

## **CORPORATE GOVERNANCE**

Corporate Governance at MPIC is defined as the framework we use to ensure the following:

### Internal Standards

1. Long-term strategy is for the benefit of all stakeholders – with shareholders at the forefront
2. Align the interests of management with shareholders
3. Sufficient Board oversight of management’s tactical implementation

### External Evaluation

1. Clearly communicate strategy and business drivers to equity analysts and shareholders
2. Join organizations to benchmark versus best practices and peers

Our commitment to Corporate Governance is borne out of our belief in its importance to our success. We invest in and manage companies that provide basic services and are, to one extent or another, regulated by Government. Because of this, we and our investee companies operate under intense government and public scrutiny. In addition, our situation is different to most companies listed in developed markets because of our engagement in businesses that may be considered to be imbued with public interest.

As a result, we focus on putting together a framework that emphasizes transparency, accountability and integrity. The Company confirms its full compliance with the Revised Manual on Corporate Governance as mandated by the Securities and Exchange Commission, the Philippine Stock Exchange and other applicable government regulatory agencies.

### FOR THE GOVERNMENT AND THE PUBLIC

All our dealings with Government are in the public domain and we provide consumers with enough information for them to determine our performance versus service standards. Our companies stand behind their services and take pro-active steps to rectify any performance issues. In addition, we are invested in the Country just as much as in our companies and we are always pushing ourselves to take positions that benefit everyone.

### FOR SHAREHOLDERS

We keep a running two-way dialogue with shareholders. We update minority shareholders of developments and any changes to strategy. From numerous meetings we have had with them in 2020, we aggregate their concerns and bring those up to Senior Management and our Board for consideration. Although we do not run our company via focus group discussions, these concerns are taken into consideration when we implement our strategy. In the process, management has aggressive targets and provides constant updates in order to measure progress and quickly address any concerns. Management compensation is driven by a mixture of core income progression targets and share price performance.

### FOR MANAGEMENT

Having clear moral guidelines, aggressive targets and a transparent culture make for a fertile ground to nurture and sustain talent. Cream rises to the top and self-policing becomes the norm as everyone is incentivized to push the company forward and keep stakeholders happy. We continuously initiated measures in order to improve access to information and strengthen processes for our shareholders.

To improve access to information, we consistently update our website. Statistics on financial and operating information is now more easily viewable for each of our investee companies and we included

the ability to download historical information. Our Board regularly reviews the risk profile of the Company as well as its portfolio investments.

## BOARD OF DIRECTORS

Our Board sets strategy, oversees implementation by management and ensures that the Company implements a robust governance framework. It is made up of fifteen members, three of whom are independent directors. They represent a wide spectrum of skills at the highest level and include leaders of each of our business lines to ensure the Board is in tune with developments in our portfolio.

## BOARD ATTENDANCE

The MPIC Board meetings for 2020 and the corresponding attendance of our directors are summarized below:

Board Position	Name	Date of Election	Number of Meetings Held During the Year	Number of Meetings Attended	%
Chairman	Mr. Manuel V. Pangilinan	May 29, 2020	12	12	100%
Member	Jose Ma. K. Lim	May 29, 2020	12	12	100%
Member	David J. Nicol	May 29, 2020	12	12	100%
Member	Ray C. Espinosa	May 29, 2020	12	12	100%
Member	Ramoncito S. Fernandez	May 29, 2020	12	11	92%
Member	Augusto P. Palisoc Jr.	May 29, 2020	12	11	92%
Member	Alfred V. Ty	May 29, 2020	12	12	100%
Independent Director	Lydia B. Echaz	May 29, 2020	12	12	100%
Independent Director	Edward S. Go	May 29, 2020	12	12	100%
Director	Jose Jesus G. Laurel	May 29, 2020	12	12	100%
Lead Independent Director	Artemio V. Panganiban	May 29, 2020	12	12	100%
Member	Albert F. Del Rosario	May 29, 2020	12	12	100%
Member	Rodrigo E. Franco	May 29, 2020	12	10	83%
Member	Francisco C. Sebastian	May 29, 2020	12	12	100%
Member	Christopher H. Young	May 29, 2020	12	12	100%

Various Board committees help the Board oversee and evaluate the performance of the Company and management. Each committee is chaired by a Non-Executive Director, majority of whom are Independent Directors, to ensure impartial execution of each committee's function.

