evaluating performance of the Board, the Board Committees and Management and the continuing education of the Board including that for individual Directors.

**B. Key Responsibilities**

1. Review and monitor the structure, size and composition of the Board and make recommendations to ensure that the Board has the required number of Independent Directors with the qualifications and none of the disqualifications as provided in applicable laws, regulations, listing rules and the Company's policies;
2. Determine the nomination and election process for the company's directors;
3. Screen and shortlist qualified individuals in order to ensure that all nominations are fair and transparent and in accordance with applicable laws, regulations, listing rules and the Company's policies;
4. Identify and recommend qualified individuals for nomination and election as additional Directors or to fill Board vacancies as and when they arise. The election of such additional or replacement Directors shall be done in accordance with applicable laws and regulations;
5. Review and endorse to the Board the appointment of corporate officers of the Company;
6. Review with the Board on an annual basis the appropriate skills and characteristics required on the Board in the context of the strategic direction of the Company;
7. Review and endorse to the Board recommendations of the Compliance Officer to address possible violations of provisions and requirements of the Revised Code of Corporate Governance and other corporate governance rules applicable to the Company including the Company's Manual of Corporate Governance;
8. Ensure that the company's whistleblowing system is managed by an independent party to maintain the integrity and impartiality of the review process. In the absence of an external independent party, the Chairman of the Corporate Governance Committee, who must be an independent director, shall spearhead the review of all whistleblowing reports received. This includes overseeing the investigation of reported concerns, ensuring appropriate follow-up actions are taken, and safeguarding the anonymity and protection of whistleblowers in accordance with the company's Speak Out Policy and other relevant regulations.
9. Recommend Committee assignments, including Committee Chairmanships, to the full Board for approval upon advice from the Chairman of the Board;
10. In consultation with the concerned committees, annually review the charters of all board

	Rev. Code. 1	Page 4 of 6
Section: Board of Directors	Effectivity Date:	
Subject: CORPORATE GOVERNANCE COMMITTEE CHARTER	Sensitivity Classification: Company Use	

committees and recommend revisions for the Board's appropriate action;

11. Recommend to the Board the development of corporate governance principles, structures, best practices and rules;
12. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
13. Design an orientation program for new directors and related continuing education programs for existing directors;
14. Review annually the prescribed full business interest disclosures of all incoming directors and officers;
15. Assess the effectiveness of the Board's processes including procedures in the election or replacement of directors;
16. Oversee the periodic performance evaluation of the Board and its committees as well as the CEO, and conduct an annual self-evaluation of its performance, including the engagement of an external facilitator to assess Board effectiveness every three (3) years; and,
17. Receive from the Grievance Redressal Officer and endorse to the Board, any procurement-related report in accordance with the objectives set by the ERC Procurement Guidelines for the Regulated Transmission and Distribution of Assets and Services of Regulated Entities and other applicable rules and regulations promulgated by ERC.

#### C. Composition

1. The Corporate Governance Committee shall have at least three (3) Directors, one of whom, the Chairman, must be an Independent Director.
2. The Board of Directors may appoint one or more persons to serve as advisor(s) to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee but shall have no right to vote in respect of any action of the Committee.
3. The Chairman or any member or advisor of the Committee may be removed from office only by majority vote of the Board of Directors.

#### D. Meetings

1. The Committee shall hold meetings at such times and places as it considers appropriate provided that not less than four (4) meetings shall be held each year.



	Rev. Code: 1	Page 5 of 6
Section: Board of Directors	Effectivity Date:	
Subject: CORPORATE GOVERNANCE COMMITTEE CHARTER	Sensitivity Classification: Company Use	

2. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate. The Chairman shall convene a meeting upon the request of a majority of the voting members of the Committee.
3. Notice of committee meeting shall be provided to the members at least five (5) working days in advance, specifying the place, date and time for the meeting and the general nature of the businesses to be transacted at the meeting.
4. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members of the Committee present at the meeting at which there is a quorum. A Member may consent to short notice and may even waive notice of any meeting of the Committee.
5. The quorum for a meeting of the Committee shall be a majority of the Members of the Committee present throughout the meeting.
6. Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference in accordance with the guidelines set in SEC Memorandum Circular No. 15, Series of 2001.
7. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the voting Members present at such meeting. Each Member, including the Chairman of the Committee shall have one (1) vote. In case of a tie, the Chairman of the Committee shall not have a second or casting vote.

**E. Remuneration of Members**

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board and/or any reasonable *per diem* allowance, fees or remuneration such Member/Advisor would otherwise be entitled to in his capacity as consultant, advisor or employee of the Company.

**F. Minutes and Records**

1. The Committee shall appoint a Committee Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee.
2. The Committee shall cause records to be kept for the following:
  - a. appointments and resignations of the Members/Advisors of the Committee;
  - b. all agenda and other documents sent to the Members/Advisors of the Committee; and
  - c. minutes of proceedings and meetings of the Committee.

	Rev. Code. 1	Page 6 of 6
Section: Board of Directors	Effectivity Date:	
Subject: CORPORATE GOVERNANCE COMMITTEE CHARTER	Sensitivity Classification: Company Use	

3. Any such books and records shall be open for inspection by any Member/Advisor of the Committee upon reasonable prior notice during usual office hours of the Company.

**G. Resources and Authorities**

The Committee shall have the resources and authorities appropriate to discharge its functions, duties and responsibilities including the authority to obtain advice from external consultants and functional specialists within the Company.

**H. Committee Reports and Performance Evaluation**

1. The Committee shall report its activities to the Board on a regular basis and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.
2. The Committee shall prepare and review with the Board of Directors an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board of Directors on any improvements to the Charter.

**I. Amendment or Alteration of this Charter**

This Charter shall not be amended, altered, or varied unless such amendment, alteration or variation shall have been approved by resolution of the Board of Directors.

DOCUMENT APPROVAL			
	NAME	POSITION	SIGNATURE
REVIEWED AND ENDORSED BY:	LYDIA B. ECHAVEZ	Corporate Governance Committee	
APPROVED BY:	MANUEL V. PANGILINAN	Chairman, Board of Directors	



## **RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER**

DOCUMENT NO. PM-SPNEC-ERMI-002

REV. NO: 00

DOCUMENT APPROVAL			
	NAME	POSITION	SIGNATURE
REVIEWED AND ENDORSED BY:	LYDIA B. ECHAVEZ	Chairman, Risk Oversight and RPT Committee; Corporate Governance Committee	
APPROVED BY:	MANUEL V. PANGILINAN	Chairman, Board of Directors	

<b>PM-SPNEC-ERMI-002</b>	<b>Title: RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	<b>Rev. 00</b>
--------------------------	---	----------------

## **TABLE OF CONTENTS**

<b>1. PURPOSE</b>	<b>3</b>
<b>2. COMMITTEE STRUCTURE AND MEMBERSHIP</b>	
2.1 Composition and Appointment	3
2.2 Qualifications	4
2.3 Committee Secretary	4
<b>3. MEETINGS AND PROCEDURES</b>	
3.1 Meetings, Quorum and Voting	4
3.2 Notices	5
3.3 Minutes and Records	5
<b>4. ROLES AND RESPONSIBILITIES</b>	
A. On Risk Management	5
B. On Related Party Transactions	6
<b>5. POWERS OF THE COMMITTEE</b>	<b>7</b>
<b>6. REMUNERATION OF MEMBERS</b>	<b>8</b>
<b>7. RESOURCES AND AUTHORITIES</b>	<b>8</b>
<b>8. COMMITTEE REPORTS AND PERFORMANCE EVALUATION</b>	<b>8</b>
<b>9. REVIEW, AMENDMENT, REPEAL AND ALTERATION OF THIS CHARTER</b>	<b>8</b>

<b>PM-SPNEC-ERMI-002</b>	<b>Title: RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	<b>Rev. 00</b>
--------------------------	---	----------------

## **1. PURPOSE**

The Risk Oversight and Related Party Transaction (RORPT) Committee (the "Committee") of Solar Philippines New Energy Corporation (SPNEC) is established by the Board to provide assistance in fulfilling the Board's oversight responsibilities in relation to risk governance and related party transactions (RPT) in SPNEC.

