



MACONDRAY PHILIPPINES CO., INC.

Corporate Governance Manual

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Corporate Governance Manual

1. Introduction

Purpose of the Manual

The Corporate Governance Manual (the “Manual”) serves as a guide for the Board of Directors, management, officers, employees, and other stakeholders of Macondray Philippines Co., Inc. (MPCI) and its subsidiaries, Macondray Plastics Products, Inc. (MacPlas) and Macondray Insurance Brokers Corporation (MIBC) (collectively, the “Macondray Group” or “Group”) in adhering to high standards of corporate governance. It outlines the roles, responsibilities, and policies that govern the Group’s operations, ensuring that decisions are made in a transparent, accountable, and ethical manner.

Scope and Application

This Manual applies to all directors, officers, management, and employees of the Macondray Group. It serves as a reference to align each company’s operations with best practices in governance.

Commitment to Good Governance

The Macondray Group is committed to fostering a culture of integrity, responsibility, and respect for all stakeholders. This Manual embodies the Group’s commitment to maintaining a governance structure that supports sustainable growth and value creation.

Review and Amendments

The Manual will be reviewed annually or as necessary to ensure it remains relevant and compliant with applicable laws, rules and regulations. Amendments must be approved by the Board of Directors.

2. Corporate Governance Framework

Vision, Mission, and Values

- Vision: The Quality Service Company of Choice
- Mission: We build and nurture active partnerships with our target customers to provide quality, competitive, and innovative solutions. We seek continuous improvement as a team of dedicated professionals who exemplify best practices and ethical standards in everything we do.
- Values: Quality. Professionalism. Innovation.

Governance Structure

The governance structure of the Macondray Group is built on a clear separation of responsibilities between the Board of Directors and management, ensuring effective oversight and strategic leadership.

Core Principles of Governance

- **Accountability:** The Board and management are accountable to the shareholders and other stakeholders for the Group's performance and governance.
- **Transparency:** The Macondray Group is committed to accurate and timely disclosure of material information.
- **Fairness:** The Macondray Group ensures equitable treatment of all stakeholders, including communities impacted by the Group's business operations.
- **Responsibility:** The Macondray Group upholds the highest standards of ethical conduct, compliance with laws, and concern for the environment.

3. Board of Directors

Roles and Responsibilities

The Board of Directors is responsible for overseeing the Group's strategy, financial health, and overall governance. It provides leadership, ensures compliance, and makes decisions in the best interest of shareholders.

Composition and Qualifications

The Board consists of directors with diverse expertise, skills, and experience relevant to the Group's operations. A balance of executive, non-executive, and, where applicable, independent directors shall be maintained to provide sound and independent judgment. They notify the Board before accepting directorships in other business organizations beyond the Group.

Orientation and Training

First-time directors undergo a comprehensive orientation program to familiarize them with the Group and their roles in its direction. To remain updated on governance principles and practices, directors shall attend the appropriate training programs. The Corporate Secretary, who assists the Board in its duties, likewise pursues relevant training.

Nomination, Appointment, Re-election, and Removal

Shareholders are encouraged to nominate directors, and the final selections

are appointed during the Annual General Meeting. The nomination and election process emphasizes the quality of directors aligned with the strategic goals of the Group. Each director serves for a specified term of one (1) year. Re-election is subject to performance evaluation, and directors can be removed in accordance with the relevant company's by-laws.

Director Independence

Particularly for MIBC, independent directors play a crucial role in ensuring impartial decision-making and oversight. The criteria for independence are aligned with regulatory standards and industry best practices. Independent directors shall serve for a maximum term of nine (9) years.

Board Committees

- **Audit and Risk Management Committee:** Oversees financial reporting, internal controls, audit processes, and risk management.
- **Nomination and Compensation Committee:** Manages directors' nominations and executive compensation.
- **Governance and Compliance Committee:** Develops and updates governance policies and monitors consistent compliance.

The Board Committees are governed by their respective charters, outlining their purposes and reporting processes.