**Governance and Sustainability Committee** – ensures overall governance framework is robust and compares favorably with best in class practices. An integral part of that is the annual review and implementation of the Company's Revised Manual on Corporate Governance and sponsorship of any improvements for the Board of Directors' approval. Pursuant to the mandate of its Charter, the Governance and Sustainability Committee designed an orientation program for new directors to brief and update them on important details and processes relating to the Company, the functions and relevant

mechanisms of the Company's board committees and the dealings of the Company with its investors and business partners.

2020 Meetings of the Governance and Sustainability Committee:

Name	No. of Meetings Held	No. of Meetings Attended	%
Artemio V. Panganiban	1	1	100%
Edward S. Go	1	1	100%
Lydia B. Echaz	1	1	100%

**Audit Committee** – has oversight of financial reporting, internal controls of the Company. It is responsible for recommending the external auditor and ensuring that non audit work does not compromise their independence. The Audit Committee also approves the Internal Audit function and its scope of work.

The Audit Committee reviews and pre-approves all audit services of our independent and external auditor, Sycip Gorres Velayo & Co. (SGV) before these services are performed. In connection with this, the Committee approved the audit and non-audit related fees of Php 51.1 million for 2020 and Php 32.2 million for 2019, broken down as follows:

Year	Audit Fees	Non-Audit Fees
2020	P 26.5 million	P 24.6 million
2019	P 25.6 million	P 5.7 million

The audit fees include the year-end audit and quarterly review of the Company's financial statements, and other services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

There was no instance when the Company's public accountants resigned or have indicated that they decline to stand for re-election or have been dismissed or where the Company had any disagreement with its public accountants on financial disclosure issues.

Name	No. of Meetings Held	No. of Meetings Attended	%
Edward S. Go	4	4	100%
Lydia B. Echaz	4	4	100%
Francisco C. Sebastian	4	4	100%

**Risk Management Committee** - assists the Board in fulfilling its oversight responsibilities over the Company's enterprise risk management policy and execution of risk management strategies and practices including regulatory and ethical compliance monitoring. The Committee investigates the risk exposures of the Company and evaluates the steps the management is taking in managing and controlling such exposures.

For Risk Management, the goal is to identify risk exposures and the steps that need to be undertaken to monitor and mitigate them. The Chief Risk Officer periodically conducts a company-wide risk assessment for evaluation by the Risk Management Committee.

Name	No. of Meetings Held	No. of Meetings Attended	%
Edward S. Go	4	4	100%
Lydia B. Echauz	4	4	100%
Alfred V. Ty	4	4	100%

**Compensation Committee** – directly oversees compensation and bonus of senior executives and overall compensation framework for all employees. They ensure bonus targets are set aggressively and management is motivated to perform for the long term. As mandated by its Charter, the Compensation Committee also exercises functional oversight on matters pertaining to the areas of leadership development, including but not limited to the development and administration of leadership/succession.

Name	No. of Meetings Held	No. of Meetings Attended	%
Albert F. Del Rosario	2	2	100%
Lydia B. Echauz	2	2	100%
Manuel V. Pangilinan	2	2	100%

**Nomination Committee** – responsible for vetting and recommending members for nomination to the Board of Directors, including membership in the various Board Committees. The Nomination Committee has the authority to utilize professional search firms or other external sources of candidates when searching for candidates to the board of directors pursuant to its Charter which provides that the Nomination Committee has the authority to avail of 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 Corporation. Prior to the scheduled Annual Stockholders' Meeting, the Nomination Committee review the qualifications of the individuals nominated as the Corporation's regular and independent directors. Particularly for the latter, the Committee assesses the independence of Independent Directors.

Name	No. of Meetings Held	No. of Meetings Attended	%
Robert C. Nicholson	2	2	100%
Lydia B. Echauz	2	2	100%
Edward S. Go	2	2	100%
Jose Ma. K. Lim (non-voting)	2	2	100%

Each of the five committees adopted its own Charter to guide the Committee members in the performance of their functions and to formalize the applicable procedural mechanisms and oversight function of each committee. All of the Charters were presented to and approved by the Board.