The Committee has the responsibility to assist the Board of Directors (Board) in ensuring that there is an effective risk management process in place to ensure that well-informed decisions are made after taking into consideration the risks involved.

## **2. COMMITTEE STRUCTURE AND MEMBERSHIP**

### **2.1 Composition and Appointment**

1. The Members of the Committee, including the Chairman thereof, shall be appointed by the SPNEC Board of Directors.
2. The Committee shall consist of at least three (3) directors, majority of whom shall preferably be Independent Directors. The Chairman shall, as much as practicable, be an Independent Director.
3. An independent director is one who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship which could materially interfere with the exercise of his independent judgment.
4. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.
5. The Committee shall plan for succession. Such plan may consider among other things the continuity of the Committee's work and the orderly transfer of accumulated knowledge.
6. The Board may appoint one or more persons to serve as advisor(s) ("Advisor") to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee but shall have no right to vote on any action of the Committee.
7. Any member of the Committee may be removed from office only by majority vote of the Board of Directors.
8. In case of a vacancy on the Committee, the Board shall appoint a new Committee member from among the directors.



PM-SPNEC-ERMI-002	Title: <b>RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	Rev. 00
-------------------	---	---------

## **2.2 Qualifications**

In addition to the qualifications required for election as director of the Corporation provided under the Corporation's By-Laws, the Members of the Committee shall preferably have high level management backgrounds and general management skills.

The Members shall be disqualified for any of the grounds for disqualification of a director provided under the Corporation's By-Laws, the Revised Corporation Code of the Philippines, Securities Regulation Code and its Implementing Rules and Regulations, and other relevant laws, rules and regulations of the Securities and Exchange Commission.

## **2.3 Committee Secretary**

The Committee shall appoint a Committee Secretary who shall prepare the minutes of the meetings and keep the records of the Committee.

# **3. MEETINGS AND PROCEDURES**

## **3.1 Meetings, Quorum and Voting**

1. The Committee shall hold meetings at such times and places as it considers appropriate provided that not less than four (4) meetings shall be held each year. These meetings shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of majority of the Members. Such meetings shall be convened by not less than two (2) business days' notice in writing, specifying the place, date, time, and agenda.
2. A majority of the members of the Committee shall constitute a quorum, provided an Independent Director is present (unless he has been duly notified but deliberately and without justifiable cause fails to attend the meeting).
3. The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee.
4. Notwithstanding that a meeting shall be called by shorter notice, it shall be deemed duly convened if so agreed by the majority of the Members present in the meeting at which there is a quorum.
5. Members and Advisors may participate in any meetings of the Committee through teleconference or video conference or other similar means, provided that all persons participating in the meeting can hear one another.
6. Resolutions at a Committee meeting at which there is a quorum shall be passed by a majority vote of the Members present at such meeting. In case of equality of votes, the Chairman of the Committee shall not have a casting vote.

PM-SPNEC-ERMI-002	Title: <b>RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	Rev. 00
-------------------	---	---------

### **3.3 Notices**

Notices of the meetings of the Committee shall be sent to the Members and Advisors by personal delivery, mail, facsimile, electronic mail or other similar means at least two (2) days prior to the meeting and specifying the place, date and time of the meeting, as well as the matters to be discussed during the meeting. For this purpose, the Committee Secretary shall obtain the addresses, facsimile numbers and electronic mail addresses of each Member and Advisor where notices of meetings may be sent.

### **3.4 Minutes and Records**

The Committee Secretary shall maintain minutes or other records of its meetings and activities.

The Committee shall cause records to be kept for the following:

1. Appointments and resignations of the Members of the Committee
2. All agenda and other documents sent to the Members of the Committee
3. Minutes of proceedings and meetings of the Committee.

Any such books and records shall be open for inspection by any Member of the Committee upon reasonable prior notice during usual office hours of the Company.

## **4. ROLES AND RESPONSIBILITIES**

The Committee's specific duties and responsibilities are as follows:

### **A. On Risk Management:**

1. Oversees risk management activities of SPNEC.
2. Approves appropriate risk management procedures and measurement methodologies throughout the organization.
3. Approves and endorses SPNEC Risk Report to the SPNEC board.
4. Receive reports from the Chief Risk Officer (CRO) and forward the risk information to the Board of Directors as deemed appropriate.
5. Reports to the SPNEC Board on a quarterly basis, the material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.
6. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. The Committee 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.
7. Liaise with management in monitoring key risks and where appropriate will report to the Board of Directors to provide assurance concerning the management of risks within SPNEC.

PM-SPNEC-ERMI-002	Title: <b>RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	Rev. 00
-------------------	---	---------

8. Reviews the company'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 the company.
9. Advise the Board on its risk appetite levels and risk tolerance limits.
10. Provide oversight over Management's activities in managing project, operational, strategic, financial, compliance and other risk exposures of the company. This function includes regularly receiving information on risk exposures and risk management activities from Management.
11. Challenges the existing risk management framework of SPNEC to ensure that risk management practices are carried out effectively and aligned with the MGEN ERM framework.
12. Approves appointment of SPNEC Chief Risk Officer (CRO).
13. Review the appointment or replacement of the CRO who shall functionally report to the Committee and ensure effectiveness of the Company's risk management framework. The CRO shall oversee risk management activities and shall report and discuss with the Committee about the Company's significant or major risk exposures, if any, and the steps taken by Management to manage and monitor such risks.

#### **B. On Related Party Transactions**

1. Review material/significant RPTs<sup>1</sup>, determine whether they are in the best interest of the Company and shareholders, and ensure that all RPTs of the Company are conducted in fair and at arms' length terms.
2. Evaluate, 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. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators.
3. Evaluate 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 nonrelated parties under similar circumstances and that no corporate or business

<sup>1</sup> Material/Significant RPT - A material RPT refers to a transfer of resources, services or obligations between a publicly-listed company and a related party, either individually or over in aggregate a 12-month period with the same related party, amounting to at least 10% of the listed company's total assets based on its latest audited financial statement and regardless of whether a price was actually charged. A related party shall include the company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Company. It also covers the Company's parent, subsidiary, fellow subsidiary, associate, affiliate, joint ventures or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

PM-SPNEC-ERMI-002	Title: <b>RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	Rev. 00
-------------------	---	---------

resources of the company 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 Committee takes into account, among others, the following:

- a. The related party's relationship to the Company and interest in the transaction;
  - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - c. The purpose and timing of the proposed RPT;
  - d. The benefits to the Company of the proposed RPT;
  - e. The availability of other sources of comparable products or services; and
  - f. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
4. Endorse recommendations to the Board as deemed appropriate or approves actions within its delegated authority.
  5. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties; 4. Report to the Board of Directors, 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.
  6. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.
  7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

## 5. POWERS OF THE COMMITTEE

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

1. Retain external legal counsel, accountants, or other advisors to advise the Committee or assist in the conduct of an investigation.
2. Seek the information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties.
3. Meet with Company Officers, external auditors or outside counsel, as necessary.
4. Obtain appropriate funding and resources necessary to carry out its duties and responsibilities.

