

**CHARTER OF THE CORPORATE GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS OF THE  
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**

**PURPOSE**

The Board of Directors (the “Board”) of the Philippine National Construction Corporation (the “Company”) has created the Corporate Governance Committee pursuant to the provision of Revised Manual on Corporate Governance to:

- (a) Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the company’s size, complexity and business strategy, as well as its business regulatory environment;
- (b) 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;
- (c) Ensures 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;
- (d) Recommends continuing education / training programs for directors, assignment of tasks / projects to board committees, succession plan for the Board members and senior officers, and remuneration packages for corporate and individual performance;
- (e) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- (f) Proposes and plans relevant trainings for the members of the Board;
- (g) Determines the nomination and 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;
- (h) Establishes a formal and transparent procedure to develop policy for determining the remuneration of directors and officers that is consistent with the company’s culture and strategy as well as the business environment in which it operates.

**COMPOSITION, MEMBERSHIP AND OPERATION**

1. Composition –The Committee shall be composed of three (3) members, all of whom shall be independent directors, including the Chairman. Members shall be appointed to, and may be removed from, the Committee by the Board.

2. Operation – A majority of the members of the Committee shall constitute a quorum for doing business. All actions of the Committee shall be taken up by a majority vote of the members of the Committee present at a meeting at which a quorum is present or by unanimous written consent. The Committee Chair, who shall be selected by the Board, is responsible for the leadership of the Committee, including preparation of meeting agendas. The Committee may, at its discretion, delegate such of its authority and responsibilities as the Committee deems proper to members of the Committee,
3. Meetings – The Committee shall meet as often as it deems necessary in order to perform its responsibilities. If necessary, the Committee Chair may call special meetings of the Committee. The Committee shall keep records of its meetings as it deems appropriate and the Committee Chair shall report regularly to the Board on its activities.

## **AUTHORITY AND RESPONSIBILITIES OF CORPORATE GOVERNANCE COMMITTEE**

To fulfill its responsibilities, the Corporate Governance Committee shall:

a. Corporate Governance

1. Develop and recommend to the Board a set of corporate governance framework for the Company.
2. Monitor the compliance of the Company to its corporate governance framework and reports periodically to the Board the status of compliances.
3. Consider any other corporate governance issues that arise and develop appropriate recommendations for the Board.
4. Review and evaluate the adequacy of the corporate governance framework annually and recommend to the Board any changes deemed appropriate by the Committee.
5. Recommend to the Board revisions to the charters of Board Committees, after consulting with the committee members. The Committee also shall review and assess the adequacy of its charter annually, and if applicable, recommend changes to the Board for approval.
6. Periodically review and assess the Company's communication to stockholders and general public with respect to its policies and practices in the areas of corporate governance, including communication contained on the Company's website.
7. Perform any activities consistent with this Charter, the Company's Articles of Incorporation and By-laws

b. Performance Evaluation

1. Formulates recommends to the Board a performance evaluation mechanism.
2. Oversee the evaluation of the Board as a whole and its committees as well as executive management, including the Chief Executive Officer.
3. Receives comments from all directors as to the Board performance and report annually to the Board with an assessment of the Boards performance.

4. Ensures 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.

c. Directors' Continuing Education and Management Succession Plan

1. The committee shall develop and review an orientation education program for directors meeting the requirements set forth in the Company's Corporate Governance Manual.
2. Provide input and recommendations on the agenda and content of the mandatory orientation program for new directors.
3. Proposes and plans relevant trainings for the members of the Board.
4. Review the Company's processes for senior management development and succession throughout the leadership ranks.
5. Review and evaluate with Chief Executive officer the long-range plans for management succession and make appropriate recommendations with respect thereto.

d. Board Candidates and Nominees

1. Establish criteria for evaluating the suitability of potential director nominees, including independent director nominated by stockholders. In considering potential nominees, the Committee shall observe the membership criteria approved by the Board including criteria contained in the Corporate Governance Manual. In addition, the Committee shall consider such other factors as it deems appropriate that are consistent with criteria approved by the Board, which could include, without limitation, all legal (set forth in the Corporation Code) or regulatory requirements (Securities and Exchange Commission and Philippine Stock Exchange).
2. Establish a procedure for identifying nominees for Board membership, evaluating such individuals and recommending nominees to the Board.
3. Review the suitability for continued service as a Director of each Board member when his/her term expires and when he/she has a significant change in status, including but not limited to an employment change, and recommend whether or not the director should be re-nominated to the Board or continue as a director.

e. Director Compensation

1. Review and approve meeting per diem and reimbursable allowance in consideration of applicable order and/or circular determined by the Corporate Governance for GOCCs (GCG).
2. Establishes a formal and transparent procedure to develop policy for determining the remuneration of executive officers that is consistent with the company's culture and strategy as well as the business environment in which it operates.

## **RESOURCES OF CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee has sole authority to negotiate contracts and retain other professionals to advise the Corporate Governance Committee.

Approved : April 10, 2019 BD 38-2019