

## Upson International Corp.

### Charter of the Board of Directors

#### I. Introductory Statement

This Charter of the Board of Directors (the “Board”) of Upson International Corp. (“Upson” or the “Corporation”) formalizes and states the roles, responsibilities, and accountabilities in carrying out the fiduciary duties of the Board. The Board is primarily responsible in matters of governance and in overseeing the business of Upson. Within their authority as granted under Republic Act No. 11232, the Revised Corporation Code of the Philippines (the “Revised Corporation Code”) and other applicable laws, and the By-Laws of Upson (“By-Laws”), the Directors, acting as the Board, spearhead the promotion of good corporate governance and ensure that adherence to the best practices of corporate governance remains one of Upson’s top priorities. Accordingly, the Board adopts this Board Charter to guide its decision-making process, actions, procedures, and processes, and in implementing its objectives. Further, this Charter provides standards for evaluating the performance of the Board.

#### II. Composition

The Board shall:

- a. be composed of ten (10) directors or such number of Directors provided in Upson’s Articles of Incorporation;
- b. have collective knowledge, experience and expertise that is relevant to Upson’s industry/sector;
- c. have independent directors<sup>1</sup> constituting at least twenty percent (20%) of the Board or such number as may be required by law as applicable to publicly-listed corporations; and
- d. appoint a Chairperson, a Chief Executive Officer, and a President, provided however that, the positions of the Chairperson and Chief executive officer or President may be held by separate individuals.

#### III. Qualifications and Disqualifications

A director should possess the qualifications and none of the disqualifications as follows:

- a. Qualifications
  - i. A holder of at least one hundred (100) shares registered in the Corporation’s books.

---

<sup>1</sup> An independent director is a person who, apart from shareholdings and fees received from the corporation, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment in carrying out the responsibilities as a director. (As stated in Section 22, c. of the Revised Corporation Code)

- ii. Knowledgeable, capable of and have experience and expertise that is relevant to Upson's business and would be beneficial to the operations of the Corporation.
  - iii. Has leadership qualities, the vision and independence in making decisions for the best interest of Upson and its stakeholders as well.
  - iv. Has the integrity, ethics, and diligence in the performance of his/her duties.
- b. Disqualifications
- i. If convicted by final judgment:
    - Of an offense punishable by imprisonment for a period exceeding six (6) years
    - For violating the Revised Corporation Code (RCC)
    - For violating the Securities Regulation Code
  - ii. If found administratively liable for any offense involving fraudulent acts
  - iii. By a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs i. and ii. above.

In addition to above-stated qualifications of a director, an independent director shall be disqualified during his tenure under the following instances or causes:

- a. He/she becomes an officer or employee of the Corporation.
- b. He/she was appointed in the three (3) years immediately preceding the election, as a director of Upson, or any of its subsidiaries, associates, affiliates, or related companies; nor an officer or employee of the Corporation's substantial shareholders and its related companies.
- c. He/she is a relative of a director, officer, or substantial shareholder of Upson or any of its related companies or of any of its substantial shareholders.
- d. He/she is acting as a nominee or representative of any director of the Corporation or any of its related companies.
- e. He/she is retained, either in his/her personal capacity or through a firm, as a professional advisor, auditor, consultant, agent, or counsel of Upson, or any of its related companies or substantial shareholder.
- f. He/she is engaged in any transaction with the Corporation, or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment.

- g. He/she is employed as an executive officer of another company where any of the covered company's executives serve as directors.
- h. His/her beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of Upson.
- i. Fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during his/her incumbency, unless such absences are due to grave illness or death of immediate family.

#### **IV. Election and Term**

- a. Directors shall be elected for a term of one (1) year and until the election and qualification of their successors in accordance with the Corporation's By-Laws. Each director shall hold office until its successor is elected and qualified.
- b. Each shareholder shall have the right to nominate those who possesses all the qualifications and none of the disqualifications set forth in this Charter.
- c. Directors must be elected by the shareholders present or entitled to vote in absentia during the election of directors.
- d. At all elections of directors, there must be present, either in person or through a representative authorized to act by written proxy, the owners of majority of the outstanding capital stock of Upson who are entitled to vote.
- e. Shareholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the Corporation at the time fixed in the By-laws or where the By-laws are silent, at the time of the election. The said stockholder may:
  - i. vote such number of shares for as many persons as there are directors to be elected;
  - ii. cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or
  - iii. distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Corporation multiplied by the whole number of directors to be elected: Provided, however, That no delinquent stock shall be voted. Nominees for directors receiving the highest number of votes shall be declared elected.
- f. If no election is held, or the owners of majority of the outstanding capital stock or majority of the members entitled to vote are not present in person, by proxy, or through remote communication or not voting in absentia at the meeting, such meeting may be adjourned and the Corporation shall proceed in accordance with Section 25 of the RCC.

