

## MEGAWIDE CONSTRUCTION CORPORATION BOARD OF DIRECTORS

### Board Self-Evaluation Policy

In keeping with the highest standards of corporate governance and accountability, the Board of Directors (the “Board”) of Megawide Construction Corporation (the “Company”) hereby adopts this Board Self-Evaluation Policy (this “Policy”) with annexes, to assess, appraise, and measure the annual performance of the Board, its Chairman, Board Committees, and individual Directors.

#### **Rationale**

In view of the complex and expanding functions, duties, and responsibilities of the Board in a rapidly changing business and regulatory environment, there is a need for regular feedback and a self-evaluation system. Thus, as part of the Company’s annual corporate governance process, the Board shall conduct a self-evaluation, in accordance with this Policy, to determine: (a) the effectiveness of the Board and its Board Committees; (b) the competency and leadership capability of its Chairman; and (c) the performance of its individual Directors, especially in relation with and in pursuit of their fiduciary duties.

The primary purpose of the self-evaluation is not merely for legal compliance, but, more importantly, for the Board to review its contributions to the Company’s success and identify how it can strengthen further the manner in which it operates and governs. The Board and its individual Directors, collectively and individually, believe that this exercise will bring out the best in them for the benefit of the Company.

This Policy is neither meant to produce a report card nor to place blame on, or embarrass and demean a particular Director. If properly conducted, the assessment process produces both tangible and intangible values and benefits not only for the Board, its Chairman, Board Committees and individual Directors but also for the Company, and ultimately, for its stakeholders.

#### **Coverage of this Policy**

This Policy shall provide the guidelines and procedures in relation to the evaluation and assessment of the following:

##### **A. Board of Directors**

With the increasing demand by stakeholders and regulators for effective corporate governance, publicly-listed corporations are expected to have a working, competent and transparent Board of Directors. Hence, the Company must ensure that the Board is able to make timely and strategic decisions conformably with its corporate objectives and long-term interests. The Board must also be aware of and understand its fiduciary duties and responsibilities so that it can oversee and maintain a sound control environment and an efficient enterprise risk management system. Further, the Board must prevent, minimize, and manage conflicts of interest and through its oversight power see to it that the Company is led by highly qualified individuals.

##### **B. Board Committees**

To effectively perform its oversight duties and responsibilities, the Board of Directors should create various board committees or working groups which are assigned specific areas of responsibility. Hence, the Company, in its New Manual on Corporate Governance (“New Manual”) has authorized the Board to constitute the following Board Committees:

- a. Executive Committee;
- b. Finance Committee (“BFC”);

- c. Audit and Compliance Committee (“BACC”);
- d. Risk Oversight Committee (“BROC”); and
- e. Governance, Nominations and Compensation Committee (“BGNCC”).

### C. Chairman of the Board

The Chairman of the Board must support adherence to the principles and practices of good corporate governance, provide leadership to the Board, and act as a liaison between the Board and the Management of the Company. The New Manual provides that the Chairman and Chief Executive Officer (“CEO”) be separate individuals and independent of Management. However, in the Philippine setting, where there is a predominance of family-held or closely-held corporations, it is common that one (1) person acts as both the Chairman and CEO, which is the case in the Company. Needless to stress, such individual must promote the Company’s corporate governance to the highest level as its Chairman and CEO.

### D. Individual Directors

In general, the individual Directors of the Board must fully comprehend their roles, duties and responsibilities and continuously advance their knowledge and skills in accounting, auditing, finance, and enterprise risk management. Moreover, they must proactively participate in meetings and other Board activities. The Executive Directors, including the President and/or CEO, must steer and lead the Company according to the strategic direction laid down by the Board. The independent Directors and other Non-Executive Directors are expected to lend their expertise and provide advice, wisdom, and support to the Executive Directors.

### E. The Charter of the Board of Directors

In all and every aspect, the Charter of the Board of Directors shall constitute as the primary authority in enhancing this Policy.

#### **Self-Evaluation Process**

1. *Internally Driven.* The self-evaluation shall be conducted annually, and shall be internally driven and managed. It shall be led by the Chairman or, in his absence, the BGNCC.
2. *Schedule of Self-Assessment.* The self-evaluation shall be conducted during the last Board meeting before the Annual Stockholders’ Meeting of the Company.
3. *Self-Assessment Forms and Rating System.* Each Director shall accomplish the applicable self-assessment forms:

**Annex “A” – Board of Directors’ Self-Evaluation Form**

**Annex “B” – Chairman’s Self-Evaluation Form**

**Annex “C” – Board Committee’s Self-Evaluation Form**

**Annex “D” – Director’s Self-Evaluation Form**

Each Director shall rate their own performance on a scale of 1 to 5, with 5 being the highest and 1 being the lowest.

A portion of the form shall be dedicated to remarks, comments and/or suggestions that the Directors are encouraged to complete to enrich the assessment process.

