



CHARTER OF THE BOARD OF DIRECTORS

This Charter of the Board of Directors of Concepcion Industrial Corporation (“**Charter**”) was approved and adopted by the Board of Directors on January 31, 2023.

1. **Definition of Terms**

The following terms are used in this Charter with the respective meanings ascribed to such terms below, unless the context otherwise requires:

“**Articles**” shall mean the Articles of Incorporation of the Company, as revised from time to time.

“**Board**” shall mean the Board of Directors of the Company, as constituted from time to time.

“**By Laws**” shall mean the By Laws of the Company, as revised from time to time.

“**CG Committee**” means the Corporate Governance, Nominations and Remuneration Committee of the Board.

“**CG Manual**” means the Corporate Governance Manual of the Company, and all amendments thereto.

“**Company**” shall mean Concepcion Industrial Corporation.

“**Corporation Code**” shall mean Republic Act No. 11232 otherwise known as the “Revised Corporation Code of the Philippines”.

“**Director**” shall mean a duly elected member of the Board.

“**Governance Policies**” shall collectively mean the Company’s Code of Ethics, Policy on Conflict of Interest, Policy on Whistleblowing, Policy on Insider Trading, and Policy on Related Party Transactions.

“**Independent Director**” shall mean a Director who is independent of Management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Company.



“Management” shall mean the body responsible for the day-to-day conduct of the business of the Company and the implementation of its business strategies, plans and policies.

“Non-Executive Director” means a Director who has no executive responsibility for the day-to-day operations of the Company.

“SEC” shall mean the Securities and Exchange Commission of the Philippines.

“Securities Code” shall mean Republic Act No. 8799 otherwise known as the “Securities Regulations Code”.

2. Structure

2.1 Composition

- a.) The Board shall be composed of nine (9) Directors or such number provided in the Articles, duly elected in accordance with applicable laws and the By-Laws.
- b.) Majority of the members of the Board shall be Non-Executive Directors, including three (3) Independent Directors or such number as would constitute at least twenty percent (20%) of the members of the Board, with diverse professional and personal backgrounds.

2.2 Qualifications and Disqualifications

- a.) A Director must possess the minimum qualifications set forth in Article III, Section 3 of the By-Laws, Section 2.5 of the CG Manual, the Corporation Code, the Securities Code, and other relevant laws, rules and regulations.
- b.) No person shall qualify or be eligible for nomination for election as Director if he or she possesses or is subject to any of the disqualifications set forth in Article III, Section 3 of the By-Laws, Section 2.6 (a) of the CG Manual, the Corporation Code, the Securities Code, and other relevant laws, rules, and regulations.
- c.) An Independent Director must meet the minimum criteria set forth in Article III, Section 4 of the By-Laws, Section 4.2 of the CG Manual, the Corporation Code, the Securities Code, and other relevant laws, rules, and regulations.

2.3 Temporary Disqualification



- a.) The CG Committee may recommend to the Board the temporary disqualification of a Director based on the grounds set forth in Section 2.6(b) of the CG Manual.
- b.) A temporary disqualification of a Director recommended by the CG Committee to be valid must be approved by the Board, and comply with the requirements of applicable laws, rules, and regulations.
- c.) A Director who has been temporarily disqualified shall, within the period prescribed by the Board, take the appropriate action to remedy the disqualification. If he or she fails to do so for unjustified reasons, the disqualification shall become permanent.

2.4 Board Diversity

The Company recognizes and embraces the benefits of diversity on the Board, and view diversity at the Board level as an essential element in attaining its strategic objectives and sustainable development. The Board strives to ensure that its membership reflects diversity in its broadest sense. A combination of culture, knowledge, skills, experience, age, gender, educational and professional background are important for providing a range of perspectives to overcome challenges, improve business performance, and support good decision making. Such diversity will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

2.5 Election and Term

- a.) Directors shall be elected at the annual meeting or special meeting of stockholders duly called and convened for such purpose. Director-nominees who receive the highest number of votes at the stockholders meeting at which there is a quorum shall be declared elected as such.
- b.) Directors elected at the annual meeting of stockholders shall hold office for one (1) year and until their successors shall have been elected and qualified, except in case of death, resignation, disqualification, or removal from office.
- c.) In case of a vacancy in the Board other than by removal by the stockholders or by expiration of term of office, the vacancy may be filled by the votes of at least a majority of the remaining Directors, if still constituting a quorum, at a meeting duly called and



convened for such purpose. A Director elected to fill a vacancy, either in a stockholders' meeting or Board meeting duly called and convened for such purpose, shall be elected only for the unexpired term of his predecessor in office.

- d.) As a rule, an Independent Director shall only serve for a maximum of nine (9) consecutive years (the “**Term Limit**”). However, in case the Company desires to re-elect an Independent Director beyond the Term Limit, the Board should provide meritorious justifications and secure shareholders' approval during the annual meeting of stockholders.

3 Powers, Duties and Responsibilities of the Board

3.1 Board

- a.) The Board shall exercise the corporate powers, conduct the business and control the properties of the Company, in accordance with applicable laws, the By Laws and the CG Manual. It shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitability consistent with the corporate objectives and long-term best interest of the Company, its stockholders, and other stakeholders, as a whole.
- b.) Without prejudice to such general powers and such other powers as may be granted by law, the Board shall have the express powers set forth in Article III, Section 1 of the By-Laws and the duties and responsibilities set forth in Section 2.2 of the CG Manual.

