

**SOLID GROUP INC.**  
**BOARD CHARTER**

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## **I. Objective**

The Board of Directors (the “Board”) is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

The Board Charter (the “Charter”) sets out the Board’s roles, responsibilities and accountabilities in carrying out its fiduciary duties and serve as a guide to the directors in the performance of their functions. The Charter is intended to complement or supplement the Corporation’s By-Laws, Amended Manual on Corporate Governance (AMCG), issuances of the Securities and Exchange Commission (SEC), Philippine Stock Exchange, Inc. (PSE) and other applicable laws, rules and regulations.

## **II. Composition and Qualification of Committee Members**

### **A. Composition**

The Board shall be composed of such number of directors as provided in the Corporation’s Articles of Incorporation subject to their election and qualification.<sup>1</sup>

The Board shall have at least two (2) independent Directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is higher, but in no case less than two (2).<sup>2</sup>

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

The Board shall be composed of directors with collective working knowledge, experience or expertise that is relevant to the Corporation’s industry/sector.

The specific qualifications for the Members are set forth in Article 3 (E) Qualification of Directors, of the AMCG.

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<sup>1</sup> Amended Manual on Corporate Governance Article 3:A.

<sup>2</sup> Amended Manual on Corporate Governance Article 3:A.

## **B. Multiple Board Seats**

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.<sup>3</sup>

The Chief Executive Officer (“CEO”) and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

The non-executive directors of the Board should concurrently serve as directors to a maximum of five publicly listed companies.

A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company.

## **C. Election of Directors**

The Directors shall be elected by ballot at the annual meeting of the stockholders. Their term of office shall be immediately after election.<sup>4</sup>

The Corporate Governance and Nomination Committee shall pre-screen and shortlist all nominated to become members of the Board in accordance with the qualification and disqualification provided for under Article 3 (E) and (F) of Amended Manual on Corporate Governance, and such other factors which the Committee may deem appropriate such as judgment, skill, experience with other business organizations of a size comparable to that of the Corporation, the interplay of a candidate’s experience with the experience of other Directors, and possible conflict of interest.<sup>5</sup>

## **D. Nomination and Election of Independent Directors**

The nomination, qualification and election of Independent Directors shall be made in accordance with the same provisions for Election of Directors, notwithstanding, all existing laws, rules and regulations, including the Securities Regulation Code and its implementing rules, as amended, where applicable.

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<sup>3</sup> Amended Manual on Corporate Governance Article 3:C.

<sup>4</sup> Amended By-Laws Article II.

<sup>5</sup> Corporate Governance and Nominations Committee Charter 4.f.

## **E. Vacancies**

Vacancies in the Board of Directors shall be filled by the other directors in office such persons shall hold office until the next annual meeting of the stockholders thereafter.<sup>6</sup>

## **F. Remuneration**

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. The Board shall align the remuneration of the board members with long-term interests of the Corporation.

Corporations may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors depending on the particular needs of the Corporation. No director should participate in deciding on his remuneration.

The form and amount of Director's compensation will be determined and approved by the Remuneration Committee in accordance with the policies and principles set forth in its charter. No director shall participate in the approval of his remuneration.

## **G. Board Succession**

The Board shall ensure the adoption of an effective succession planning program for the board members.

# **III. Board Independence and Conflict of Interest**

The Board should endeavor to exercise an objective independent judgment on all corporate affairs. The Corporation may elect such number of independent directors as mentioned and defined in item II A of this Charter.

## **A. Term of Independent Directors**

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Corporation wants to retain an independent director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholder's meeting.<sup>7</sup>

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<sup>6</sup> Amended By-Laws Article III.

<sup>7</sup> Amended Manual on Corporate Governance Article 3.B.ii.

## **B. The Chair and the Chief Executive Officer (CEO)**

The roles of Chair and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chair and CEO upon their election.

If the positions of Chair and CEO are unified the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The positions of Chair and CEO should be held by separate individuals and each should have clearly defined responsibilities.

The duties and responsibilities of the Chair and the CEO are provided in AMCG Article 3. D. i and ii.

