



## **CORPORATE GOVERNANCE COMMITTEE CHARTER**

This Corporate Governance Committee Charter (this “Charter”) sets out the role, authority, duties and responsibilities of the Corporate Governance Committee (the “Committee”) of SMC Tollways Corporation (the “Corporation”), and the procedures which guide the conduct of its functions.

### **1. PURPOSE**

Pursuant to the Corporation’s Manual on Corporate Governance (the “Manual”), the Board of Directors of the Corporation (the “Board”) constituted the Committee to aid the Board in the performance of its oversight responsibilities in the development and implementation of the corporate governance principles, policies, structures and systems of the Corporation and assist the Board in the performance of its corporate governance responsibilities. The Committee is accountable to the Board for its performance.

### **2. MEMBERSHIP AND QUALIFICATIONS**

#### **2.1 Composition**

The Committee shall be composed of at least three (3) directors, majority of whom shall be Independent Directors. The Chairperson of the Committee shall be an Independent Director.

#### **2.2 Qualification**

Each member of the Committee shall have the qualifications and none of the disqualifications of a Director, as set out in the Manual. The Chairperson and the members of the Committee are appointed by the Board.

#### **2.3 Appointment**

The Chairperson and the members of the Committee shall be appointed by a majority vote of the members of the Board present either during the Organizational Board Meeting of the Corporation or, if there is a vacancy, during any meeting of the Board. Membership shall be reviewed every year after election of the Board by the Corporation’s stockholders at their annual meeting, or earlier if the Board deems necessary.

#### **2.4 Resignation / Removal**

In the event that the Chairperson or any member of the Committee tenders his/her resignation from the Committee, such resignation shall become effective upon acceptance by the Board.

The Chairperson of the Committee or any of its members may be removed from office only by action of the Board.

### **3. STRUCTURE AND OPERATIONS**

#### **3.1 Meetings**

The Committee shall meet at such times and places as it considers appropriate and as designated in the notice. The Chairperson of the Committee, any Committee member, or the Corporate Secretary of the Corporation may call a meeting of the Committee.

#### **3.2 Quorum**

Attendance of at least a majority of all the voting members of the Committee shall constitute a quorum for the Committee to transact business in a meeting to be convened. The Committee shall act only on the affirmative vote of at least a majority of the voting members present at a meeting at which there is a quorum.

#### **3.3 Chairperson**

The Chairperson of the Committee shall preside in all meetings of the Committee. In the absence of the Chairperson, the Committee members present shall elect one of their members as chairperson of the meeting.

#### **3.4 Secretary of the Meeting**

The Corporation's Corporate Secretary shall be the secretary of the Committee.

#### **3.5 Notice of the Meeting**

A notice of each meeting setting out the date, time, venue, and agenda shall be sent to each member of the Committee at least two (2) working days prior to the date of the meeting.

#### **3.6 Record of Meetings**

Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Notices, minutes, agenda and materials presented during meetings will be made available to any Committee member upon request to the Corporate Secretary.

### **3.7 Other Attendees**

As the Committee deems necessary, the Committee may invite members of management and the organizational staff to attend the Committee meetings to provide relevant information or data necessary for the matters for discussion during the Committee meeting. At the discretion of the Committee, separate meetings with any member of the Corporation's management may be held, whenever it is deemed appropriate by the Committee for the exercise of its functions.

### **3.8 Access to Resources**

The Committee shall have full access to management, personnel and records for the purpose of performance of its duties and responsibilities hereunder. The Committee may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. The Committee shall be provided with sufficient resources by the Corporation to discharge its duties.

## **4. DUTIES AND RESPONSIBILITIES**

The Committee shall have the following duties and responsibilities, namely:

- a. oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- b. oversee the periodic performance evaluation of the Board and its Committees as well as executive management, and conduct an annual self-evaluation of its performance;
- c. ensure 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. recommend 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. adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. propose and plan relevant trainings for the members of the Board;
- g. determine the nomination and election process for the Corporation's Directors and define the general profile of Board members that the Corporation may need and ensure appropriate knowledge, competencies, and expertise that complement the existing skills of the Board;
- h. pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications as provided in the Manual; and
- i. establish a formal and transparent procedure to develop a policy for determining the remuneration of Directors and Officers, and provide oversight over remuneration of senior Management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and business environment;
- j. designate amount of remuneration, which shall be in a sufficient level to attract and retain Directors and officers who are needed to run the Corporation successfully;
- k. develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming Officers, which among others, compel all Officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- l. disallow any Director to decide his or her own remuneration;
- m. provide in the Corporation's annual reports, information, and proxy statements a clear, concise, and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Directors and senior executive Officers for the previous fiscal year and the ensuing year;
- n. review the existing Human Resources Development or Personnel Handbook (if any) to strengthen provisions on conflict of interest, salaries

and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts. In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above;

- o. in consultation with the appropriate executive or Management committee/s and with the supervision of the Board of Directors, the Committee shall, if it may deem necessary, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times;
- p. the Committee shall recommend to the Board for approval, the number of directorships which a member of the Board may hold in accordance with the policy on holding multiple board seats under the Manual. In making such determination, the Committee shall consider the following guidelines:
  - (i) the nature of the business of the corporations which he/she is a Director;
  - (ii) age of the Director;
  - (iii) number of directorships/active memberships and officerships in other corporations or organizations;
  - (iv) possible conflict of interest; and
  - (v) capacity of a Director to perform his duties diligently in general; and
- q. perform other activities which the Committee deems appropriate as necessary and desirable for the performance of its duties and function under this Charter, as well such other responsibilities which the Board may assign to the Committee from time to time.

## **5. REPORTING PROCESS**

### **5.1 Report of Meetings Convened**

The Chairperson of the Committee, or in his absence, the chairperson of the meeting, shall report to the Board on the decisions and recommendations made by the Committee during the meeting it has convened in the next scheduled Board meeting.

## **5.2 Other Reports**

The Committee shall prepare such reports as may be necessary to document the activities of the Committee in the performance of its functions and duties. Such reports shall be included in the Corporation's annual report and other corporate disclosures as may be required by the Securities and Exchange Commission and/or the Philippine Stock Exchange, Inc.

## **6. PERFORMANCE EVALUATION**

### **6.1 Periodic Assessment**

The Committee shall assess its effectiveness periodically, with the end in view of ensuring that its performance accords with best practice. Such assessment must compare its performance with the requirements of this Charter and the Manual, which shall be the basis of its formulation of objectives and plans to improve its performance, including any recommendations for amendments to this Charter for approval by the Board.

### **6.2 Annual Review**

This Charter shall be reviewed annually, updated as required, and copies of this Charter shall be made available to any requesting party upon written request to the Corporate Secretary.

## **7. 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.

***Adopted by the Board of Directors on March 13, 2024.***