4. *Results of Evaluation.* The BGNCC shall review the results and make recommendations on how to improve the Board’s effectiveness and enhance its oversight capabilities. The BGNCC, at its discretion, may meet with the independent Directors of the Company to obtain their constructive views and wisdom on the results of the assessment.



The BGNCC shall collate, summarize and present the results, together with their recommendations, to the Board for the latter's information, appreciation, and guidance. Thereafter, the Chairman shall call for a special Board meeting to discuss the results and allow each Director to candidly present his/her position and opinion with regard to the self-evaluation process and its results.

Finally, the BGNCC shall prepare the steps or plans agreed upon during the special Board meeting for implementation by the Board.

### **Access to this Policy**

This Policy shall be made available on the Company's website. If there are questions concerning this Policy or its contents, the Company's Corporate Secretary may be contacted for appropriate information or explanation.

### **Review of this Policy**

To promote and oversee the highest standards of corporate governance within the Board and the Company, this Policy shall be reviewed at least annually. It may be amended, altered or revised by the Board when warranted by any need therefor.

### **Effectivity**

This Policy shall take full force and effect immediately upon its approval by the Board.

**APPROVED BY THE BOARD OF DIRECTORS  
ON 11 JUNE 2019.**

**MEGAWIDE CONSTRUCTION CORPORATION  
Board of Directors’ Self-Evaluation Form**

This evaluation exercise is undertaken to appraise the competency of Megawide Construction Corporation’s (the “Company”) Board of Directors (“Board”), to determine its strengths, weaknesses, and how well it performs its mandated fiduciary functions.

Please accomplish this form by rating your own performance on a scale of 1 to 5, with 5 being the highest and 1 being the lowest.

**Name:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

<u>Particulars</u>	<u>Rating Scale</u>				
	5	4	3	2	1
<b>A - General</b>					
1. The Company is led by a competent and working Board that will foster its long-term success and sustain its competitiveness and profitability in a manner consistent with the corporate objectives and interests of its shareholders and stakeholders.					
2. The Board maintains a proper mix of Directors, considering diversity of expertise, experience, skills and backgrounds.					
3. The Board ensures that its fiduciary roles, responsibilities and accountabilities as provided in the Company’s Articles of Incorporation, By-Laws, New Manual on Corporate Governance, the law, and other legal pronouncements and guidelines are made known to all its members, shareholders, and stakeholders.					
4. To support the effective performance of the Board’s functions, particularly with respect to audit, enterprise risk management, related party transactions, and other key governance concerns, the Board has constituted Board Committees.					
5. The Board members are fully committed and have devoted the necessary time and attention to properly and effectively perform their oversight duties and responsibilities, including sufficient time to be familiar with the Company’s businesses and business environment.					
6. The Board always endeavors to exercise objective and independent judgment, and apply high ethical standards in directing all the affairs of the Company.					
7. On a regular basis, the Board measures its effectiveness through an assessment process – appraising its performance as a body and whether its membership has the right mix of backgrounds, experiences, and competencies.					
8. The Board keeps the good governance culture alive and makes sure that it takes very deep roots all throughout the Company from the Board level down to the employees.					



<b>B - Specific</b>					
1. The Board members know, appreciate and understand the Company's mission, vision, core values, strategic and business plans, and reflect on them when deliberating and deciding on issues at hand.					
2. The Board meetings are conducted in a manner that ensures open communication, meaningful participation by all Directors, and timely resolution of issues.					
3. The Board and Board Committees follow formal guidelines and procedures in holding effective meetings, with notices, agenda, and meeting materials distributed in advance of scheduled meetings. At the beginning of each year, the Board, through its Corporate Secretary, prepares a tentative schedule of regular Board and committee meetings for the whole year.					
4. The Board implements formal annual budgeting and forecasting procedures across the Company, the data of which are regularly monitored by the Board during the year.					
5. The Board monitors on a regular basis, through designated Board Committees, the Company's cash and working capital flows, and the individual business unit's operating performance, productivity, management of resources, and other performance indicators.					
6. The Board members comprehend and appreciate the Board's policy-making and oversight role as distinguished from the executive functions of the Chief Executive Officer and top Management.					
7. The Board members stay abreast of business and economic developments, issues and trends that may possibly affect the Company and share their acquired knowledge during Board and committee deliberations.					
8. The Board ensures that all Directors are provided continuing trainings and workshops on corporate governance, including an orientation program for first time Directors.					

**Comments and/or suggestions (please use a separate sheet if necessary):**

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**MEGAWIDE CONSTRUCTION CORPORATION  
Chairman’s Self-Evaluation Form**

This evaluation exercise is undertaken to assess the effectiveness of the Chairman of Megawide Construction Corporation’s (the “Company”) Board of Directors (“Board”). Particularly, on the manner he/she conducts Board meetings, his/her contributions to the Board, and his/her overall leadership in promoting good corporate governance and the Company’s image.

Please accomplish this form by rating your own performance on a scale of 1 to 5, with 5 being the highest and 1 being the lowest.

