

**PHILLIPINE NATIONAL CONSTRUCTION CORPORATION  
BOARD OF DIRECTORS  
CHARTER OF THE FINANCE COMMITTEE**

**I. PURPOSE:**

The **Finance Committee** (the “**Committee**”) is organized, and its members appointed, by the Board of Directors (the “**Board**”) of **Philippine Construction Corporation** (the “**Company**”) to assist the latter in carrying out its responsibilities for policy formulation and for oversight of Company’s financial performance, including, among others, the budgeting and financial planning, establishment of investment benchmarks and policy, reviewing and monitoring of investment performance, optimizing returns on the investment at a level of risk that the Company is willing to absorb and authorizing acceptable accounting and disbursement procedures for all funds under jurisdiction of the Company.

It shall also evaluate and recommend to the Board new financial placements and other similar investments, as may be proposed by the Management.

**II. RESOURCES AND AUTHORITY:**

In line with its policy-making and oversight functions, the Committee shall have the resources and authority appropriate to discharge its duties and responsibilities over the following, among others:

1. Review and evaluate proposed policies on financial identification, measurement, and monitoring methods or instruments for the financial management program in accordance with international standards, with technical assistance from consultants when necessary.
2. The Committee shall have the authority to obtain assistance from all units of the Company and shall have the authority to select, retain and terminate counsel and other experts or consultants, including sole authority to approve the third party’s fees and other retention terms in carrying out its functions. The Committee shall likewise have the authority to direct the Legal Department to conduct investigations on any matter within the scope of the Committee’s responsibilities
3. In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company and may also request, through the Office of the President and Chief Executive Officer (CEO) to be facilitated by the Office of the Corporate Secretary, PNCC officers, employees or consultant of the Company, including the Company’s outside counsel, to attend its meetings/meet with any members of, or consultants to, the Committee and to provide reports, information and/or assistance as may be necessary, in order to carry out activities within the scope of its responsibilities.
4. Oversight functions over the Treasury Department and investible funds and measures of the PNCC.

### **III. COMPOSITION:**

The Committee generally shall consist of at least five members of the Board. The Board shall appoint the members of the Committee, one of whom shall be appointed by the Board as the Chairperson of the Committee. Likewise, the Board may also remove a Committee member from membership on the Committee at any time, with or without cause.

Members shall qualify for service on the Committee based primarily upon their ability to further the Committee's purposes and to assist the Committee in meeting its duties and responsibilities.

### **IV. MEETINGS:**

The Committee shall meet regularly, or more frequently as may be necessary. Members may participate in the Committee meetings via teleconference, video conference or other forms of alternative media.

The Chief Executive Officer or President of the Company, the Chairman of the Board or any member of the Committee may call a meeting of the Committee at any time. It is anticipated that the Committee will meet as required to review relevant issues, generally in conjunction with the regularly scheduled meetings of the Board, and from time to time as otherwise required or appropriate. A majority of the Committee members shall constitute a quorum for the transaction of business. To the extent permitted by the Company's Articles of Incorporation, By-Laws and Manual on Corporate Governance, the Committee may also take action by unanimous written consent.

### **V. RESPONSIBILITY AND DUTIES**

The responsibility of the Committee is to support the Board in its policy-making and oversight functions.

1. Review the Company's proposed capital budget, including expected financing approaches, and make recommendations to the Board on whether to approve the proposed capital budget.
2. Review management's assessment of the Company's capital structure, including dividend policies and stock repurchase programs, debt capacity and liquidity.
3. Review procedures established by management to monitor debt-related covenant compliance and discuss with management any effect of covenants on the Company's capital structure.
4. Review financing and liquidity initiatives to be proposed by management for Board action.
5. Review and monitor the Company's debt ratings.

### **VI. REPORTING**

The Committee will work under the direction of, and report to, the PNCC Board of Directors.

The Committee shall require the Controller Departments to regularly report the results of its monitoring on the PNCC budget/financial performance, its recommendation thereto, and the appropriate actions taken by the Management. It shall likewise require the reporting of all other financial-related matters and issues.

The Committee shall also require, through the Office of the President and CEO, the Treasury Department to regularly report the financial status of the Company and all other related matters and concerns.

The Committee may also review and endorse to Board for approval or notation any other reports that relate to the Committee's responsibilities.

## **VII. CHARTER REVIEW:**

Nothing in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purpose and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Charter is intended to be consistent with, and should be read in conjunction with, the Company's Manual on Corporate Governance.

The Committee shall review and assess the adequacy of the Charter periodically and proposed changes as may be necessary, subject to the approval of the PNCC Board of Directors.

## **VIII. EFFECTIVITY**

This Charter shall take effect immediately upon its approval.

Approved : April 10, 2019 BD 40-2019