As we implement our governance framework, we continuously test against best practices and peers by joining organizations focused on Corporate Governance and submitting to outside evaluation against our peers and recognized standards. To date we have joined, through our Corporate Governance Officer, the Institute of Corporate Directors (ICD) and the Ethics and Compliance Initiative (ECI) and the Good Governance Advocates and Practitioners of the Philippines (GGAPP). These institutions regularly meet to discuss current best practices and conduct seminars on developments in Corporate Governance. In addition, our employees have attended various seminars on governance throughout the year in order to expand their knowledge of past misdeeds and potential pitfalls in order to better prepare for any eventuality.

## **WHISTLE-BLOWING POLICY**

Recognizing that employees may be discouraged to report irregularities for various reasons, the Company adopted a Whistle-blowing Policy (“Whistle-blowing Policy”) as an internal control mechanism, consistent with the purpose of maintaining internal corporate justice. The Whistle-blowing Policy provides an internal and confidential reporting channel to report any serious concerns about any suspected misconduct, malpractice or irregularity in the Company. In line with its thrust to adopt best practices not just in the head office but also in all its subsidiaries, the Company encouraged all its operating companies to adopt or develop their own Whistle-Blowing Policy that is tailor-fitted to the individual operation of each company. MPIC’s Whistle-Blowing Policy is provided in full below and is likewise available in the Company’s website [<http://www.mpic.com.ph/corporate-governance-our-policies/>]

### **INTRODUCTION**

Metro Pacific Investments Corporation (the “Corporation”) is committed to achieving and maintaining the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. It is every employee’s responsibility and in all interest of the Corporation to ensure that any inappropriate behavior that compromise the interest of the shareholders, investors, customers and the wider public does not occur. It is also critical to maintain a good corporate image and raise the standard of corporate governance of the Corporation. To this end, the Corporation has devised a whistleblowing policy (the “Policy”).

### **PURPOSE**

The purpose of formulating the Policy is to increase the awareness of maintaining internal corporate justice and regard this as a kind of internal control mechanism. It provides the employees of the Corporation with reporting channels and guidance on whistleblowing.

The term “whistleblowing” refers to a situation where an employee decides to report serious concerns about any suspected misconduct, malpractice or irregularity which he has become aware of or genuinely suspects that the Corporation has been or may become involved in. This Policy is designed to encourage employees to raise serious concerns internally, in a responsible and effective manner, rather than overlooking a problem or blowing the whistle outside the organization. The content of this Policy is applicable to all employees of the Corporation and its subsidiaries.

### **POLICY**

This Policy is intended to assist individual employees (permanent or temporary employees) to disclose information relevant to suspected misconduct, malpractice or irregularity through a confidential reporting channel. It is not designed to further any personal disputes, question financial or business decisions taken by the Corporation nor should it be used to reconsider any staff matters which have been addressed under the grievance procedure already in place. Whistleblowing matters may include but are not confined to:

1. Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters
2. Violation of the rules and regulations of the Corporation or the Code of Business Conduct and Ethics of the Corporation

3. Improper conduct or unethical behavior likely to prejudice the standing of the Corporation
4. Breach of legal or regulatory requirements
5. Criminal offenses, breach of civil law and miscarriage of justice
6. Endangerment of the health and safety of an individual
7. Damage caused to the environment
8. Deliberate concealment of any of the above

#### PROTECTION AND CONFIDENTIALITY

It is the Corporation's policy to make every effort to treat all disclosures in a confidential and sensitive manner after employee reports concern about any of the above matters. The identity of the individual employee making genuine and appropriate allegation under this Policy are assured of fair treatment. In addition, employees are also assured of protection against unfair dismissal, victimization or unwarranted disciplinary action, even if the concerns raised turned out to be unsubstantiated.

Corporation reserves the right to take appropriate actions against anyone who initiates or threatens to initiate retaliation against those who have raised concerns under this Policy. In particular, employees who initiate or threaten retaliation will be subject to disciplinary actions, which may include summary dismissal.

Management will support all employees and encourage them to raise concerns without fear of reprisals.

#### PROCEDURE

##### 1. Reporting Channel for the Corporation

Employee who has a legitimate malpractice concern can raise the matter directly with the officer of the Governance and Sustainability Committee. The officer will review the complaint and decide how the investigation should proceed. Depending on the circumstances, the Governance and Sustainability Committee may consider nominating an appropriate investigating officer or set up a special committee to investigate the matter independently.

##### 2. Reporting Format and Supporting Documentation

Disclosures can be made in writing or by using the standard form (Whistleblower Report Form) attached to this Policy. While the Corporation does not expect the employee to have absolute proof or evidence of the misconduct, malpractice or irregularity reported, the report should show reasons for the concerns and full disclosure of any relevant details and supporting documentation.

