

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 unique in that many of our businesses are imbued with public interest.

As a result, we focus on putting together a framework that emphasizes transparency, accountability and integrity. The Company has adopted a Code of Business Conduct and Ethics consistent with its dedication to do business with the highest standards of ethics and in a manner which promotes good corporate governance. It has also adopted various policies in order to implement and operationalize the key principles under its Code of Business Conduct and Ethics.

The Company confirms its compliance with material laws, rules and regulations, its Revised Code of Corporate Governance and its various Governance and Compliance Policies.

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 our shareholders. We update minority shareholders of developments and any changes to our strategy. From numerous meetings, 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 and 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 2022 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	Manuel V. Pangilinan	27 May 2022	12	12	100%
Member	Jose Ma. K. Lim	27 May 2022	12	12	100%
Member	June Cheryl A. Cabal-Revilla	27 May 2022	12	12	100%
Member	Alfred V. Ty	27 May 2022	12	12	100%
Member	Augusto P. Palisoc Jr.	27 May 2022	12	12	100%
Member	Albert F. Del Rosario ¹	27 May 2022	12	11	92%
Member	Rodrigo E. Franco	27 May 2022	12	12	100%
Member	Ramoncito S. Fernandez	27 May 2022	12	12	100%
Member	Francisco C. Sebastian	27 May 2022	12	12	100%
Member	Ray C. Espinosa	27 May 2022	12	12	100%
Member	Christopher H. Young	27 May 2022	12	12	100%
Independent Director	Oscar J. Hilado	27 May 2022	12	12	100%
Independent Director	Pedro E. Roxas	27 May 2022	12	12	100%
Independent Director	Chief Justice Artemio V. Panganiban	27 May 2022	12	12	100%
Independent Director	Roberto C. Yap S.J.	27 May 2022	12	11	92%

Various Board committees help the Board oversee and evaluate the performance of the Company and

¹ Former Ambassador Albert F. Del Rosario passed away on April 18, 2023.

management. Each committee is chaired by a Non-Executive Director, majority of whom are Non-Executive and/or 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 Code of 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.

2022 Meetings of the Governance and Sustainability Committee:

Name	No. of Meetings Held	No. of Meetings Attended	%
Roberto S. Yap, S.J.	6	6	100%
Artemio V. Panganiban	6	6	100%
Oscar J. Hilado	6	6	100%

Audit Committee – has oversight of financial reporting and 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 following audit and non-audit related fees:

Year	Audit Fees	Non-Audit Fees
2022	P 11.2 million	P 4.2 million
2021	P 30.3 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 external auditor 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	%
Pedro E. Roxas	5	5	100%
Artemio V. Panganiban	5	5	100%
Francisco C. Sebastian	5	5	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 exposure 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	%
Artemio V. Panganiban	3	3	100%
Pedro E. Roxas	3	3	100%
Alfred V. Ty	3	3	100%
Manuel V. Pangilinan (non-voting)	3	3	100%

Compensation Committee – directly oversees the compensation of senior executives and overall compensation framework for all employees. They ensure 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	1	1	100%
Pedro E. Roxas	1	1	100%
Jose Ma. K. Lim	1	1	100%

Finance Committee – reviews the Company’s key financial and investment strategies, including capital allocation decisions and monitoring investment performances. It also identifies any related matters for referral to the Board for review and further consideration. Its creation was approved by the Board on February 4, 2020.

Name	No. of Meetings Held	No. of Meetings Attended	%
Oscar J. Hilado	6	6	100%
Artemio V. Panganiban	6	6	100%
Christopher H. Young	6	6	100%
Francisco C. Sebastian	6	6	100%
Manuel V. Pangilinan	6	6	100%
June Cheryl Cabal-Revilla (alternate member)	6	6	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	%
Christopher H. Young	2	2	100%
Albert F. Del Rosario	2	2	100%
Roberto S. Yap S.J.	2	2	100%
Manuel V. Pangilinan (non-voting)	2	2	100%

Data Privacy and Information Security - determines the strategic direction, policies, and procedures necessary to strengthen the security of Company data, information, and communication following the country’s laws on data privacy and cybersecurity. This committee also reviews and monitors the implementation of IT-related measures, given the rapid technological changes in this field.

