



## **ABOITIZ POWER CORPORATION BOARD CHARTER**

This Charter is hereby adopted by the Board of Directors (the “Board”) of Aboitiz Power Corporation (the “Company”) to outline the core duties and responsibilities and the basic review processes of the Board.

### **A. Commitment to a Common Purpose for the Company**

The Board of Directors commits to serve and promote the best interest of the Company.

The Directors owe their duty and responsibility to the Company and in the process promote the long-term sustainability and success of the Company in a manner consistent with the evolving corporate governance best practices.

### **B. The Governance Style of the Board**

1. The Board will govern with an emphasis on:
  - a. Outward vision rather than an internal preoccupation;
  - b. Strategic leadership more than administrative detail;
  - c. Clear distinction of board and chief executive roles;
  - d. Collective rather than individual decisions;
  - e. Future rather than past or present; and
  - f. Proactivity rather than reactivity.
2. In view of the above, the Board commits to:
  - a. Deliberate in many voices, but govern as one.
  - b. Cultivate a sense of group responsibility.

The Board, not management, will be primarily responsible for excellence in governance. The Board will be an initiator of policies. The Board will use the expertise of individual members to enhance the ability of the Board as a body, rather than to substitute the individual judgments for the board’s values.

- c. Direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board’s values and perspectives.
- d. Enforce upon itself whatever discipline is needed to govern with excellence.
- e. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuity of governance capability. Continual Board development will include orientation of new members in the Board’s governance process and periodic Board discussion of process improvement. The Board will not allow any Corporate Officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling its commitments.
- f. Regularly monitor and discuss the Board’s process and performance.
- g. Establish a group-wide integrated management approach to support the Company’s commitment to environmental stewardship (including material global climate issues), health and safety, corporate social responsibility, corporate governance and ethical practices, management of human capital in accordance with labor standards and international best practices, and other public policy

matters relevant to the Company and its stakeholders (collectively, “Environmental, Social, and Governance Matters” or “ESG Matters”) by providing guidance to the management in (i) setting the Company’s general strategy relating to ESG Matters, as well as developing, implementing, and monitoring initiatives and policies at the Company based on that strategy; (ii) overseeing communications with employees, investors, and other stakeholders of the Company with respect to ESG Matters; and (iii) monitoring and anticipating developments relating to, and improving the Company’s understanding of, ESG Matters.

### **C. Duties and Responsibilities of the Board**

The Board through its members and committees shall perform the following duties and responsibilities:

1. Articulate a corporate culture and ensure that it is lived.

The Board shall set the standards of appropriate behavior by prescribing Corporate Values and a Code of Ethics and Business Conduct to be imbibed by the Directors, Corporate Officers, and employees of the Company and its subsidiaries.

2. Set the appropriate moral tone and corporate social responsibility.
3. Approve and periodically review the corporate vision and mission.
4. Help formulate and subsequently set the Company’s strategic directions.
5. Review and approve the annual budget, medium and long-term strategic plans, and set up a mechanism for performance monitoring and evaluation.
6. Establish a policy for properly managing risks.
7. Put in place an appropriate reporting system so that it may effectively monitor the implementation of policies, strategies, and budgets.
8. Appoint a President and Chief Executive Officer who is motivated, principled, professional, and competent enough to assume operational responsibility over the Company. To ensure continuity, the Board shall also put in place an effective succession plan for the President and/Chief Executive Officer, all the members of the Board, and key executive positions.
9. Conduct an assessment of its performance in relation to its set targets in the preceding year. The Board shall also review the performance of the President and Chief Executive Officer, to include identified key executives. Keep its authority within the powers of the institution as prescribed in its charter and existing laws, rules, and regulations.
10. Maintain the highest standard of integrity, fairness, transparency, and accountability.
11. Commit to a professional development program for the Board and its members. For this purpose, the Board in coordination with the Board Corporate Governance Committee shall develop and promulgate a formal professional development program for the Board and the Directors.
12. Establish and provide a broad framework for ESG integration within the Aboitiz Group and consider ESG Matters or social/environmental impact objectives as part of the Group’s decision-making and investment processes.

### **D. Board Committees**

1. Constitution of Board Committees

The Board shall establish committees within the Board to help carry-out certain Board responsibilities. The following committees are hereby created:

- a. Board Environmental, Social, and Corporate Governance Committee
- b. Board Audit Committee
- c. Board Risk and Reputation Management Committee
- d. Board Related Party Transaction Committee
- e. Board Executive Committee
- f. Board Cyber and Information Security Committee

The above committees, which shall be composed of Directors, will likewise have their own committee charters.