The disclosure should be sent to the Chairman of the Governance and Sustainability Committee at 10/F MGO Building Legaspi cor Dela Rosa Streets Makati City, 0721 Philippines in a sealed envelope clearly marked "Strictly Private and Confidential – to be opened by Addressee Only" to ensure confidentiality, or through sending emails to [corporategovernance@mpic.com.ph](mailto:corporategovernance@mpic.com.ph). Employees should ensure all the attachments to the emails should have passwords in order to ensure confidentiality. Employees are

required to put their name to any disclosures they make. Anonymous complaints are usually not considered.

The Company will hold it a serious disciplinary offense for any person who seeks to prevent a communication of malpractice concerned reaching to the designated person, or to impede any investigation which he or anyone on his behalf may make.

### 3. Investigation Procedure

The format and length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The matters raised may:

- i. be investigated internally;
- ii. be referred to the External Auditor; and/or
- iii. form the subject of an independent inquiry

Chairman of the Governance and Sustainability Committee or the person designated to investigate the complaint will write to the complainant whenever reasonably practicable of the concern being received:

- i. acknowledging that the concern has been received;
- ii. advising whether or not the matter is to be investigated further and if so what the nature of the investigation will be;
- iii. giving an estimate of how long the investigation will take to provide a final response telling the complainant whether any initial inquiries have been made, and whether further investigation will take place, and if not, why not.

### FALSE REPORTS

If an employee makes a false report maliciously, with an ulterior motive, or for personal gain, the Corporation reserves the right to take appropriate actions against the employee to recover any loss or damage as a result of the false report. In particular, the employee may face disciplinary action, including dismissal, where appropriate.

### ANONYMOUS REPORTS

As the Corporation takes reporting of misconduct, malpractice, and irregularities seriously and wants to conduct warranted investigations of both potential and actual violations, it is preferred that these reports are not made anonymously. However, it is recognized that for any number of reasons, employees may not feel comfortable reporting potential violations directly to the Chairman of the Governance and Sustainability Committee. In these cases, anonymous reports may be submitted to the HR Department.

### RECORD RETENTION

Records shall be kept for all reported misconducts, malpractices, and irregularities by the relevant parties in the Corporation. In the event a reported irregularity leads to an investigation, the party responsible for leading/conducting the investigation shall ensure that all relevant information relating to the case is retained, including details of corrective action taken for a period not exceeding six years (or whatever other period may be specified by any relevant legislation).

#### APPROVAL, IMPLEMENTATION AND REVIEW OF POLICY

This policy has been approved and adopted by the Board of the Corporation. The Governance and Sustainability Committee has the overall responsibility for implementation, monitoring and periodic review of this Policy. In addition, the Audit Committee has delegated the day-to-day responsibility for administration of the Policy to the Chairman of the Governance and Sustainability Committee.

#### WHISTLEBLOWER REPORT FORM (CONFIDENTIAL)

Metro Pacific Investment Corporation (“Corporation”) is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. In line with that commitment, the Corporation encourages employees of to raise concerns and report in confidence, about misconducts, malpractices or irregularities in any matters related to the Corporation.

The Whistleblowing Policy has been established to encourage and assist Whistleblowers to disclose information relevant to the misconducts, malpractices or irregularities through a confidential reporting channel (to the extent possible). The Corporation will handle this report with care and will treat the Whistleblower’s concerns fairly and properly.

If you wish to make a written report, please use the report form below. Once completed, this report becomes confidential. You may send the report, marked “Strictly Private and Confidential – to be opened by Addressee Only” and addressed to the Chairman of the Governance and Sustainability Committee, by post to the relevant address below or by email to “corporategovernance@mpic.com.ph.”

To: Metro Pacific Investments Corporation  
10/F MGO Building Legaspi cor Dela Rosa Streets Makati City, 0721 Philippines  
Your Name/Contact Telephone  
Number and Email

We encourage you to provide your name with this report. Concerns expressed anonymously are much less powerful but they will be considered as far as practicable.

Name:  
Address:  
Tel No:  
Email:  
Date:

The names of those involved (if known):  
Details of concerns:

Please provide full details of your concerns: Names, dates and places and the reasons for the concerns (continue on separate sheet if necessary) together with any supporting evidence/documents.