Name	No. of Meetings Held*	No. of Meetings Attended	%
Artemio V. Panganiban	0	0	-
Pedro E. Roxas	0	0	-
Alfred V. Ty	0	0	-
Manuel V. Pangilinan (non-voting)	0	0	-

**The Data Privacy and Information Security Committee was newly established in the second half of 2022. It held its first meeting on April 28, 2023.*

Each of the seven (7) 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. Copies of the Committee Charters are published in the Company’s website.

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 Good Governance Advocates and Practitioners of the Philippines (GGAPP). This institution 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 the Company's website [<http://www.mpic.com.ph/corporate-governance-our-policies/>]

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, four (4) of whom are independent directors. The Company's independent directors comply with applicable laws and regulations 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 2023, the following is the approved board meeting schedule for the year:

Activity	Board Meeting Date
FY 2022 Results	March 8, 2023 (Wednesday)
1Q 2023 Results	May 3, 2023 (Wednesday)
Pre-AGM and Organizational Meeting	June 06, 2023 (Tuesday)
1H 2023 Results	August 14, 2023 (Monday)
3Q 2023 Results	November 8, 2023 (Wednesday)
2024 Budget	December 06, 2023 (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 2022 assessment exercise was conducted on March 8, 2023. The Board evaluated their individual and collective performances regarding the Board and its committees' structures, processes and responsibilities. The Board also assessed the 2022 performance of the Company's President and CEO based on his leadership, working relations with the Board, management, and communication, as well as the performance of the Chief Sustainability Officer, Chief Risk Officer, Compliance Officer, Corporate Governance Officer and Internal Audit Head. The following assessment instruments were accomplished by the directors:

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

Board Diversity

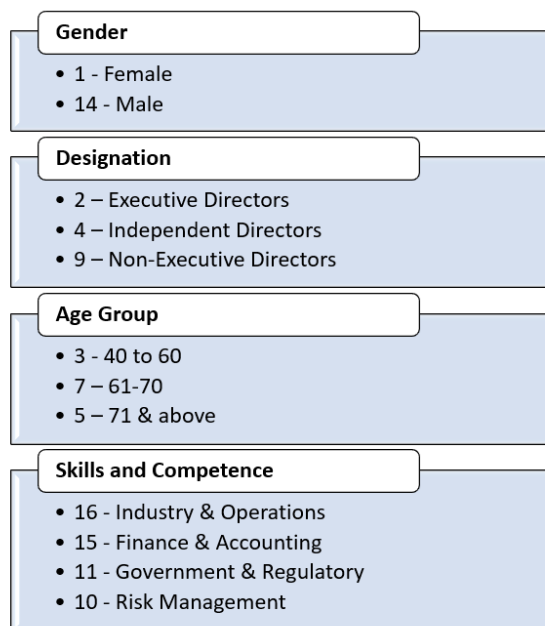
Consistent with the Company's commitment to the principles of good corporate governance, the Board Diversity Policy was approved on 7 November 2018 to ensure that the Board has suitable mix of expertise, experience and skills that would promote critical thinking and balanced decision-making that is in 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/>).

The Company's Board Diversity Policy recognizes the need for, and embraces the benefits of, having a diverse Board in order to enhance its performance and decision-making. Furthermore, the Company's Guidelines on the Search, Screening and Selection of Directors provides that the composition of the Board must be an effective and balanced mix of knowledge, expertise, experience and complementary skills and knowledge that are mutually enforcing and promotes diversity in terms of age, gender and ethnicity, among others. Pursuant thereto, the Company is encouraged by its diversity targets to have the following Board composition:

1. More independent directors than the minimum required by law (20%);
2. more than one director must be female;
3. at least one director with international experience in industry and operations, finance and/or risk management;

4. the board membership must have a good mix of expertise in the following fields: (a) industry and operations (particularly in industries where the Company is invested in); ((b) risk management; (c) finance and accounting; and (d) government and regulatory.

An analysis of the Board’s current composition is summarized below:



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. The following are the Corporate Governance trainings attended by

the directors for the past two years:

Date	Program Title	Training Provider
17 September 2021	Becoming Obsessed with the Customer by John Rossman	PLDT Corporate Governance Office
12 November 2021	Agile Leadership: A Conversation with Anna Wintour	PLDT Corporate Governance Office
22 September 2022	The Metaverse and How it will Transform Business and Human Interaction by Mr. Matthew Ball	PLDT Corporate Governance Office

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 -