PM-SPNEC-ERMI-002	Title: <b>RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	Rev. 00
-------------------	---	---------

## **6. REMUNERATION OF MEMBERS**

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, except fees or remuneration authorized and approved by the Board and/or any fees or remuneration such Member/Advisor would otherwise be entitled to in his capacity as consultant, advisor or employee of the Company.

## **7. RESOURCES AND AUTHORITIES**

The Committee shall have the resources and authorities appropriate to discharge its functions, duties and responsibilities including authority to obtain advice from external consultants and functional specialists within the Company.

## **8. COMMITTEE REPORTS AND PERFORMANCE EVALUATION**

1. The Committee shall report its activities to the SPNEC Board of Director on a quarterly basis and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.
2. The Committee shall likewise undertake such duties and responsibilities as may be provided by the Company's Articles of Incorporation, Bylaws and Revised Manual on Corporate Governance.
3. The Committee shall prepare and review with the Board of Directors an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board of Directors on any improvements to the Charter.

## **9. REVIEW, AMENDMENT, REPEAL AND ALTERATION OF THIS CHARTER**

This Charter in the interim, and important provisions herein have been set to comply with SEC Memorandum Circular No. 2 on the Code of Corporate Governance. This shall be periodically reviewed by the SPNEC Risk Oversight and Related Party Transaction (RPT) Committee and amended as a necessary subject for the approval of the Board of Directors.

This Charter shall not be amended, altered, or varied unless such amendment, alteration or variation shall have been approved by resolution of the Board of Directors.



PM-SPNEC-ERMI-002	Title: <b>RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER</b>	Rev. <b>00</b>
-------------------	---	----------------

## REVISION HISTORY


REVISION NO	PAGE REVISED	DESCRIPTION OF REVISION	EFFECTIVITY DATE (MM/DD/YR)
00	-	INITIAL RELEASE	





Corporate Governance

**REVISED MANUAL ON  
CORPORATE GOVERNANCE**

	CORPORATE GOVERNANCE	PAGE: 2 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

## 1. Policy Statement

The Board of Directors, Officers, and Employees of SP New Energy Corporation ("SPNEC" or the "Company") hereby commit themselves to the fundamental principles of corporate governance embodied in this Manual of Corporate Governance ("Manual"), and acknowledge that the same are necessary components of sound strategic business management that enhance the value of the Company to all its stakeholders.

## 2. Declaration of Corporate Governance Principles

The Company adheres to the principles of fairness, accountability, integrity, transparency and honesty and fosters an ethical culture where the best interest of the Company are protected for the common benefit of its stockholders and other stakeholders.

The Company likewise adheres to the laws enfranchising its corporate existence and utility operations.

## 3. Definition of Terms


**3.1 Affiliate** – an entity linked directly or indirectly to the reporting entity through any one or combination of the following:

- 3.1.1 Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice-versa;
- 3.1.2 Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
- 3.1.3 Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or
- 3.1.4 Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice versa.

**3.2 Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties. Unless otherwise provided in this Manual, the term shall refer to the Board of Directors of SPNEC;

**3.3 Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.


Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behaviour-reconciling long term customer satisfaction

	CORPORATE GOVERNANCE	PAGE: 3 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

with shareholder value-to the benefit of all stakeholders and society. Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation;

- 3.4 **Company** – unless otherwise provided in this Manual, shall refer to SPNEC;
- 3.5 **Conglomerate** – a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity;
- 3.6 **Enterprise Risk Management** – a process, effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives;
- 3.7 **Exchange** – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;
- 3.8 **Executive director** – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
- 3.9 **Independent director** – a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
- 3.10 **Internal audit** – an independent and objective assurance activity designed to add value to and improve the corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;
- 3.11 **Internal audit department** – a department or unit of the corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation's operations;
- 3.12 **Internal Auditor or Chief Audit Executive** – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results;
- 3.13 **Internal control** – a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete




	CORPORATE GOVERNANCE	PAGE: 4 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures;

- 3.14 **Internal control system** – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;
- 3.15 **Management** – the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;
- 3.16 **Non-audit work** – the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor;
- 3.17 **Non-executive director** – a director who has no executive responsibility and does not perform any work related to the operations of the corporation.
- 3.18 **Related Party**- shall cover MERALCO, MGEN, and the Company's Subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Company exerts direct or indirect control over or that exerts direct or indirect control over the Company; the Company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.
- 3.19 **Related Party Transactions**-a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- 3.20 **Stakeholders**-any individual, organization or society at large who can either affect and/or be affected by the Company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.
- 3.21 **Subsidiary** – an entity that is controlled by another entity. Unless otherwise provided in this Manual, the term shall refer to the subsidiaries of SPNEC.

#### 4. Corporate Governance Rules and Principles

	CORPORATE GOVERNANCE	PAGE: 5 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

## 4.1 BOARD'S GOVERNANCE RESPONSIBILITIES

### 4.1.1 BOARD OF DIRECTORS

#### 4.1.1.1 Establishing Competent Board


- 4.1.1.1.1 The Board of Directors shall be composed of directors with collective working knowledge, experience or expertise that is relevant to the Company's industry/sector.
- 4.1.1.1.2 The Board shall consist of nine (9) directors or such number as may be required in the Articles of Incorporation and By-Laws of the Company who shall be elected by the stockholders at any regular or special meeting called for that purpose.
- 4.1.1.1.3 The Board shall be composed of a majority of non-executive directors and at least two or an optimal number of independent directors in the Board to ensure proper checks and balances including prevention of conflicts of interest, the exercise of independent judgment on corporate affairs, proper oversight of managerial performance and balancing of competing demands of the corporation.

#### 4.1.1.2 Qualifications of Directors

- 4.1.1.2.1 Every director shall own at least one (1) share of the capital stock of the Company of which he is a director, which share shall stand in his name in the books of the Company. He must have all the qualifications and none of the disqualifications of a director. The following are the qualifications:
  - i. Possesses the skills needed to effectively carry out his functions as director;
  - ii. Possesses integrity/probity;
  - iii. Has strong adherence to legal and moral principles and
  - iv. Have a practical understanding of business in general and of the business of the Company, in particular.
- 4.1.1.2.2 The Corporate Governance Committee may consider and recommend to the Board such other qualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.


#### 4.1.1.3 Disqualification of a Director

##### 4.1.1.3.1 Permanent Disqualification

	CORPORATE GOVERNANCE	PAGE: 6 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- i. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final and executory judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the SEC:
  - an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them; or
  - having wilfully violated, or wilfully aided, abetted, counselled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation, or order of the SEC or BSP;
- ii. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from:
  - acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
  - acting as director, or officer of a bank, quasi-bank, trust company, investment house, or investment company;
  - engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above.




	CORPORATE GOVERNANCE	PAGE: 7 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

The disqualification shall also apply if such person: (1) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; or (2) has otherwise been restrained to engage in any activity involving securities and banking or (3) is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization.

- iii. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs (a) and (b) above;
- iv. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- v. Any person judicially declared as insolvent.

#### 4.1.1.3.2 Temporary Disqualification

- i. The Corporate Governance Committee may consider and recommend to the Board temporary disqualification of a director based on any of the following grounds:
  - Refusal to fully disclose the extent of his business interest as required by existing laws or Company rules and regulations. The disqualification shall be in effect as long as the refusal persists.
  - Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence

	CORPORATE GOVERNANCE	PAGE: 8 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	


is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

- Dismissal or termination for a cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.
  - If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
- ii. Any temporary disqualification of a director recommended by the Corporate Governance Committee to be valid and effective must be approved by the Board, as well as, comply with the requirements of applicable laws, rules and regulations.
  - iii. A temporary disqualified director shall, within such period prescribed by the Board, but in no case less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
  - iv. If an independent director becomes an officer or employee of the Company, his designation as independent director is automatically terminated and he shall be disqualified as an independent director.
  - v. The Corporate Governance Committee may consider and recommend to the Board other grounds for disqualifications which are now or may hereafter be provided under existing laws and regulations or any amendments thereto.