**Name:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

<b>Particulars</b>	<b>Rating Scale</b>				
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1. I devote sufficient time and capacity to properly and effectively handle my duties and responsibilities.					
2. I make sure that Board meetings are conducted in an open and objective environment, encouraging focused discussion, free expression of views, and the raising of questions.					
3. I take responsibility to ensure that Board papers are distributed in advance and are sufficient in content and coverage. I encourage each and every Director to actively participate in Board discussions and deliberations.					
4. I always seek the trust and confidence of all Board members.					
5. I set the tone for compliance with ethical practices, laws and regulations, and governance principles and practices.					
6. I take the lead in keeping the good corporate governance culture alive and making sure that it takes very deep roots all throughout the Company from the Board level down to the employees.					
7. I promote annual top-to-bottom performance evaluations starting from the Board down to the employees.					
8. I ensure that the Board always considers the best interest of the shareholders and stakeholders.					

**Comments and/or suggestions (please use a separate sheet if necessary):**

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**MEGAWIDE CONSTRUCTION CORPORATION  
Board Committee’s Self-Evaluation Form**

To effectively perform its duties and responsibilities, the Board of Directors (“Board”) of Megawide Construction Corporation (the “Company”) has constituted Board Committees for a more focused and efficient handling of its tasks. Owing to the Board Committees’ indispensable role, this evaluation exercise is necessary to assess the competency of the Board Committees in accomplishing the functions assigned by the Board.

Please accomplish this form by rating your own performance on a scale of 1 to 5, with 5 being the highest and 1 being the lowest.

**Name of Board Committee:** \_\_\_\_\_  
**Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

<u>Particulars</u>	<u>Rating Scale</u>				
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1. The Board Committee is composed of Directors with relevant expertise, experience, skills, and backgrounds necessary to fulfil its mandated functions.					
2. The members are fully committed and have devoted the necessary time and effort to attend scheduled meetings, and to participate actively in discussions and deliberations.					
3. The members know, appreciate, and understand the Company’s mission, vision, core values, strategic and business plans, and reflect on them when deliberating and deciding on issues at hand.					
4. The members stay abreast of business and economic developments, issues and trends that may possibly affect the Company and share their acquired knowledge during committee deliberations.					
5. Board Committee meetings are conducted in a manner that ensures open communication, meaningful participation by all members, and timely resolution of issues.					
6. The Board Committee adheres to formal guidelines and procedures laid out in its charter in holding effective meetings.					

**Comments and/or suggestions (please use a separate sheet if necessary):**

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**MEGAWIDE CONSTRUCTION CORPORATION  
Director’s Self-Evaluation Form**

This evaluation exercise is undertaken to assess the effectiveness of the individual Directors in Megawide Construction Corporation’s (the “Company”) Board of Directors (“Board”), in terms of their contributions to the working and competent Board.

Please accomplish this form by rating your own performance on a scale of 1 to 5, with 5 being the highest and 1 being the lowest.

**Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

<u>Particulars</u>	<u>Rating Scale</u>				
	5	4	3	2	1
1. I have a clear understanding of the Company’s vision, mission, core values, strategic plans, and directions.					
2. I have a working knowledge of good corporate governance practices as well as my fiduciary duties, responsibilities, and accountabilities as a Director as provided for in the Company’s Articles of Incorporation, By-Laws, New Manual on Corporate Governance, the law, and other relevant legal pronouncements and guidelines.					
3. I always endeavor to exercise objective and independent judgment, and apply high ethical standards in everything I do as a Director.					
4. I am fully committed and have devoted necessary time and attention to properly and effectively perform my oversight duties and responsibilities, including sufficient time to be familiar with the Company’s businesses and business environment, and to participate actively and objectively in Board discussions and deliberation.					
5. I always come to the Board and Board Committee meetings well prepared, having read the materials I received in advance.					
6. I see to it that the Board does not serve as a mere rubber stamp to formalize decisions made by a controlling interest or top Management.					
7. As a Director holding an executive or managerial position in the Company, I will consider resigning from the Board if I am unable to do my part, for whatever reason, or if my contributions have become marginal. (For Non-Executive Directors please indicate N/A).					
8. I will not use my position for profit, or to gain any benefit or advantage for myself and/or my related interests, and avoid situations that will compromise my impartiality.					
9. If I have a continuing material conflict of interest, especially as an independent Director, I will seriously consider resigning from my position. If an actual or potential conflict of interest arises on my part, I will fully and immediately disclose it and not participate in the decision-making process.					



10. I observe confidentiality, i.e. not to disclose confidential information to my family and close relatives, shareholders, or stakeholders whom I owe allegiance to, without authority from the Board.					
11. I have complied with the annual trainings and workshops on corporate governance mandated by the Securities and Exchange Commission.					
12. My loyalty is to the Company and not to any specific group or faction, and I will never compromise the Company's image and reputation.					

**Comments and/or suggestions (please use a separate sheet if necessary):**

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