## **BOARD MATTERS**

### ***Board Independence***

The Company's Board of Directors is primarily responsible for the governance of the Company and is structured to provide an independent check on management. Each director has the duty to contribute independent judgment to the formulation of sound corporate strategies and policies. The Company's Board of Directors is composed of three (3) executive directors and twelve (12) non-executive directors, three (3) of whom are independent directors. The Company's independent directors comply with Rule 38 of the Implementing Rules of the SRC on the qualifications, nomination and election of independent directors and has no business or other relationship with the Company that could, or could reasonably be perceived to materially interfere with the exercise of his/her independent judgment in carrying out his/her responsibilities as an independent director

### ***Board Process***

The Board regularly meets at least five (5) times a year to review operational performance, provide strategic direction, monitor implementation, discuss such other matters that directly or indirectly affect the operations of the Company and approve matters that are specifically entrusted to the Board's sound judgment.

The schedule for board of directors meetings for the coming year are approved by the Board during the last meeting of the previous year taking into consideration the scheduled meetings of the subsidiaries and other operating companies in order to ensure that conflicts in meeting schedules will be avoided. The dissemination/reminder of the scheduled board of directors' meetings are handled by the office of the Corporate Secretary as assisted by the PR and Corporate Communications Department of the Company. For 2021, the following is the approved board meeting schedule for the year:

<b>Activity</b>	<b>MPIC's Board Meeting Date</b>
FY 2020 Results	February 24, 2021 (Wednesday)
1Q 2021 Results	May 5, 2021 (Wednesday)
Pre-AGM Meeting and Organizational Meeting of the Board	May 28, 2021 (Friday)
1H 2021 Results	August 4, 2021 (Wednesday)
3Q 2021 Results and 2022 Budget	November 3, 2021 (Wednesday)

\*Schedules are subject to confirmation from the Company's Corporate Secretary and may change depending on circumstances.

To supplement the foregoing, the Company provides at least fourteen (14) days' notice for a regular meeting to give all directors an ample opportunity to attend, either in person or through teleconference, when necessary. Meeting agendas for regular board meetings are finalized after consultation with the Chairman and the Executive Directors. Sufficient and appropriate information, in the form of board presentations and related materials, are prepared and furnished to the directors prior to the scheduled dates for the board meetings in a timely manner.

### ***Board Assessment***

The Board acknowledges the importance of regular performance assessment, individually and collectively, to foster accountability. Performance assessments are done to evaluate the specific and overall performance of the Board, Board committees, and the President and CEO for the past calendar year. The