#### **4.1.1.4 Duties and Responsibilities of a Director**

##### **4.1.1.4.1 A director shall have the following duties and responsibilities:**

- i. To conduct fair business transactions with the Company and ensure that his personal interest does not conflict with the interest of the Company;

	CORPORATE GOVERNANCE	PAGE: 9 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	


- ii. To devote time and attention necessary to properly discharge and effectively perform his duties and responsibilities;
- iii. To act judiciously;
- iv. To exercise independent judgment;
- v. To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies;
- vi. To observe confidentiality of information; and
- vii. To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.

4.1.1.4.2 The non-executive directors of the Board should concurrently serve as directors to an optimum number of publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company. In this regard, a Director should notify the Board before accepting a directorship in another company.

#### 4.1.1.5 Orientation and Annual Corporate Governance Training of Directors

- 4.1.1.5.1 The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.
- 4.1.1.5.2 First time directors shall undergo an orientation program covering Securities and Exchange Commission- (SEC-) mandated topics on corporate governance and an introduction to the Company's business, Articles of Incorporation, and Code of Conduct. It should be able to meet the specific needs of the Company and the individual directors and aid any new director in effectively performing his or her functions.
- 4.1.1.5.3 All directors shall undergo relevant and continuing training for a duration equal to or longer than what is required by law and regulations. The annual continuing training program makes certain that the directors are continuously informed of the developments in the business and regulatory



	CORPORATE GOVERNANCE	PAGE: 10 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

environments, including emerging risks relevant to the Company.

#### **4.1.1.6 Board Diversity**

The Board shall have a policy on board diversity to avoid groupthink and ensure that optimal decision making is achieved. Said policy should endeavour to achieve a board composition that is diverse in gender, skills, competence, knowledge, experience and expertise.

### **4.1.2 CORPORATE SECRETARY AND ASSISTANT CORPORATE SECRETARY**

4.1.2.1 The Board shall be assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.

4.1.2.2 The Corporate Secretary and the Assistant Corporate Secretary are officers of the Company and are expected to observe the highest degree of professionalism, integrity, and diligence.

#### **4.1.2.3 Qualifications**


4.1.2.3.1 The Corporate Secretary and the Assistant Corporate Secretary shall be resident Filipino citizens of good moral character.

4.1.2.3.2 Both shall have adequate legal, administrative, and interpersonal skills.

#### **4.1.2.4 Duties and Responsibilities**

4.1.2.4.1 The Corporate Secretary and Assistant Corporate Secretary are primarily responsible to the Company and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities:

- i. Assist the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its Committees to set agenda for those meetings;
- ii. Safekeep and preserve the integrity of the minutes of the meetings of the Board and its Committees, as well as other official records of the Company;

	CORPORATE GOVERNANCE	PAGE: 11 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- iii. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advise the Board and the Chairman on all relevant issues as they arise;
- iv. Work fairly and objectively with the Board, Management and shareholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- v. Advise on the establishment of board committees and their terms of reference;
- vi. Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings, at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- vii. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- viii. Perform required administrative functions;
- ix. Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements; and
- x. Perform such other duties and responsibilities as may be provided by the SEC.

#### **4.1.3 COMPLIANCE OFFICER**


4.1.3.1 The Board should ensure that it is assisted in its duties by a Compliance Officer who is a member of the Company's management team in charge of the compliance function.

4.1.3.2 The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.

##### **4.1.3.3 Qualification**

The Compliance Officer should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Corporation.

##### **4.1.3.4 Duties and Responsibilities**

	CORPORATE GOVERNANCE	PAGE: 12 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

4.1.3.5 Similar to the Corporate Secretary, the Compliance Officer is primarily liable to the Company and its shareholders, and not to the Chairman or President of the Company.

4.1.3.6 He/she has, among others, the following duties and responsibilities:

- 4.1.3.6.1 Ensure proper on boarding of new directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);
- 4.1.3.6.2 Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, rules and regulations and all governance issuances of regulatory agencies;
- 4.1.3.6.3 Report violations of the aforementioned rules to the Board and recommend the imposition of appropriate disciplinary action;
- 4.1.3.6.4 Ensure the integrity and accuracy of all documentary submissions to regulators;
- 4.1.3.6.5 Appear before the SEC when summoned in relation to compliance with the Code of Corporate Governance for Publicly-Listed Companies and other regulatory issuances;
- 4.1.3.6.6 Collaborate with other departments to properly address compliance issues; which may be subject to investigation;
- 4.1.3.6.7 Identify possible areas of compliance issues and work towards the resolution of the same;
- 4.1.3.6.8 Ensure the attendance of board members and key officers to relevant trainings; and
- 4.1.3.6.9 Perform such other duties and responsibilities as may be provided by the SEC.


## 4.2 ROLES AND RESPONSIBILITIES OF THE BOARD

The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.

### 4.2.1 General Responsibility

It is the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders.




	CORPORATE GOVERNANCE	PAGE: 13 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- 4.2.1.1 The Board of Directors is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.
- 4.2.1.2 The Board shall establish, review, and update the Company's vision, mission, core values, strategic objectives, policies and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance.
- 4.2.1.3 The Board shall have a strategy execution process that facilitates effective management performance and is attuned to the Company's business environment, and culture.
- 4.2.1.4 A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness.

#### 4.2.2 Specific Duties and Functions

To ensure a high standard of best practice for the Company, its stockholders and other stakeholders, the Board shall:

- 4.2.2.1 Adopt a process of selection that encourages diversity and ensures a mix of competent directors and officers, without regard to gender, race, or religion;
- 4.2.2.2 Oversee the implementation of compensation plans and professional development programs for officers and succession planning for senior management;
- 4.2.2.3 Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance;
- 4.2.2.4 Ensure that the Company complies with all relevant laws, regulations and endeavor to adopt best business practices;
- 4.2.2.5 Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and oversee Management's formulation and implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs;
- 4.2.2.6 Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness;
- 4.2.2.7 Provide oversight with regard to enterprise risk management;
- 4.2.2.8 Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- 4.2.2.9 Ensure that the Company establishes appropriate policies and procedures in accordance with this Manual and applicable laws and

	CORPORATE GOVERNANCE	PAGE: 14 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

regulations, including, but not limited to, conflict of interest and related party transactions;

- 4.2.2.10 Constitute Board Committees that it deems necessary to assist the Board in the performance of its duties and responsibilities;
- 4.2.2.11 Create and maintain an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its stockholders, if applicable; and
- 4.2.2.12 Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing law, rules and regulation.

#### 4.2.3 Chairman of the Board

In addition to the duties provided in the By-Laws of the Company, the responsibilities of the Chairman in relation to the Board shall include the following:


- 4.2.3.1 Make certain that the meeting agenda focuses on strategic matters, including the over-all risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- 4.2.3.2 Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- 4.2.3.3 Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- 4.2.3.4 Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- 4.2.3.5 Assure the availability of proper orientation for first time directors and continuing training opportunities for all directors; and
- 4.2.3.6 Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

#### 4.2.4 Board Nomination and Election Policy

The Board shall adopt a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. Its process of identifying the quality of directors should all be aligned with the strategic direction of the Company.

In addition, the policy shall set forth the following procedures and safeguards in the director selection process:



	CORPORATE GOVERNANCE	PAGE: 15 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

4.2.4.1 The Board, through its Corporate Governance Committee shall receive all letters nominating candidates for election as directors/independent directors from stockholders.

