

## GOVERNANCE, NOMINATIONS AND COMPENSATION COMMITTEE CHARTER

### **Rationale**

In pursuit of good corporate governance, in compliance with Megawide Construction Corporation's (the "Company") New Manual on Corporate Governance (the "New Manual"), and upon recommendation of the Governance, Nominations and Compensation Committee ("GNCC"), the Board of Directors (the "Board") of the Company hereby adopts this GNCC Charter (this "Charter") to govern its oversight functions and activities.

### **Committee Composition**

The GNCC shall have at least three (3) members, all of whom shall be independent directors, including the Chairman.

### **Roles and Responsibilities**

The GNCC shall assist the Board in its responsibilities on: (a) corporate governance; (b) nomination and election process; and (c) compensation.

The GNCC may also perform such other functions as may be delegated or authorized by the Board.

### **A. Corporate Governance**

On behalf of the Board, the GNCC shall be tasked to ensure that the Company adheres to good corporate governance principles and practices as provided for in the New Manual. The GNCC shall be assisted in its oversight duties by a Compliance Officer, who shall have a rank of Vice-President, or an equivalent position, with adequate stature and authority in the organization.

#### *Compliance Officer*

The Compliance Officer shall not be a member of the Board and shall annually attend training on corporate governance. He shall be a member of the Company's management team in charge of the compliance function in corporate governance. Similar to the Corporate Secretary, he is primarily accountable to the Company and its shareholders, and not to its Chairman, President or Chief Executive Officer. The GNCC shall ensure that the Compliance Officer performs his duties and responsibilities under Section VI (1) (f) of the New Manual.

#### *Director Training*

In addition, the GNCC shall ensure that a system is adopted on the training of directors which shall include an orientation program for first-time directors and relevant annual continuing training for all directors. The orientation program shall cover topics on corporate governance mandated by the Securities and Exchange Commission ("SEC") and an introduction to the Company's business, corporate/charter documents, and Company policies. Meanwhile, the annual seminars and/or training shall concern courses on corporate governance matters relevant to the Company, including audit, internal control, risk management, sustainability and strategy.

#### *Annual Assessment of the Company*

The GNCC shall assess the performance and compliance of the Company with the New Manual and other relevant regulatory requirements by accomplishing the Company's Annual Corporate Governance Self-Evaluation Report.

## **B. Nomination and Election Process**

The GNCC shall be tasked to implement guidelines and standards for its members that will facilitate the selection of potential nominees for Board seats, and to serve as a benchmark for the evaluation of the said nominee's performance. The GNCC shall oversee a consistent adoption of a formal and transparent Board nomination and election policy that shall include a process of accepting nominations from minority shareholders and vetting nominated candidates.

The Board policy shall also include an annual assessment of the effectiveness of its processes and procedures in the nomination, election, or replacement of a director. In addition, the manner by which it will identify the quality of directors shall be aligned with the strategic direction of the Company.

The following comprises the detailed functions of the GNCC with regard to the nomination and election process, among others:

1. Develop a criterion for identifying, selecting and evaluating candidates for the Board, including guidelines for assessing their independence. Amongst these criteria are desired board skills and attributes, business and management experience, diversity of talents, background, perspectives, ability to devote the time and effort necessary to fulfill the responsibilities as a Board member, and familiarity with the business and relevant regulatory requirements.
2. Identify and recruit qualified director candidates for the Board and review director candidates recommended and nominated validly by the shareholders or directors of the Company.
3. Receive nominations of candidates for election as directors from stockholders either by electronic mail, regular mail or personal delivery and submitted by shareholders within the period designated.
4. Review and evaluate the qualifications of all persons nominated to the Board, in relation to the criteria set forth in the New Manual, the Company By-Laws, and applicable regulations, including whether the candidates: (1) possess the knowledge, skills, experience, and in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between Board members. The GNCC may secure the assistance of an executive search firm, if necessary, for this purpose.
5. Review annually the contributions and independence of existing directors and recommend director nominee candidates to the Board for election or re-election at the annual stockholders meeting and to fill such Board vacancies as it may occur during the year.
6. Conduct a periodic review of the Board's committee structure, including evaluation of board size, composition and activities, practices, committees and committee membership. Review and recommend to the Board concerning qualifications, appointment, removal and replacement of directors and committee members

The process shall also include monitoring the qualifications of the directors and the grounds for the disqualification of a director.