## **C. Lead Director**

The Board should designate a lead director among the independent directors if the Chair is not independent, including if the positions of the Chair and CEO are held by one person.

## **D. Conflict of Interest**

A director shall not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.<sup>8</sup>

# **IV. Duties, Responsibilities and Functions**

## **A. General Responsibility**

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The Board should formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

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<sup>8</sup> Amended Manual on Corporate Governance Article 3.H.i.

## **B. Duties and Functions**

To ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the duties and responsibilities as may be found in AMCG Article 3. G. ii.

## **C. Chairman of the Board**

The Chairman of the Board shall preside at all meetings of the stockholders and of the Directors, and in his absence or with his consent, the President shall preside at such meetings. The Chairman shall also exercise such other powers and perform such other duties as the Board of Directors may from time to time fix or delegate.<sup>9</sup>

The Board shall be headed by a competent and qualified Chairman. The duties and responsibilities of the Chairman are provided in the Corporation's By-Laws and in AMCG Article 3.D.i.

## **D. Board Committees**

The Board shall constitute the proper committees to assist it in good corporate governance.

- i. The Audit Committee shall consist of at least three (3) directors, who shall have accounting, auditing and finance backgrounds, two (2) of whom shall be an independent director and another with audit experience. The chair of the audit Committee should be an independent director and should not be the Chair of the Board or any other committees. The committee shall have the functions as provided in the AMCG Article 3. L.i. and its Charter.
- ii. The Corporate Governance and Nominations Committee shall consist of at least three (3) members, two (2) of whom shall be independent directors, including the Chairman. The Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices including the functions that were formerly assigned to a Nomination and Remuneration Committee. The duties and functions is provided in the AMCG Article 3.L.ii. and its Charter.
- iii. The Board Risk Oversight ("BROC") or Risk Management Committee, shall be responsible for the oversight of a Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three (3) members, the majority of whom should be independent directors. The Chairman should not be the Chairman of the Board. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management. The duties and responsibilities of the BROC is provided in the AMCG Article 3.L.iii. and its Charter.
- iv. The Related Party Transactions ("RPT") Committee shall be tasked with reviewing all material related party transactions of the Corporation and should be composed of at least two (2) non-executive directors, two of whom should be independent. The committee functions are provided in the AMCG Article 3.L.iv. and in its Charter.
- v. The Board may also organize a Compensation or Remuneration Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal and transparent procedure for developing a policy on

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<sup>9</sup> Amended By-Laws Article VIII.

remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.

#### **E. Chief Executive Officer**

The President shall be the chief executive officer of the company. He shall have general charge and supervision of the business of the company. He may sign and execute all authorized bond contracts or obligations in the name of the Corporation and with the Secretary may sign all certificates of shares in the capital stock of the company. He shall from time to time to make such reports of the affairs of the corporation as the Board of Directors may require and shall annually present a report of the preceding years' business to the Board of Directors at their meeting immediately preceding the annual meeting of the stockholders, which report may be read at the annual meeting of stockholders. He shall do and perform such other duties as may from time to time be assigned to him by the Board of Directors.<sup>10</sup>

The duties and responsibilities of the CEO are provided in the AMCG Article 3. D.ii.

#### **F. The Corporate Secretary**

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the Corporation. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.

The duties and responsibilities of the Corporate Secretary are provided in the Corporation's By-Laws and in AMCG Article 3. M.

#### **G. The Compliance Officer**

The Board shall appoint a Compliance Officer who shall have a rank of at least Senior Vice-President or any equivalent position with adequate stature and authority in the Corporation. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.

The duties and responsibilities of the Corporate Compliance Officer are provided in the AMCG Article 3. N.

### **V. Frequency, General Timing and Procedure of Meetings**

#### **A. Frequency of Meetings**

The Organizational meeting of the Board of Directors shall be held immediately following the annual stockholders' meeting. No Notice of such meeting shall be required. The Board may in its discretion fix other periodical times for regular meetings.<sup>11</sup>

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<sup>10</sup> Amended By-Laws Article IX Sec. 2.

<sup>11</sup> Amended By-Laws Article VI. Sec. 1.