Evaluation of the Board's Performance

To ensure effectiveness and alignment with the Group's strategies for stability and growth, the Board conducts an annual assessment of its performance as a whole, that of its individual directors as well as its committees. The directors evaluate the performance of the Chairman. Every three years, an external facilitator is tapped to support the evaluation process and criteria, and manage feedback.

4. Management and Corporate Officers

Roles and Responsibilities of Key Officers

The CEO and other corporate officers are responsible for the day-to-day management of the business divisions, implementing the Board's strategy, and ensuring compliance with governance policies.

Delegation of Authority

The Board delegates authority to the CEO and management team for operational decisions, while retaining oversight of major strategic initiatives and policy matters.

Accountability and Performance Evaluation

Management's performance is evaluated regularly against agreed-upon targets, with accountability mechanisms in place to address underperformance. The Human Resources Manager is responsible for overseeing the evaluation process.

5. Shareholder Rights and Relations

Rights of Shareholders

Shareholders have the right to participate in major decisions, access information in a timely manner, and receive dividends.

Annual and Special Meetings

Shareholders are encouraged to participate in annual and special meetings, where they can vote on key matters and engage with the Board and management.

Communication with Shareholders

The Macondray Group commits to maintaining open and regular communication with shareholders through various channels, including regular reports, memos, and shareholder meetings.

6. Risk Management and Internal Control

Risk Management Framework

The Macondray Group adopts a proactive approach to risk management, identifying potential risks and implementing controls to mitigate them.

Internal Control Systems

The Group's Chief Finance Officer is in charge of internal control systems that are in place to ensure the accuracy of financial reporting, compliance with laws, and the safeguarding of assets.

Internal Audit Function

An independent internal audit function provides assurance on the effectiveness of internal controls, risk management, and governance processes.

7. Code of Conduct and Ethics

Standards of Ethical Behavior

All employees, officers, and directors are expected to adhere to the highest standards of ethical conduct in their professional dealings.

Conflict of Interest Policy

Directors, officers, and employees must avoid conflicts of interest and disclose any potential conflicts to the Board.

Whistleblowing Policy

A whistleblowing mechanism is in place to report unethical behavior, fraud, or violations of the company's policies without fear of retaliation.

The Macondray Group's Code of Conduct and related policies are disseminated to all employees and monitored by the Human Resources Head for consistent compliance.

8. Related Party Transactions

Related party transactions include any dealings between the Group and its directors, officers, significant shareholders, or their affiliates.

All related party transactions shall be approved by the Board and disclosed in accordance with regulatory requirements.

The Group fully discloses all related party transactions in its financial statements and regular reports.

9. Disclosure and Transparency

The Macondray Group commits to high standards of financial and non-financial reporting, providing accurate and timely information to stakeholders. Management commits to promptly disclose all material information that may affect investment decisions and relationships with partners, suppliers, and customers.

On matters that may have a significant impact on the public, the Macondray Group adheres to a clear media and public relations policy that ensures consistent and transparent communication of material information.

10. **Compliance and Governance Policies**

Compliance with Laws and Regulations

The company adheres to all applicable laws, rules, regulations, and industry standards.

Anti-Bribery and Corruption Policy

The Macondray Group maintains a zero-tolerance policy towards bribery and corruption in all its business dealings.

Data Privacy and Cybersecurity Policy

A robust data privacy and cybersecurity policy is in place to protect company and stakeholder information.

11. **Corporate Social Responsibility (CSR)**

In line with CSR principles, the Macondray Group is committed to sustainable business practices that positively impact society and the environment. It actively pursues Environmental, Social, and Governance (ESG) initiatives, which are consistent with its corporate values and strategic goals.

Macondray recognizes the mutually beneficial relationship that must be upheld between business and society, and thus deeply supports community engagement through various programs that contribute to social and economic development.

12. **Review and Amendments**

The Governance Committee will review the Manual annually to ensure it remains relevant and effective.

Proposed amendments to the Manual must be reviewed by the Governance Committee and approved by the Board.