## **C. Compensation**

Through the GNCC, the Board shall oversee the establishment and administration of the Company's compensation program, and align the remuneration of key officers and Board members with its long-term interests. The GNCC shall formulate and adopt a policy specifying the relationship between remuneration and performance.

Directors' compensation shall always be in accordance with the By-Laws of the Company and/or as approved by the stockholders during an annual stockholders' meeting. The Board shall, from time to time, approve a reasonable *per diem* that a director may receive for attendance in Board meetings and Board committee meetings.

The specific duties and responsibilities of the GNCC in the area of compensation are detailed as follows:

1. Oversee and evaluate the Company's human resource planning process and succession plans for the Chief Executive Officer ("CEO") and other senior executive positions. Recommend for Board approval short-listed candidates for these positions.
2. Establish and review annually an emergency succession plan for the CEO and other senior executive positions.
3. Evaluate the performance of the CEO, approve annual salary, bonus and other incentive awards, remuneration or executive benefits to the CEO. In determining the long-term incentive component of CEO compensation, the GNCC shall consider, among other factors, the Company's performance and relative shareholder return, the amount of similar incentives awards to CEOs at comparable companies and the awards given to the CEO in the past years.
4. Review and approve senior officers' salary, bonus and awards based on the GNCC's established criteria. Oversees regulatory compliance with respect to these compensation matters.
5. Review and approve any severance or similar termination payments proposed to be made to any current or former member of senior officers of the Company.
6. Review periodically and make recommendations to the Board concerning the level/status of the Board compensation in relation to best practices of other similarly situated public companies.
7. Evaluate annually the performance of the GNCC and report the results of evaluation to the Board.
8. Prepare and approve all reports of the GNCC in accordance with the applicable rules and regulations of the SEC.
9. Discharge any responsibilities delegated by the Board relating to the Company's compensation programs.

### **Committee Policies and Procedures**

1. *Appointment and Removal.* The members of the GNCC shall be appointed by the Board, who shall serve at the pleasure of the Board, and under such terms as the Board may determine. The members of the GNCC may be removed, with or without cause, by the action of the Board.
2. *Engagement of Outside Advisors.* In carrying out its duties or responsibilities, the GNCC may directly engage outside advisors, such as, but not limited to, legal and accounting. The Company shall provide the necessary funding therefor, as recommended by the GNCC. The advisors may be required by the GNCC to submit written opinions or to attend any part of its meetings. Any members of the GNCC may, however, ask for the exclusion of any advisor from its meetings.
3. *Access to Information and Employees.* The GNCC is empowered to inquire, should it deem necessary or appropriate, any matter in relation to its purpose, duties or responsibilities and shall have full and direct access to all books, records, facilities, and personnel of the Company.
4. *Meetings and Quorum.* The GNCC shall meet at least every other month and at such dates, times, and places, as it shall consider appropriate to fulfill its duties and responsibilities. Its meetings shall be convened by the Chairman as he considers appropriate, or upon the request of a majority of the



members. All members are expected to attend meetings in person, but in special circumstances are allowed to be present by means of video conference, teleconference, or other electronic means. Should any member, advisor or observer participate in a meeting of the GNCC through teleconference or video conference, all persons participating in the meeting should be able to hear each other.

The Corporate Secretary shall send notice at least three (3) days before any meeting, specifying the place, date and time, and the agenda thereof.

The quorum for any meeting of the GNCC shall be at least a majority of the members present throughout the meeting. When a quorum exists, the vote of majority of the members present shall constitute an action or a decision of the GNCC.

5. *Minutes and Records.* The Corporate Secretary shall prepare the minutes of the GNCC meetings and keep its records. Such records shall be open for inspection by any member upon reasonable prior notice and during office hours. Minutes of any meeting shall be signed by the GNCC Chairman and the members present during the meeting.
6. *Reports to the Board.* The GNCC Chairman shall likewise submit and present a report to the Board, containing updates on all actions taken by the GNCC at the Board meeting following the GNCC meeting.
7. *Performance Evaluation.* The GNCC shall review its performance annually with respect to the fulfillment of its duties, functions, and responsibilities, as mandated by this Charter.

### **Charter Review**

This Charter shall be reviewed at least annually by the GNCC to ensure its continuing adequacy and consistency with the Company's objectives, vision, mission, and values, and the Board's duties, functions, and responsibilities. It may be amended or revised upon the prior approval of the Board.

### **Approval and Effectivity**

This Charter was approved by the Board on 14 May 2018 and shall take effect immediately upon such approval.