Regular meetings of the Board of Directors shall be held on such dates and such places as may be fixed from time to time by the said Board.

Special meetings of the Board of Directors may be called by the President or by the written request of any two directors.<sup>12</sup>

In case of conferences or meetings held through electronic medium or telecommunications, where the participants who are not physically present are located at different local or international places, the Corporation shall follow guidelines for the conduct of teleconferencing and videoconferencing under SEC Memorandum Circular 15, Series of 2001.

## **B. Quorum**

A majority of the entire number of directors present shall constitute a quorum for the transaction of all business. Action of the Board shall be taken only upon the affirmative vote of a majority of the directors present; unless the Corporation Code or By-Laws requires the vote of a greater number.<sup>13</sup>

## **C. Attendance**

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.<sup>14</sup>

## **D. Notice of Meeting**

Notice of either regular or special meetings shall be sent to each director at least five (5) business days before the date of meeting. The notice of meeting shall include the time and place of the meeting and the agenda subjects to be discussed.

## **E. Minutes of Meeting**

Minutes of the Board meetings shall be taken and recorded by the Corporate Secretary and signed by the Chairman of the Board or the person who were appointed to take notes during the meeting.

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<sup>12</sup> Amended By-Laws Article VI. Sec. 2.

<sup>13</sup> Amended By-Laws Article VI. Sec. 4.

<sup>14</sup> Amended Manual on Corporate Governance Article 3.J.

## **VI. Orientation and Continuing Education Programs for Directors**

The CEO shall assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors.<sup>15</sup>

The Company shall provide an orientation or training program for first-time directors for such number of hours and in accordance with the requirements of the SEC. The program includes orientation on the Corporation's business, vision, mission and corporate strategy, Charter, Articles of Incorporation and By-laws, Manual on Corporate Governance, among others.

The Company shall also provide relevant continuing training for all directors to enhance their knowledge and assist in their development as Directors.

## **VII. Miscellaneous**

### **A. Access to Information**

The Board shall have reasonably free and full access to all relevant information, data, records, properties and personnel of the Corporation.

### **B. Technical Assistance**

The Board may invite such members of Management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

### **C. Confidentiality**

Directors shall keep confidential all the information contained in the confidential reports or discussions. They shall also ensure that all persons who have access to the same information likewise comply with this rule. They shall not reveal confidential information to unauthorized persons without the authority of the Board.

### **D. Annual Review/Self-Evaluation**

The Board shall perform a review and evaluation, at least annually, of the performance of the Board and its members, including reviewing the compliance of the Board with this Charter. In addition, the Board shall review and reassess, at least annually, the adequacy of this Charter and recommend any improvements to the Board for approval.

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<sup>15</sup> Amended Manual on Corporate Governance Article 3.D.i.e.

**E. Effectivity**

This Board Charter approved by the Board of Directors on 10<sup>th</sup> of November 2020 shall take effect immediately.



**JASON S. LIM**  
Chairman, Director



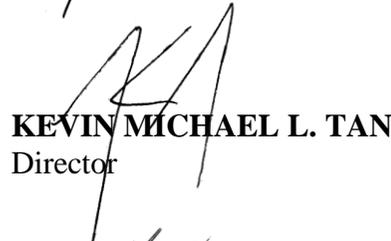
**SUSAN L. TAN**  
Director



**DAVID S. LIM**  
Director



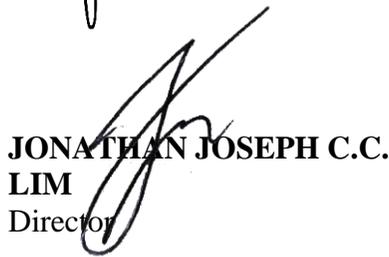
**VINCENT S. LIM**  
Director



**KEVIN MICHAEL L. TAN**  
Director



**BEDA T. MANALAC**  
Director



**JONATHAN JOSEPH C.C.  
LIM**  
Director



**QUINTIN W. CHUA**  
Independent Director



**MARIA G. GOOLSBY**  
Independent Director