- g. In election to fill vacancies, the procedure set forth in Section 23 of the RCC shall be followed.
- h. Only nominees whose name appear on the final list of candidates shall be eligible for election. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the annual stockholders' meeting.
- i. An independent director shall only serve for a maximum cumulative term of nine (9) years, after which he/she shall be perpetually barred from re-election as an independent director in the Corporation.

## **V. Duties and Responsibilities**

It shall be the responsibility of the Board to further the long-term success of Upson and to sustain its competitiveness and profitability in consonance with its corporate objectives and for the best interest of the shareholders and other stakeholders.

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that would serve as a guide for the business operations incorporating the effective means as well of monitoring the performance of the Management.

Particularly, the Board shall:

- a. Manage and operate the Corporation's business with honesty and transparency following the laws, corporate objectives, the Articles of Incorporation of the Corporation, and the resolution of the Shareholders' Meeting and carefully protects the Corporation's interest;
- b. Arrange for the preparation of the balance sheet and profit and loss statement of the Corporation at the end of the accounting period, of which the auditor reviews and proposes to the Shareholder's Meeting for consideration;
- c. Determine targets, directions, policies, business operation plans, and the Corporation's budget, including monitoring and supervising the executives' administration and management to comply with the set guidelines, procedures, and budget efficiently and effectively;
- d. Consider, review, and approve the policies, directions, strategies, and business operation plans proposed by the Management;
- e. Regularly monitor the business operation in accordance with the business plan and budget;
- f. Ensure that the Corporation, and if any, and its subsidiaries, have the appropriate and efficient accounting system and provide reliable financial reports and auditing, including the proper internal control and internal audit procedures;
- g. Establish a risk management policy to cover all the Corporation's activities and supervise its systems or processes with appropriate measures to support and control methods to reduce effect on the Corporation's business;

- h. Determine the management structure. The Board has the authority to appoint the President and Board Committees as appropriate, including the assessment of the scope of powers and duties of the President and Board Committees as appointed;
- i. Oversee the management and operation of the Corporation, and if any, its subsidiaries, to comply with the specific policies and the regulations of the Securities and Exchange Commission (SEC) and the Philippines Stock Exchange, Inc.; and
- j. Authorize, if necessary, one or more directors or any other persons to perform any action on behalf of the Board under its control or delegate to such person such authority as the Board deems appropriate within the period under the Board's discretion. The Board may revoke, change or modify the authorization as it may deem appropriate.

Further to the above-enumerated duties and responsibilities of the Board, each director must be committed and loyal to Upson, its vision and objectives. The said position is that of trust and confidence, and each director is expected to exercise leadership, integrity, transparency, fairness and accountability. A director must devote his/her time and attention necessary to properly and efficiently perform his duties and responsibilities. He/she is also expected to exercise high ethical standards, taking into consideration the interest of both the shareholders and the stakeholders:

- a. He/she must actively participate in all meetings of the Board, its committees, and that of the shareholders in person or through teleconferencing or video conferencing or any other modes/means in accordance with the regulations of the SEC;
- b. He/she must review the meeting materials of all Board and committee meetings;
- c. He/she is expected to ask vital questions, verify matters, obtain needed clarifications and explanations during Board and committee meetings;
- d. He/she must refrain from making or participating in any decisions of certain transactions involving the company that he/she may have any conflict of interest or material interest;
- e. He/she must be well-informed and updated of the existing statutory and regulatory requirements and regulations that affect the Corporation, the regulations of the SEC and other relevant regulatory commissions if applicable;
- f. He/she shall not participate in any meetings that involve decisions on his/ her remuneration;
- g. He/she is expected to exercise his sense of judgement to carefully evaluate before making any decisions on any matters being addressed to the Board;
- h. He/she must view and study every issue or concern carefully and independently. He/she must weigh matters and exercise his/her own judgement in coming up with his/her decisions; and,
- i. He/she should observe strict confidentiality for all non-public information that he/she might have acquired or learned due to his position and responsibility as a director. He/she must

not reveal any confidential information to any unauthorized persons without the authority from the Board.