4.2.4.2 The Corporate Governance Committee shall evaluate and screen nominees for directors vis-à-vis the applicable qualifications and disqualifications as set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulations while ensuring that said qualifications are in line with the strategic objectives of the Company.

4.2.4.3 For nominees for independent directors, the Committee shall determine whether or not the nominees meet the independence criteria set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulation.

4.2.4.4 The Committee shall also consider other relevant factors, such as any conflict of interest and directorships and/or positions in other corporations, which may compromise their capacity to diligently and effectively serve and perform their duties to the Board, the Company and its stakeholders, when elected.

4.2.4.5 With the assistance of an executive search firm, if necessary, the Committee shall develop a list of nominees to be recommended to the Board, ensuring thereby that:

4.2.4.5.1 the composition of the Board is an effective and balanced mix of knowledge, expertise, experience, complementary skills and talents that are mutually enforcing and promotes diversity in terms of gender and ethnicity, among others; and

4.2.4.5.2 the selection of directors and independent directors is aligned and consistent with the Company's Mission, Vision and strategic directions and the Board's duties and responsibilities. Whenever applicable, the Committee shall undertake the following procedures:

- Identification of the necessary skills and qualifications that are aligned and will promote the achievement of the Company's Mission, Vision and strategic objectives.
- Assessment of the existing board's composition which entails cataloging member's skills and experience;
- Comparison of the existing board's inventory of qualifications with the list of desired skills and experience to develop a clear picture of gaps, if any. The Committee may also identify potential upcoming vacancies owing to retirement or resignation in order to account for potential required skills and qualifications. The gaps, if any, should function as the driving criteria for the specified qualifications which the Committee shall

	CORPORATE GOVERNANCE	PAGE: 16 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

assemble upon which the nominees shall be measured against.

- 4.2.4.6 In the search of potential nominees, the Committee may use external sources, such as professional search firms, director databases and/or other reputable external sources to further enhance the search for and widen the base of potential nominees.
- 4.2.4.7 Nominees for independent directors who accept the nomination are requested to submit to the Committee a Certification of Independent Director stating his/her qualification and a list of affiliations and positions that may directly or indirectly give rise to conflict of interest or may contravene applicable regulations.
- 4.2.4.8 The Committee shall submit to the Board of Directors its recommended list of final nominees.
- 4.2.4.9 The nominees approved by the Board are recommended for election as directors at the meeting of the stockholders or the Board, as the case may be.

#### 4.2.5 Compensation of Directors


Directors, as such, shall not receive any compensation unless approved by the stockholders or provided in the By-Laws of the Company. No director should participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable *per diem* that a director may receive for attendance in Board and Board Committee meetings.

#### 4.2.6 Related Party Transaction

The Board shall have overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.

- 4.2.6.1 The policy should include appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions and should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.
- 4.2.7 The policy should clearly define the threshold for disclosure and approval of RPTs and categorize such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.

#### 4.2.7 Management Control

	CORPORATE GOVERNANCE	PAGE: 17 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

The Board shall be primarily responsible for approving the selection and facilitating performance assessment of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions such as Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive. The Board shall establish an effective performance management framework that ensures that Management and employee performance is at par with the standards set by the Board and Senior Management.

#### 4.2.8 Board Charter

The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role and serves as a guide to the directors in the performance of their functions.

#### 4.2.9 Insider Trading

The Board shall ensure that the Company adopts and implements an Insider Trading Policy which shall regulate the trading of shares by Company executives, officers and employees with direct access to unpublished information relating to the Company's financial and operating results, in the interest of good corporate governance and transparency.

### 4.3 BOARD COMMITTEES

4.3.1 The Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities and in ensuring compliance with the principles of good corporate governance.

4.3.2 Board committees should be set up to the extent possible to 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

4.3.3 The members of such Committees shall be appointed by the Board of Directors annually.


4.3.4 All established committees shall have publicly-available Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should also provide the standards for evaluating the performance of the Committees.

#### 4.3.5 Corporate Governance Committee

4.3.5.1 The Corporate Governance Committee shall be composed of at least three (3) directors, majority of whom must be independent directors.


4.3.5.2 The Corporate Governance Committee shall have the following duties and responsibilities:



	CORPORATE GOVERNANCE	PAGE: 18 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- 4.3.5.2.1 Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- 4.3.5.2.2 Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- 4.3.5.2.3 Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- 4.3.5.2.4 Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees and succession planning, for the board members;
- 4.3.5.2.5 Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- 4.3.5.2.6 Act as the nomination committee and determine the nomination and election process for the Company's directors and has the special duty of defining the general profile of board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- 4.3.5.2.7 Ensure that the company's whistleblowing system is managed by an independent party to maintain the integrity and impartiality of the review process. In the absence of an external independent party, the Chairman of the Corporate Governance Committee, who must be an independent director, shall spearhead the review of all whistleblowing reports received by the Corporate Governance Office. This includes overseeing the investigation of reported concerns, ensuring appropriate follow-up actions are taken, and safeguarding the anonymity and protection of whistleblowers in accordance with the company's whistleblowing and other relevant regulations.
- 4.3.5.2.8 Endorse to the Board any procurement-related report in accordance with the objectives set by the ERC Procurement Guidelines for the Regulated Transmission and Distribution of Assets and Services of Regulated Entities and other applicable rules and regulations promulgated by ERC;
- 4.3.5.2.9 Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy, and the business environment in which it operates;




	CORPORATE GOVERNANCE	PAGE: 19 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- 4.3.5.2.10 Oversee the formulation of the compensation and retirement philosophy as well as study and evaluate the appropriate compensation, retention, and retirement policies and programs for the officers of the Company as appointed in accordance with the Company's By-Laws, as well as managers or executives with the rank of assistant vice president and up;
- 4.3.5.2.11 Review management succession plan;
- 4.3.5.2.12 Establish the sustainability strategy, framework, policies, and programs of SPNEC and its subsidiaries and overseeing the Company's environmental, social, and economic performance vis-à-vis the United Nations' Sustainable Development Goals with the aim of fostering long-term value to its stakeholders
- 4.3.5.2.13 Oversee the development and/or review of the Company's sustainability framework, agenda and policy in alignment with the Company's business philosophy and strategies;
- 4.3.5.2.14 Monitor the Company's environmental, social, and economic performance against internal targets as well as national, regional, and global sustainability goals and introduce programs and initiatives to support Company's sustainable growth;
- 4.3.5.2.15 Endorse to the Board of Directors sustainability programs with investments amounting to PHP 50M and above;
- 4.3.5.2.16 Address legislative, and regulatory developments and ensure compliance with laws and regulations affecting the Company's sustainability performance.
- 4.3.5.2.17 Oversee the development and execution of sustainability programs and policies aligned with approved targets;
- 4.3.5.2.18 Evaluate ongoing and proposed programs under each sustainability pillar;
- 4.3.5.2.19 Oversee and review relevant sustainability reporting requirements and disclosures required by investors and ESG rating agencies;
- 4.3.5.2.20 Advise the Board of Directors on material stakeholder concerns relating to sustainability.
- 4.3.5.2.21 Such other duties and responsibilities as may be provided in the Corporate Governance Committee Charter.


#### **4.3.6 Risk Oversight and Related Party Transactions (RPT) Committee**

- 4.3.6.1 The Risk Oversight and RPT Committee shall be composed of at least three (3) non-executive directors, two of whom shall be independent directors, including the Chairperson.