## **2. Role of the Board Committees**

The Committees shall:

- a. Function as part of and under the control of the Board, not management.
- b. Exercise such authority that is delegated by the Board.
- c. Exercise such authority or accountability that is not delegated to management.
- d. Recognize and assert its ultimate accountability for corporate affairs.
- e. Not have the authority to instruct management.
- f. Receive a per diem for every Committee meeting attended.

An absentee Committee member (even if he sends a proxy or representative) shall not be entitled to any per diem from the Company.

## **E. Expectation of Directors**

The Directors may want to articulate what they expect from:

1. Management – such as but not limited to transparency, cooperation, and administrative support.
2. Other Directors – such as but not limited to openness, preparation for the meeting, and objective assessments.

## **F. The Benefits of Directors**

1. To compensate Directors for their services rendered to the Company, they shall be entitled to a monthly allowance as approved by the shareholders. In addition, each Director and the Chairman of the Board will receive a per diem for every Board meeting attended.
2. Directors who absent themselves during a particular Board meeting shall not be entitled to any meeting allowance.
3. The monthly allowance and per diem allowances shall be reviewed from time to time to ensure that these reflect the industry standards.

## **G. Board Leadership and the Role of the Chairman**

1. The Chairman shall exercise independent judgment, act objectively, and ensure (alongside the President and Chief Executive Officer) that all relevant matters are included in the agenda and prioritized properly, giving more weight to “performance duties” (i.e. strategy and policy) over “compliance duties” (i.e. monitoring and accountability). In addition, the Chairman shall:
  - a. Ensure that all the Directors are fully involved and informed of any business issue on which a decision has to be taken.
  - b. Determine the annual Board Plan and Agenda and other strategic issues with the assistance of the Corporate Secretary and the President and Chief Executive Officer.
  - c. Ensure that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
  - d. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
  - e. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
  - f. Assure the availability of proper orientation for first-time Directors and continuing training opportunities for all Directors;
  - g. Ensure that performance of the Board is evaluated at least once a year and discussed/followed up on;

- h. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
  - i. Be responsible for the integrity of the Board process, such that decisions made shall be explicit, timely, relevant to the Company's vision and strategy, and anchored on policies, values, and ethical standards.
2. It is also strongly desired to have a Chairman who, among other traits, possesses the following:
    - a. Wide experience, preferably at board level, in successful organizations;
    - b. Capacity for strategic thinking and ability to make quick and important decisions;
    - c. Working understanding of finance as well as accounts and reports systems;
    - d. Excellent leadership and communication skills;
    - e. Appropriate training in corporate governance and professional directorship; and
    - f. Limited number of other directorships.
  3. In the event that the Chairman is not independent, the Board should, as a rule, designate a lead director among the Independent Directors. The functions of the lead director include the following:
    - a. Serves as an intermediary between the Chairman and the other Directors when necessary;
    - b. Convenes and chairs meetings of the Non-Executive Directors; and
    - c. Contributes to the performance evaluation of the Chairman, as required.

#### **H. The Board Director**

A Director should be aware of his role and appreciate the crucial differences between management and direction. He should have an understanding of the legal framework within which they operate. A Director should have a good understanding of a Board's operation and how to ensure its effectiveness

In this regard, the following are the basic qualities and competencies that a Board Director should possess or endeavor to acquire:

1. Strategic business direction;
2. Basic principles and practice of finance and accounting;
3. Human resource direction;
4. Improving business performance; and
5. Organizing for the future.

With the above, the Director is therefore expected to:

1. Owe his duty of care and loyalty to the Company.
2. Respect and uphold all decisions made by the Board as a collegial body.
3. Devote time and attention necessary to properly discharge his duties and responsibilities.
4. Observe prudence in the handling of sensitive Company information.
5. Undergo a seminar on corporate governance principles, on relevant laws and charters applicable to the Company and the Board, and on the various businesses of the Company upon appointment to the Board.

#### **I. The Independent Director**

1. Selection and Election of the Independent Directors

Independent Directors are elected to provide the Board with an objective "compass" to determine the best interests of the Company and all its stakeholders. These Directors should not be related to any group or management. Furthermore, they cannot or should not be instruments of one group for the purpose of pushing their own sectoral agenda. Their independence must be perceived as such by stakeholders, the beneficiaries, and the general public.