## **VI. Meetings**

- a. Each member of the Board of Directors is expected to attend all their regular and special meetings.
- b. Independent directors are required to attend all Board meetings. Their absence however, would not affect the quorum requirement unless it is provided in the By-laws. However, for the purpose of transparency, the Board may require at least one (1) independent director to attend all meetings.
- c. Regular meetings of the Board shall be held at least once every quarter.
- d. Special meetings of the Board may be held at any time upon the call of the Corporation's President or as provided in the By-laws.
- e. Meetings of the Board may be held anywhere in or outside the Philippines.
- f. The Chairperson or, in his/her absence, the President shall preside at all meetings of the Board.
- g. Notice of meetings stating the date, time, and place of the meeting shall be sent to every director at least two (2) days prior the scheduled meeting.
- h. Directors who cannot physically attend or vote at Board meetings can participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate. Directors cannot attend or vote by proxy at Board meetings.
- i. Majority of the directors or such number that may be provided in the Corporation's Articles of Incorporation shall constitute a quorum to transact corporate business, and every decision reached by at least a majority of the directors constituting a quorum, except for the appointment of officers which shall require the vote of a majority of all the members of the Board, shall be valid as a corporate act.
- j. A director who has a potential interest in any related party transaction must recuse from voting on the approval of the related party transaction without prejudice to compliance with the requirements of Section 31 of the RCC.

## **VII. Chairperson**

The Chairperson, which shall be appointed by the members of the Board, shall:

- a. use his/her leadership to guarantee the efficient performance of duties of the entire Board's best interests and independence from the Management;

- b. be responsible for defining strategies, directions, policies, goals, and missions so that executives and personnel have a purpose in operating in the same direction;
- c. monitor and supervise the implementation of the Upson's strategy. The practice must comply with the relevant policies, rules, laws and regulations;
- d. consider and approve the agenda of the meeting proposed by the Corporate Secretary; and
- e. Exercise the powers and perform duties as the Board may assign to him/her.

**VIII.** Chief Executive Officer and/or President

The Chief Executive Officer and/or President, which shall be appointed by the Board, shall (jointly, if applicable):

- a. determine the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
- b. communicate and implement the Corporation's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- c. oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan;
- d. have a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;
- e. direct, evaluate and guide the work of the key officers of the Corporation;
- f. manage the Corporation's resources prudently and ensures a proper balance of the same;
- g. provide the Board with timely information and interfaces between the Board and the employees;
- h. build the corporate culture and motivates the employees of the Corporation;
- i. serve as the link between internal operations and external stakeholders; and
- j. Exercise the powers and perform duties as the Board may assign to him/her.

**IX.** Compensation and Per Diem

Directors shall be entitled to receive from Upson, fees and other compensation for their services as Directors in accordance with Section 29 of the Revised Corporation Code. The directors shall receive reasonable per diems for attendance at Board and committee meetings. The directors shall not participate in the determination of their own per diems or compensation.

**X. Board Committees**

The Board shall create Board committees that shall provide support to the Board's specific functions and shall assist in the effective performance of its duties and responsibilities, particularly in the aspects of audit, risk management, nomination, remuneration, and corporate governance. Each committee shall submit to the Board a report of its accomplishments and a self-assessment of its performance.

All established committees shall be required to have committee charters stating in plain terms their respective functions, structures, memberships, operations, reporting process, and other relevant information. The charters shall provide the standards in assessing the committees' performance. The charters shall be posted on the website and made available to the public.

**XI. Training/Orientation**

The Corporation shall adopt a policy on the training of directors, including an orientation program for first-time directors, and relevant annual continuing training for all directors.

The orientation program shall cover SEC-mandated topics on corporate governance and an introduction to the Corporation's business, Articles of Incorporation, and Code of Conduct.

All members of the Board shall attend, a minimum of four (4) hours at least once a year, a program on corporate governance conducted by training providers that are duly accredited by the SEC.

**XII. Evaluation**

The Corporation shall require the Board and its committees to have a performance self-assessment at least once a year, both on the Board and individual level. The evaluation shall help in the improvement and further development of the Corporation's business operations. The assessment would lead to better efficiency and would encourage the Corporation to grow and progress with sustainable stability.

The evaluation of the Board and its committees' performance shall focus on the self-assessment of the Board as a whole, self-assessment of the committees as a whole, and the individual self-assessment of the Board of Directors, the committees, and the Management.

Every three (3) years, the assessment may be supported by an external facilitator.

**XIII. Supplemental Provision**

This Charter adopts all applicable laws, rules, and regulations.

Approved and adopted by the Board of Directors on May 12, 2023.