	CORPORATE GOVERNANCE	PAGE: 20 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

4.3.6.2 The Risk Oversight and RPT Committee shall have the following duties and responsibilities:

- 4.3.6.2.1 Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies and (e) continuing assessments to improve risk strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- 4.3.6.2.2 Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Risk Management Committee shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- 4.3.6.2.3 Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- 4.3.6.2.4 Advise the Board on its risk appetite levels and risk tolerance limits;
- 4.3.6.2.5 Review at least annually the Company'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 the Company;
- 4.3.6.2.6 Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
- 4.3.6.2.7 Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management;
- 4.3.6.2.8 Report to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the

	CORPORATE GOVERNANCE	PAGE: 21 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

actions taken to reduce the risks, and recommends further action or plans, as necessary;

4.3.6.2.9 Evaluate 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. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;


4.3.6.2.10 Evaluate 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 the Company 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 Committee takes into account, among others, the following:

- i. The related party's relationship to the Company and interest in the transaction;
- ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- iii. The benefits to the corporation of the proposed RPT;
- iv. The availability of other sources of comparable products or services; and
- vi. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

4.3.6.2.11 Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest that are inconsistent with such policies, and conflicts



	CORPORATE GOVERNANCE	PAGE: 22 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

that could arise as a result of the Company's affiliation or transactions with other related parties;


- 4.3.6.2.12 Report to the Board of Directors 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;
- 4.3.6.2.13 Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and
- 4.3.6.2.14 Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

#### **4.3.7 Audit Committee**


4.3.7.1 The Audit Committee shall be composed of at least three (3) directors, preferably with relevant background, knowledge, skills, and/or experience in the areas of accounting and finance, two (2) of whom shall be Independent Directors and one (1) of whom with audit experience. The Chairman shall be an Independent Director. The Chairperson shall be an Independent Director and shall preferably not be the Chairperson of the Board or any other committee. Each member shall have adequate understanding at least or competence at most of the Company's financial management systems and environment.

4.3.7.2 The Audit Committee shall have the following duties and responsibilities:

- 4.3.7.2.1 Perform oversight functions over the Company's internal and external auditors. It should ensure that internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions;
- 4.3.7.2.2 Approve and recommend the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the Company website and required disclosures;
- 4.3.7.2.3 Review and assess the integrity and independence of external auditors and exercise effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The review and monitoring of the

	CORPORATE GOVERNANCE	PAGE: 23 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- external auditor's suitability and effectiveness shall be done on an annual basis;
- 4.3.7.2.4 Review and approve the annual internal audit plan to support the attainment of the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;
- 4.3.7.2.5 Prior to commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- 4.3.7.2.6 Organize an internal audit department and consider the appointment of an independent internal auditor as well as consider an independent external auditor, and the terms and conditions of their engagement and removal;
- 4.3.7.2.7 Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- 4.3.7.2.8 Review the reports submitted by the internal and external auditors;
- 4.3.7.2.9 Review the completeness, accuracy, and fairness of the quarterly, half-year, and annual financial statements before their submission to the Board or regulators with particular focus on the following matters:
- i. Any change/s in accounting principles and practices
  - ii. Major judgmental areas
  - iii. Significant adjustments resulting from audit
  - iv. Going concern assumptions
  - v. Compliance with accounting standards
  - vi. Compliance with tax, legal, and regulatory requirements.
- 4.3.7.2.10 Coordinate, monitor, and facilitate compliance with laws, rules, and regulations;
- 4.3.7.2.11 Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses.  
The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- 4.3.7.2.12 Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfil his duties and

	CORPORATE GOVERNANCE	PAGE: 24 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

responsibilities. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;

4.3.7.2.13 Elevate to international standards the accounting and auditing processes, practices and methodologies; and

4.3.7.2.14 Such other duties and responsibilities as may be provided in the Audit Committee Charter.

4.3.8.3 The Audit Committee shall meet quarterly and as often as may be necessary.

#### 4.4 FOSTERING BOARD COMMITMENT TO THE COMPANY

4.4.1 Directors shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company's business. For this purpose, the Directors shall attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/video-conferencing conducted in accordance with the rules and regulations of the SEC. Meetings of the board of directors shall be scheduled before the start of the financial year.

4.4.2 The Board may consider the adoption of guidelines on the number of directorships that its members can hold in other corporations to ensure diligent and efficient performance of their responsibilities to the Company.

#### 4.5 REINFORCING BOARD INDEPENDENCE

##### 4.5.1 Board Independence

The Board shall endeavor to exercise objective and independent judgment on all corporate affairs by ensuring that it has appropriate number of independent directors and that there are no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.


##### 4.5.2 Independent Directors

4.5.2.1 The independent directors should possess all the qualifications and none of the disqualifications to hold the positions. An Independent Director refers to a person who, ideally:

4.5.2.1.1 Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;


4.5.2.1.2 Is not, and has not been, in the three years immediately preceding the election, a director of the Company; a director,



	CORPORATE GOVERNANCE	PAGE: 25 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

officer, employee of the Company's subsidiaries, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;

- 4.5.2.1.3 Has not been appointed in the Company, its subsidiaries, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- 4.5.2.1.4 Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, affiliates or related companies;
- 4.5.2.1.5 Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- 4.5.2.1.6 Is not acting as nominee or representative of any director of the Company or any of its related companies;
- 4.5.2.1.7 Is not a securities broker-dealer of listed companies and registered issuers of securities. "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 the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- 4.5.2.1.8 Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- 4.5.2.1.9 Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders;
- 4.5.2.1.10 Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and
- 4.5.2.1.11 Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

	CORPORATE GOVERNANCE	PAGE: 26 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

Related companies, as used in this section, refer to (a) the Company's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

4.5.2.2 As a rule, independent directors may serve for a maximum of nine consecutive years reckoned from 2012, making sure however that the shareholders' legal right to vote and be voted directors remains inviolable. If the Company wants to retain an independent director who has served for nine consecutive years, the Board should provide meritorious justification and advise the shareholders of such justification during the annual shareholders' meeting.

4.5.3 The positions of Chairman of the Board and Chief Executive Officer should, as much as practicable, be held by separate individuals and each should have clearly defined responsibilities.

#### 4.5.4 **Lead Independent Director**

The Board shall have a lead director among the independent directors if the Chairman of the Board is not independent and/or if the positions of the Chairman of the Board and Chief Executive Officer are held by one person. The functions of the lead independent director include, among others, the following:

4.5.4.1 To serve as an intermediary between the Chairman and the other directors when necessary;

4.5.4.2 To convene and chair meetings of the non-executive directors; and


4.5.4.3 To contribute to the performance evaluation of the Chairman, as required.

4.5.5 The non-executive directors shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive director(s) present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director or an independent director.

4.5.6 Directors with material interest in a transaction affecting the Company shall abstain from taking part in the deliberations on the transaction.

#### 4.6 **ASSESSING BOARD PERFORMANCE**

4.6.1 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. The Corporate Governance Committee shall oversee the assessment/evaluation process.

	CORPORATE GOVERNANCE	PAGE: 27 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- 4.6.2 Every three years, as far as practicable, the assessment may be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization appointed by the Board.
- 4.6.3 The Board assessment system shall provide a criteria and process to determine the performance of the Board, individual directors and committees. The system shall allow for a feedback mechanism from shareholders.

#### 4.7 **STRENGTHENING BOARD ETHICS**

- a. The Board shall adopt a Code of Business Conduct Ethics, to provide standards for professional and ethical behaviour, as well as articulate acceptable and unacceptable conduct and practices in external and external dealings. The Code shall be properly disseminated to the Board, Senior Management and employees. It shall be disclosed and made available to the public through the Company website. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.
- b. Effective communication channels must be provided to aid and encourage employees, customers, suppliers and creditors to raise concerns on potential unethical/unlawful behaviour without fear of retribution. The Company's ethics policy shall be made effective and inculcated in the company culture through communication and awareness campaigns, continuous training to reinforce the Code, strict monitoring and implementation.
- c. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.
- d. The Company shall have clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.