In view thereof, the Board of Directors commits to, within the purview of existing legal framework, elect

qualified and Independent Directors to the Board of the Company.

To be considered independent, a Director shall, apart from his fees and shareholdings, hold no interests or relationships with the Company that may hinder his independence from the Company, Management, or shareholders 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. For this purpose, an Independent Director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Company, Management, or controlling shareholder at the time of his election or appointment and/or re-election as a Director.

The Board Corporate Governance Committee shall be primarily tasked to draw up a plan of getting such Independent Directors to the Board and ensure that there will always be a minimum of three (3) Independent Directors at any one time.

## **2. Qualifications of an Independent Director**

An Independent Director of the Board must be:

- a. An independent director as defined by the Securities Regulation Code, its Implementing Rules and Regulations and relevant SEC rules and regulations;
- b. A holder of at least one (1) share of stock of the Company;
- c. At least a college graduate or possessed sufficient experience in managing the business to substitute for such formal education;
- d. At least twenty-one (21) years old;
- e. Proven to possess integrity and probity;
- f. Assiduous, and willing to devote time and effort to the responsibilities of being a Director of the Company; and
- g. With no conflict of interest.

## **J. The President and Chief Executive Officer**

All Board authority delegated to management is delegated through the President, so that all authority and accountability of management – as far as the Board is concerned – is considered to be the authority and accountability of the President.

1. The Board will specify to the President of the Company the strategic directions and expects him to achieve certain results based on a set of measures/milestones and targets that had been clearly communicated and understood.
2. As long as the President uses any reasonable interpretation of the Board's directions, the President is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all initiatives.
3. Only decisions of the Board acting as a body are binding upon the President.
4. Decisions or instructions of individual board members, Corporate Officers, or committees are not binding on the President except in rare circumstances when the Board has specifically authorized such exercise of authority.
5. In the case of board members or committees requesting information or assistance without Board authorization, the President can refuse such requests that require – in the President's judgment – a material amount of staff time or funds or are disruptive.

## **K. The Corporate Secretary**

The Corporate Secretary is primarily responsible to the Company and its shareholders, not to the Chairman or President of the Company and has, among others, the following duties and responsibilities:

1. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;

2. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Company;
3. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advises the Board and the Chairman on all relevant issues as they arise;
4. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
5. Advises on the establishment of Board committees and their terms of reference;
6. Informs members of the Board, in accordance with the By-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
7. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevents him/her from doing so;
8. Performs required administrative functions;
9. Oversees the drafting of the By-laws and ensures that they conform with regulatory requirements; and
10. Performs such other duties and responsibilities as may be provided by the SEC.

#### **L. The Chief Compliance Officer**

The Board should ensure that it is assisted in its duties by a Chief Compliance Officer, who has a senior rank with adequate stature and authority in the Company. He should not be a member of the Board and should annually attend training on corporate governance.

The Chief Compliance Officer is a member of the Company's management team in charge of the compliance function. He is primarily liable to the Company and its shareholders, and not to the Chairman or President of the Company. He has, among others, the following duties and responsibilities:

1. Ensures proper onboarding of new Directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);
2. Monitors, reviews, evaluates, and ensures the compliance by the Company, its Corporate Officers and Directors with the relevant laws, this Code, rules and regulations, and all governance issuances of regulatory agencies;
3. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
4. Ensures the integrity and accuracy of all documentary submissions to regulators;
5. Appears before the SEC when summoned in relation to compliance with the 2016 Corporate Governance Code;
6. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
7. Identifies possible areas of compliance issues and works towards the resolution of the same;
8. Ensures the attendance of Board members and key officers to relevant training; and
9. Performs such other duties and responsibilities as may be provided by the SEC.

#### **M. Board Meetings**

1. Meetings – The Board shall hold a regular meeting at least once for every quarter. Special meetings of the Board may be called by the Chairman or the President, or on the written request of two (2) Directors on one day's prior notice to each Director.
2. Quorum and Voting – The quorum for a meeting is fifty percent (50%) plus one (1) of the total number of Directors.

A majority of the members of the Board present in person or by means of a videoconference, teleconference, or other modes of communication in which all persons participating in the meeting can completely and clearly hear each other shall constitute a quorum. The members participating in the

meeting shall have received the agenda and all the materials for the meeting in accordance with the Board Charter of the Company.