3.2 Directors

- a.) Each Director shall act in the manner set forth in Section 2.3 of the CG Manual, characterized by integrity, transparency, accountability, and fairness, and consistent with his threefold duty of diligence, obedience, and loyalty to the Company.
- b.) Each Director shall abide by the Governance Policies, and shall:



- Observe and safeguard the confidentiality of non-public information acquired by reason of his position;
- Avoid any actual or apparent conflict of interest between his or his related party's private interest and the interest of the Company or any of its subsidiaries, and in case of any such potential or actual conflict of interest with respect to any transaction involving the Company or any of its subsidiaries, shall disclose the nature and extent of his or his related party's interest in such transaction and inhibit from any discussion, action or decision making with respect to such transaction;
- Not acquire for himself or his related party a business opportunity which should belong to the Company or any interest adverse to the Company, in conflict with his duty as such director; and
- Notify the Board before accepting a directorship in another company, and carefully consider the effect of accepting such directorship on his ability to serve and perform his duties and responsibilities diligently and efficiently as a director of the Company.

3.3 Chairman of the Board, Chief Executive Officer and Corporate Secretary

- a.) The Board shall select from its membership and appoint a Chairman who shall provide leadership for the Board and ensure that it works effectively and performs its duties in accordance with law, the By-Laws and CG Manual. The Chairman shall have the functions and responsibilities set forth in Article IV, Section 2 of the By-Laws, and Section 5.1 of the CG Manual.
- b.) The roles of the Chairman and the Chief Executive Officer should, as practicable, be separate and there should be a delineation of functions between them for an appropriate balance of power, increased accountability and better independent decision making by the Board. The functions and responsibilities of the Chief Executive Officer are set forth in Article IV, Section 4 of the By-Laws and Section 5.2 of the CG Manual.



- c.) A Lead Independent Director must be appointed if the Chairman of the Board is not independent of Management, such as when the positions of Chairman of the Board and Chief Executive Officer are held by one person.
- d.) The Board shall ensure that it is assisted in its duties by a Corporate Secretary who shall have the duties and responsibilities set forth in Article IV, Section 5 of the By-Laws and Section 5.3 of the CG Manual.

3.4 Access to Professional Advise and Management

- a.) The Board may obtain advice from professional consultants and subject matter experts, at the Company's expense, as it may deem necessary or appropriate to carry out its functions and responsibilities.
- b.) The Board may invite such members of Management and other persons in its meetings as it may deem necessary or appropriate to carry out its functions and responsibilities.
- c.) The Board shall have reasonably free and full access to all information, data, records, properties and personnel of the Company.

4 Board Meetings

4.1 Frequency

The Board shall meet at least every quarter and will hold additional meetings as necessary.

4.2 Schedule of Meetings

The schedule of the regular meetings of the Board for the ensuing year shall be determined at the last meeting of the Board in the current year.

4.3 Notice of Meetings

Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated to each Director by any customary means of communication (eg. email, telephone, telefax), at



least twenty-four (24) hours prior to the time fixed for the meeting. A Director may waive the notice requirement either expressly or impliedly.

4.4 Quorum

- a.) At any meeting of the Board, a majority of the number of the Directors as specified in the Articles shall constitute a quorum for the transaction of business.
- b.) At any meeting of the Board at which there is a quorum, all matters approved by at least a majority of the Directors present at such meeting shall be valid as a corporate act, except for such matters which require the vote of majority of all the members of the Board as prescribed by law or the By-Laws.

4.5 Attendance

- a.) Each Director shall attend and actively participate in all meetings of the Board, except when justifiable causes prevent his attendance, to ensure that the quorum requirement will be met. Justifiable causes include, but are not limited to, illness, death of an immediate family member, or accident.
- b.) At any meeting of the Board, an Independent Director should always be in attendance to promote transparency. However, unless otherwise provided in the By-Laws, the absence of an Independent Director shall not affect the quorum requirement.
- c.) Directors must be physically present in Board meetings or may participate therein through teleconferencing or videoconferencing conducted in accordance with the applicable rules and regulations of the SEC. Directors cannot attend Board meetings or vote therein by means of a proxy.

4.6 Executive Session of the Board

- a.) The Independent Directors and Non-Executive Directors shall hold an executive session at least once a year. The executive session shall be presided by the Lead Independent Director.



4.7 Agenda and Board Materials

The agenda and information package for each Board meeting should be sent to each Director at least five (5) days in advance, whenever possible and appropriate.

5. Compensation, Training, and Evaluation

5.1 Compensation

Directors shall not receive any compensation other than reasonable per diems, unless such compensation is provided in the By-Laws or approved by stockholders representing at least a majority of the outstanding capital stock of the Company.

5.2 Training

- a.) An orientation program shall be conducted for first-time Directors in order for new Directors to be apprised of their duties and responsibilities before beginning their directorships. Such program shall include, among other matters, an introduction to the Company's business, the industry in which it operates, its financial condition and results of operations, Governance Policies and other topics that would suit the specific needs of the Company and the new Directors and aid the new Directors in performing their duties and responsibilities.
- b.) All Directors are also required to participate in relevant annual continuing education programs at the Company's expense to maintain a current and effective Board and continuing qualification of the Directors in carrying-out their duties and responsibilities.

5.3 Performance Evaluation

The Board shall conduct, at least once a year, a self-assessment to evaluate the performance of the Board as a whole, the Board Committees and individual Directors. The annual self-assessment process may, as practicable, be supported by an external facilitator every three (3) years.



6 Amendment

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