#### 4.8 **The MANAGEMENT**

The Management is composed of corporate officers and executives formed and headed by the President/CEO. All principal policies and directions governing the organization, management and operation of the Company as well as its subsidiaries shall be formulated and implemented by Management, subject to Board approval when required by existing laws. Management shall regularly report to the Board on all matters concerning the Company's operations as well as significant events or occurrences affecting the Company.

#### 4.9 **DUTIES AND RESPONSIBILITIES OF THE PRESIDENT AND CEO**

The President/CEO's roles and responsibilities among others shall include:



	CORPORATE GOVERNANCE	PAGE: 28 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- 4.9.1 Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business;
- 4.9.2 Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- 4.9.3 Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
- 4.9.4 Has a good working knowledge of the corporation's industry and market and keep up to date with its core business purpose;
- 4.9.5 Direct, evaluate and guide the work of the key officers of the Company;
- 4.9.6 Manage the Company's resources prudently and ensure a proper balance of the same;
- 4.9.7 Provide the Board with timely information and interfaces between the Board and the employees;
- 4.9.8 Build the corporate culture and motivate the employees of the corporation; and
- 4.9.9 Serve as the link between internal operations and external stakeholders.


#### **4.10 SUPPLY OF INFORMATION**

- 4.10.1 All directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties.
- 4.10.2 Management is responsible for providing the Board with appropriate and timely information. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 4.10.3 The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board.
- 4.10.4 Full agenda and comprehensive Board papers are to be circulated to all directors well in advance of each Board meeting, preferably at least three (3) business days before the date of the meeting.
- 4.10.5 Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.

#### **4.11 DISCLOSURE AND TRANSPARENCY**

##### **4.11.1 ENHANCING CORPORATE DISCLOSURE POLICIES AND PROCEDURES**

- 4.11.1.1 The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to the shareholders and other stakeholders that gives a fair and complete picture of a Company's financial condition, results and business operations in accordance with the disclosure and reporting requirements of the SEC, Philippine Stock Exchange (PSE) and other regulators.


	CORPORATE GOVERNANCE	PAGE: 29 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- 4.11.1.2 The Company shall have a policy requiring all directors and officers to disclose/report to the Company through the Compliance Officer any dealings in the Company's shares within three business days.
- 4.11.1.3 The Company shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. This includes directors and key officers' qualifications, share ownership in the Company, membership in other boards, other executive positions, and corporate governance trainings attended.
- 4.11.1.4 The Company shall provide a clear disclosure of its policies and procedure for setting board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Remuneration shall as much as practicable be on an individual basis, including termination and retirement provisions.
- 4.11.1.5 The Company shall disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report.
- 4.11.1.6 The Company shall require directors to disclose their interests in transactions or any other conflict of interests.
- 4.11.1.7 The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the mergers, takeovers, or acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. For this purpose, that Board shall consider appointing an independent party to evaluate the fairness of the transaction price.
- 4.11.1.8 The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. The Company shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.
- 4.11.1.9 The Company shall include 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.

#### **4.11.2 ENSURING ACCOUNTABILITY**

- 4.11.2.1 The Board shall ensure that stockholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including



	CORPORATE GOVERNANCE	PAGE: 30 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

4.11.2.2 Management should formulate the rules, procedures on internal controls, and financial operations for presentation to the Audit Committee and the Risk Management Committee in accordance with the following guidelines:

4.11.2.2.1 The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;

4.11.2.2.2 An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained for the benefit of all stockholders and other stakeholders;

4.11.2.3 On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations; and


4.11.2.4 The Company should consistently comply with the financial reporting requirements of the SEC.

#### 4.11.3 **STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY**

4.11.3.1 The Audit Committee shall adopt a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.

4.11.3.2 The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For this purpose:

4.11.3.2.1 The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an on the manner by which the financial statements shall be prepared and presented to the stockholders.

	CORPORATE GOVERNANCE	PAGE: 31 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

4.11.3.2.2 The reason(s) for the resignation, dismissal or cessation from service of an external auditor and the date thereof shall be reported in the Company's annual and current reports. Said report should include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

4.11.3.2.3 If an external auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he/she shall present his views in said reports.

4.11.3.3 The external auditor of the Company should not at the same time provide the services of an internal auditor.

4.11.3.4 The Company's external auditor should be rotated or the handling partner should be changed every five (5) years or such period provided under applicable laws and regulations.


4.11.3.5 The Audit Committee shall ensure that the external auditor has adequate quality control procedures and is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.

4.11.3.6 The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

4.11.3.7 The Company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest, always ensuring that fees paid for non-audit services do not outweigh the fees paid for audit services. The Audit Committee shall stay alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

#### **4.11.4 INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING**

4.11.4.1 The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of

	CORPORATE GOVERNANCE	PAGE: 32 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

- 4.11.4.2 The Company should adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

#### 4.11.5 PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This includes 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.

#### 4.11.6 STRENGTHENING INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

##### 4.11.6.1 Internal Control System


- 4.11.6.1.1 The Board shall oversee that an adequate and effective internal control system is in place.

##### 4.11.6.1.2 Internal Controls Responsibilities of the Company

The control environment of the Company shall consist of:

- The Board which ensures that the Company is properly managed and effectively supervised;
- The Management that actively manages and operates the Company in a sound and prudent manner;
- The organizational and procedural controls supported by effective management information and risk management reporting systems; and
- An independent audit mechanism to monitor the adequacy and effectiveness of the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets,



	CORPORATE GOVERNANCE	PAGE: 33 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	


confidential information, and compliance with laws, rules, regulations and contracts.

4.11.6.1.3 The Board's internal control mechanisms for the Board's oversight responsibility may include:

- i. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;
- ii. Selection of a CEO who possesses the ability, integrity and expertise essential for the position;
- iii. Establishment by the Company of an internal audit system that can reasonably assure the Board, Management, and stockholders that the Company's key organizational and operational controls are appropriate, adequate, effective, and complied with;
- iv. Selection and appointment of proposed senior management officers; and
- v. Review of the Company's personnel and human resource policies and sufficiency, conflict of interest situations, changes in the compensation plan for employees and succession plan for officers and management.

4.11.6.1.4 The Company shall have in place an independent internal audit function that provides independent and objective assurance, and consulting services designed to add value and improve the Company's operations. The following are the functions of the internal audit group among others:

- i. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of governance and control processes in (1) promoting the right value and ethics; (2) ensuring effective performance management and accounting in the organization; (3) communicating risk and control information; and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;


	CORPORATE GOVERNANCE	PAGE: 34 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- ii. Perform regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;
- iii. Perform consulting and advisory services related to governance and control as appropriate for the organization;
- iv. Perform compliance and audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- v. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Company;
- vi. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- vii. Evaluate specific operations at the request of the Board or Management, as appropriate; and
- viii. Monitor and evaluate governance processes.

4.11.6.1.5 The Board shall appoint a Chief Audit Executive (CAE) to oversee and be responsible for the internal audit activity of the organization. The following are the responsibilities of the CAE among others:

- i. Periodically review the internal audit charter and present it to Senior Management and the Board Audit Committee for approval;
- ii. Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- iii. Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;
- iv. Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- v. Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and



	CORPORATE GOVERNANCE	PAGE: 35 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- vi. Present findings and recommendations to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes.

#### 4.11.6.2 Enterprise Risk Management


- 4.11.6.2.1 The Company shall have in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

##### 4.11.6.2.2 Risk Management

The Company shall have a separate risk management function to identify, assess and monitor key risk exposures.