The majority vote of all the Members shall be required for the Board to approve, authorize, or take any action.

3. Agenda – The Chairman of the Board and the President and/Chief Executive Officer (with due consideration to suggestions from the Corporate Secretary and the Directors) shall set the agenda for each Board meeting and ensure that such agenda is distributed by the Corporate Secretary in advance, to each Director. To enable the Board to give proportionate attention to more high-level matters of importance, the following shall comprise the bulk of each meeting’s agenda:
  - a. Financial reports and management matters
  - b. Matters of strategy
  - c. Matters of policy
  - d. Matters of governance
  - e. Matters of investment decision
  - f. Matters prescribed by the Company Policy on Approving Authorities
4. Distribution of Board Meeting Materials – The Office of the Corporate Secretary and management shall ensure that all information relevant to the Board’s understanding of matters to be discussed at an upcoming Board meeting shall be distributed either in writing or electronically, to all members of the Board **three (3) to five (5) calendar days before the meeting, depending on the nature and materiality of the update, or criticality of the new information to be presented**. Confidential items or information of an extremely sensitive nature shall be sealed in an envelope and hand carried to each Director. This will help facilitate the efficient use of Board time to deliberate and make decisions on key issues.
5. Company Personnel as Resource Persons – The President and /Chief Executive Officer is given the discretion to invite Company personnel to any Board meeting at which their presence and expertise would help the Board in having a full understanding of matters being considered.
6. Executive Session of Independent Directors – The Independent Directors may meet periodically in an executive session with no other Director or management present except for the Chairman of the Board Corporate Governance Committee who shall call for and preside the meeting. Topics for discussion during these executive sessions shall be determined by the Independent Directors, but actions of the Board generally should be taken separately during Board meetings.
7. Minutes – All Board and Committee meetings must be duly documented and filed. The minutes of Board or Committee meetings must be available for review and approval not more than five (5) business days after the meeting and for signature at the next Board meeting. The minutes of the meetings must be readily available to everyone in the organization as well as the stakeholders.

The process flow for Board and Board Committee Meetings is attached as Annex “A”.

## **N. Annual Self-Assessment of the Board**

The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members, and committees. It should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual Directors, and committees, and such system should allow for a feedback mechanism from the shareholders.

## Annex "A"

### PROCESS FLOW FOR BOARD AND COMMITTEE MEETINGS AS OF SEPTEMBER 1, 2024

PROCESS FLOW	TIMELINE
Verify if meeting is pushing through	5 weeks prior to meeting date
Advise Corsec to send out notice of meeting cancellation thereof	5 weeks prior to meeting date
Corsec send out notice of cancellation of meeting to all concerned (Corsec Team)	4 weeks prior to meeting date
Solicit board resolution requests and send reminder to submit board/committee reports (Corsec Team)	4 weeks prior to meeting date
Send initial agenda to Board/Committee Chairman and CEO for approval	3 weeks prior to meeting date
CEO and Board/Committee Chairman to discuss Agenda	3 weeks prior to meeting date
Approval of agenda by the Board/Committee Chairman	2 weeks prior to meeting date
Agenda is sent out on behalf of the Chairman (Corsec Team)	2 weeks prior to meeting date
Board/Committee materials must be submitted for compilation (Corsec Team)	8 days prior to meeting date
Board/Committee materials (hard & soft) are sent out to the Board/Committee Members (Corsec Team)	<b><u>between 3-5 days</u></b> prior to meeting date
<b><u>New/updated materials containing critical information is circulated to the Board/Committee members (Corsec Team)</u></b>	<b><u>3 days prior to the meeting date</u></b>



## REVISION HISTORY

Version	Description of Changes	Effective Date
1	First Issue	March 23, 2017
2	Revised to reflect amendments as approved by the AboitizPower Board of Directors on 29 July 2020	July 29, 2020
3	Inclusion of Board Cyber Information & Security Committee and amend the quorum and voting.	March 5, 2022
<b>4</b>	<b><u>Amendment of process flow to include deadline for circulation of critical new information</u></b>	<b><u>July 24, 2024</u></b>

Process Owner <b>Frances Katrina C. Arsua</b>	Document Created By <b>Frances Katrina C. Arsua</b>	Reviewer/s <b>Ma. Clarisse S. Osteria</b>	Approver/s <b>Manuel Alberto R. Colayco</b>
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