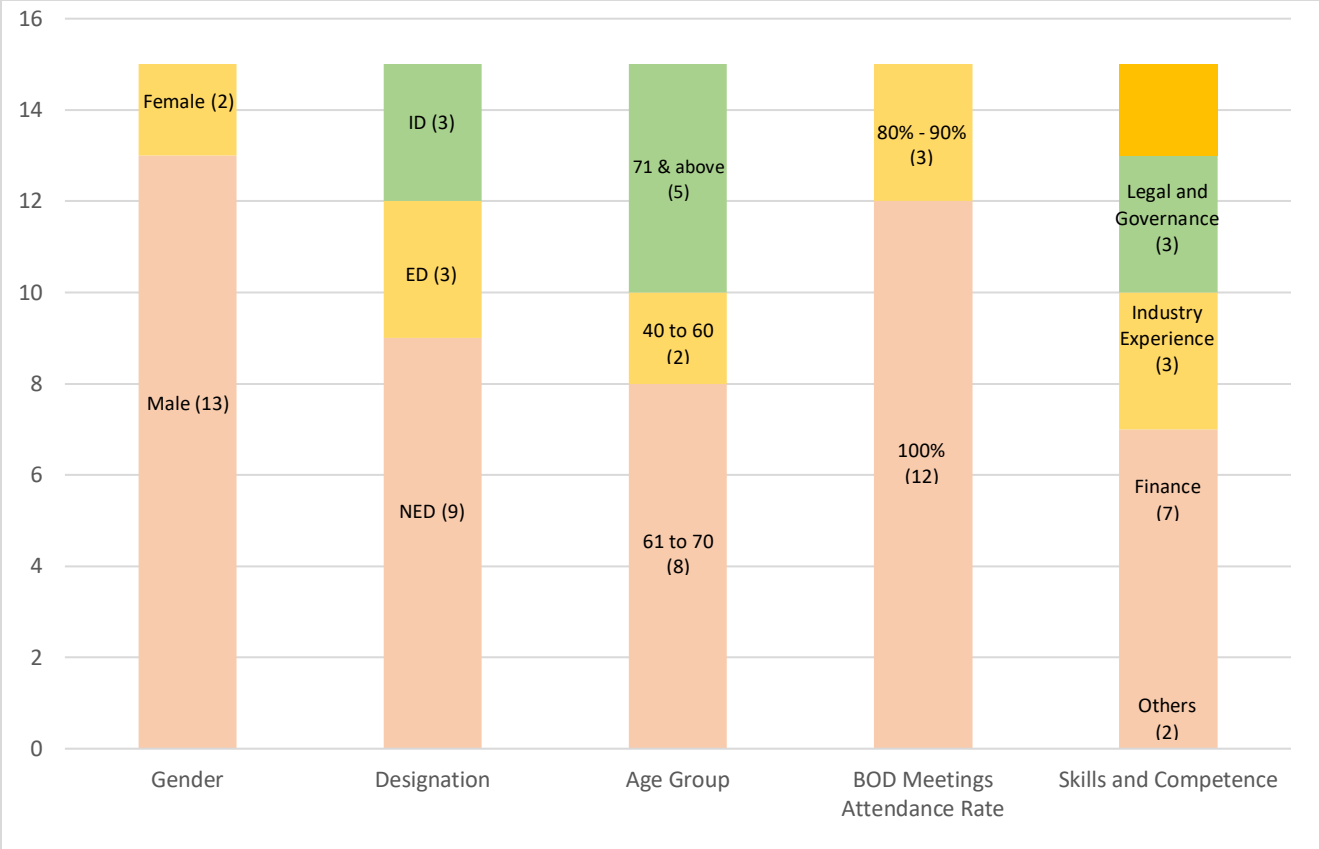
2020 assessment exercise was conducted on March 3, 2021. The Board evaluated their individual and collective performances regarding the Board and its committees' structures, processes and responsibilities. The Board also assessed the 2020 performance of the Company's President and CEO based on his leadership, working relations with the Board, management, and communication. Four (4) assessment instruments were accomplished by the directors as follows:

- (i) Board Self-Assessment;
- (ii) General Board Committee Performance Assessment;
- (iii) Board Committee Self-Assessment; and
- (iv) President & CEO Performance Assessment

### ***Board Diversity***

Consistent with the Company's commitment to the principles of good corporate governance, the Board Diversity Policy was approved on 7 November 2018 to ensure that the Board has suitable mix of expertise, experience and skills that would promote critical thinking and balanced decision-making that is in line with the Company's strategic goals and objectives. The Policy emphasizes that the primary consideration in the nomination and selection of directors shall always be merit, and that nominees shall not be discriminated against by reason of gender, religion, ethnicity, age and other factors. A copy of the Company's Board Diversity Policy is published in the Company's website [<http://www.mpic.com.ph/corporate-governance-our-policies/>].

An analysis of the Board's current composition is set out in the following chart:



The Company ensures that its Board composition and processes are compliant with the requirements provided by applicable Philippine laws, rules and regulations. The Company will likewise endeavor to adopt the recommended best practices (i.e. higher number of independent directors; increased female participation in the Board, etc.), whenever applicable and upon proper determination of the Board and Management.

**Succession Planning**

The Board recognizes the value of having continuity in senior management and of keeping people with the right skills, experience and character to lead the Company into achieving its targets and strategic goals. To that end, the Company adopted a Succession Planning Policy on 7 November 2018. The policy lays down the guidelines that management shall consider in identifying and preparing candidates in management to assume bigger responsibilities in case of vacancies in senior management positions due to retirement, resignation, incapacity or other reasons. A copy of the Company’s Succession Planning Policy is published in the Company’s website [<http://www.mpic.com.ph/corporate-governance-our-policies/>].

**Directors’ Training**

The Company adopts a policy requiring each MPIC director to undergo a continuing training program for at least four (4) hours each year to promote board performance and continuing qualification in carrying out directors’ duties and responsibilities. This annual continuing training program shall ensure that directors are continuously informed of the developments in the business and regulatory environments,

including emerging risks relevant to the Company. It may cover courses on corporate governance matters, including audit, internal controls, risk management, sustainability and strategy.

- **End** -