The risk management function involves the following activities, among others:

- i. Defining a risk management strategy;
- ii. Identifying and analysing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- iii. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;
- iv. Establishing a risk register with clearly defined, prioritized and residual risks;
- v. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;
- vi. Communicating and reporting significant risk exposures including business risks (e.g. strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- vii. Monitoring and evaluating the effectiveness of the organization's risk management processes.

	CORPORATE GOVERNANCE	PAGE: 36 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

#### 4.11.6.2.3 Chief Risk Officer

The Company shall appoint a Chief Risk Officer (CRO) to manage its Risk Management System. The CRO shall have the following functions among others:


- i. Supervise the entire Enterprise Risk Management (ERM) process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- ii. Communicate top risks and the status of the implementation of risk management strategies and action plans to the Board Risk Management Committee;
- iii. Collaborate with the CEO in updating and making recommendations to the Board Risk Management Committee;
- iv. Suggest ERM policies and related guidance, as may be needed; and
- v. Provide insights 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.

#### 4.11.6.3 Enterprise-wide Compliance Program

The Company shall have a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.

#### 4.11.6.4 IT Governance Process

The Company shall have a governance process on IT issues including disruption, cyber security, and disaster

	CORPORATE GOVERNANCE	PAGE: 37 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

recovery, to ensure that all key risks are identified, managed and reported to the Board.

#### **4.11.7 CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS**

4.11.7.1 The Company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

##### **4.11.7.1.1 Voting Right**

- Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- Cumulative voting shall be used in the election of directors.


##### **4.11.7.1.2 Pre-emptive Right**

Unless otherwise stated in the Articles of the Incorporation or the Corporation Code of the Philippines, all stockholders shall enjoy pre-emptive right to subscribe to all issues or disposition of shares in proportion to their respective shareholdings.

##### **4.11.7.1.3 Right of Inspection**

Any stockholder who desires to exercise his right to inspect corporate books and records of the Company must make a written request addressed to the Corporate Secretary, and stating the specific reason(s) or purpose(s) for the inspection. The exercise of such right may be denied if:

- i. the requesting stockholder improperly used information obtained from prior examination; or,
- ii. is not acting in good faith; or,
- iii. there is a reasonable ground to safeguard the interests of the Company, such as when the subject of inspection contains confidential or proprietary information or covered by a confidentiality or nondisclosure obligation which will be violated by the Company if inspection were allowed. In no case shall the stockholder be allowed to take corporate books and other records out of the principal office of the Company for the purpose of inspecting them. The Corporate Secretary may elevate the request for

	CORPORATE GOVERNANCE	PAGE: 38 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

inspection for the information, approval, or other appropriate action by the Board. This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

#### 4.11.7.1.4 Right to Information

Stockholders shall be provided, upon request, with periodic reports filed by the Company with the SEC (e.g., proxy statement/information statement and annual report) which disclose personal or professional information about the Directors and Officers such as their educational and business background, holdings of the Company's shares, material transactions with the Company, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers.


#### 4.11.7.1.5 Right to Dividends

- i. Stockholders shall have the right to receive declared dividends subject to the procedures prescribed by the Board.
- ii. The Company shall be compelled to declare dividends when its retained earnings exceeds 100% of its paid-in capital stock, except:
  - when justified by definite corporate expansion projects or programs approved by the Board; or
  - when the Company 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
  - when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

#### 4.11.7.1.6 Appraisal Right

The stockholders shall have appraisal right under any of the following circumstances:




	CORPORATE GOVERNANCE	PAGE: 39 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- i. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any aspect superior to those of outstanding shares of any class, or of extending or reducing the term of corporate existence;
- ii. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Company;
- iii. In case of merger or consolidation; and
- iv. Investment of funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized.

#### **4.11.7.1.7 Right to Transparent and Fair Conduct of Stockholders' Meeting**

- i. The Board shall afford stockholders the right to call a special meeting, propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting. The Board shall also adopt appropriate measures to ensure that stockholders' meetings are conducted in a fair and transparent manner.
- ii. The Board shall encourage active shareholders' participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least fifteen (15) business days before the meeting or such number of days as may be provided in the By-Laws or applicable laws, rules and regulations. Shareholders unable to personally attend such meetings, should be advised ahead of time of their right to appoint a proxy on their behalf or attend the meeting in absentia through remote communications as may be provided by the Company.
- iii. Subject to the requirements of law, rules and regulations, the By-Laws of the Company and the rules approved by the Board, the validity of a proxy should be resolved in favor of the stockholder. It shall be the duty of the directors to promote stockholder rights, remove impediments to the exercise of stockholders' rights and allow possibilities to seek redress for violation of their rights. The directors shall envisage the exercise of

	CORPORATE GOVERNANCE	PAGE: 40 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

stockholders' voting rights and the solution of problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person.

- iv. The Company shall adopt secure electronic voting in absentia at the Annual Shareholders' Meeting.
- v. The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five business days from the end of the meeting.

4.11.7.2 The Board shall adopt and make available at the option of a shareholder, an established alternative dispute resolution (ADR) mechanism to resolve intra-corporate disputes in an amicable and effective manner.

4.11.7.3 The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.

#### 4.12 DUTIES TO STAKEHOLDERS


4.12.1 The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.

4.12.2 The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

4.12.3 The Board shall adopt a transparent framework and process that allows stakeholders to communicate with the Company and to obtain redress for the violation of their rights. Stakeholder engagement touch points in the Company such as the Investor Relations Office, Office of the Corporate Secretary, Customer Relations Office, and Corporate Communications Group shall be strengthened.

4.12.4 The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance. This includes reward/compensation policy that accounts for the performance of the Company beyond short-term financial measures and policies and practices on health, safety and welfare as well as training and development of its employees.

4.12.5 The Board shall adopt an anti-corruption policy (encompassing corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering) and program in its Code of Conduct. This shall be disseminated to employees across the organization.

	CORPORATE GOVERNANCE	PAGE: 41 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

- 4.12.6 The Board shall 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 an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall conscientiously supervise and ensure enforcement of the framework.
- 4.12.7 The Company shall not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the Company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.
- 4.12.8 The Company shall recognize and place importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates.
- 4.12.9 The Company shall ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development and shall exert effort to interact positively with the communities in which it operates.

## 5. Communication and Training Process

- 5.1. All Company directors, officers and organizational heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 5.2. An adequate number of printed copies of this Manual must be reproduced and distributed to each department of the Company.
- 5.3. Funds will be allocated by the Company for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- 5.4. A director shall, before his assumption of duty, be required to attend a seminar on corporate governance which shall be conducted by a recognized and reputable training provider.

## 6. Governance Rating System


The Board shall develop a rating system to measure the performance of the Board and Management in accordance with the criteria provided in this Manual and other rules and regulations on good corporate governance.

## 7. Penalties

- 7.1 The Compliance Officer shall be specifically tasked with the responsibility of ensuring compliance with the Manual.
- 7.2 The Compliance Officer shall, after proper investigation, notice and hearing, determine and recommend to the Board, the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent repetition of the violation.

## 8. Applicability to Subsidiaries



	CORPORATE GOVERNANCE	PAGE: 42 of 46
POLICY: POL- CG-2025-003	Revised Manual on Corporate Governance	

Subsidiaries of the Company are encouraged to adopt their own Manuals of Corporate Governance.

9. Separability

The Board endeavours to comply at all times with the principles set out in this Manual. In case of conflict between the Code of Corporate Governance issued by the SEC and this Manual, the Code shall prevail. If the conflict is such that the affected provision of this Manual is rendered invalid, the rest of the revisions of this Manual shall remain valid.

10. Effectivity

The Manual was approved on \_\_\_\_\_, by the Board of Directors. It shall be published on the website of the Company and shall take effect immediately. It supersedes the previous Manual on Corporate Governance.