

## **CHARTER OF THE NOMINATION COMMITTEE**

**The principal function of the Nomination Committee is to pre-screen the candidates for directorship. To this end, the Board of Directors hereby adopts this Charter:**

### **1. Composition of the Committee and qualifications of members**

- 1.1 The Nomination Committee shall be composed of three members of the Board at least one of whom shall be an Independent director.

### **2. Frequency of Meetings**

- 2.1 The Nomination Committee shall meet at least once during the sixty (60) day period preceding the scheduled annual stockholders' meeting (ASM) for the purpose of evaluating the qualifications and disqualifications of all nominees to the Board of Directors of the Company. The Corporate Secretary shall attend the meetings and shall prepare the final list of candidates as determined by the Committee.
- 2.2 The Nomination Committee shall meet at least once every year for the purpose of assessing the performance of the Directors of the Company in light of the standards set forth in the Manual on Corporate Governance.

### **3. Deadline for Submission of Nominees**

- 3.1 Pursuant to SEC-MC No. 16, nominations for independent directorship should be made in writing and bear the signature of the nominee. These should be submitted to the Nomination Committee, through the Office of the Corporate Secretary on or before the deadline set by the Nomination Committee, which date should be disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange by the Corporate Secretary together with the date of the ASM as agreed or otherwise declared by the Board in accordance with the Company's By-Laws.
- 3.2 Nominations for regular directorship (for non-independent directors) should also be made in writing and submitted to the Nomination Committee through the Office of the Corporate Secretary on or before such date as may be determined by the Nomination Committee. The deadline for such submission shall be disclosed by the Corporate Secretary in the same manner provided in Clause 2.1 hereof.

### **4. Determination of Qualification of Nominees**

- 4.1 In pre-screening the eligibility for election to the Board of Directors of the nominees, the members of the Nomination Committee shall consider the following factors:

**A. Qualifications of Independent Directors** (defined as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relations which could, or could reasonable be perceived to, materially interfere with the exercise of independent judgment in carrying out his responsibilities as a director in any corporation.;

- i. Is not a director or officer or substantial stockholder (stockholder owning at least 10% of outstanding shares) of the Company or of its related Companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- ii. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;\
- iii. Is not acting as a nominee or representative of a substantial shareholder of the Company, any of its related companies or any of its substantial Shareholders;
- iv. Has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial shareholders within the last five (5) years;
- v. Is not retained as professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
- vi. Has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.

**B. Qualifications Applicable to all directors, Independent or Regular:**

- i. He shall have at least one (1) share of stock of the Company;
- ii. He shall be at least a college graduate or he shall have engaged or exposed to the business of the Company for at least five (5) years;
- iii. He shall possess integrity/probity; and
- iv. He shall be assiduous (diligent).

**C. Disqualifications Applicable to All Directors**

- i. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induces or procured the violation of, any provision of the

Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;

- ii. Any person judicially declared to be insolvent;
- iii. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- iv. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years prior to the date of his election or appointment.

4.2 The Nomination Committee will consider the following factors with respect to nominees holding elective or executive positions in other corporation:

- i. The nature of the business of the Corporations which he is a director;
- ii. Age of the director;
- iii. Number of directorships/active memberships and officerships in other corporation or organizations; and
- iv. Possible conflict of interest;
- v. The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general.

4.3 Further to the foregoing qualifications and disqualifications, the following shall be observed:

4.3.1 Executive Directors, including the Chairman and CEO, should be “full-time” in the management of the Company’s affairs. For the purposes hereof, affiliates or wholly-owned subsidiaries of the Company or corporations controlled by the family of the concerned director shall not be deemed as another corporation.

4.3.2 Subject to the foregoing provision, the Company’s Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee

## **5. Temporary Disqualification of Directors**

5.1 During the tenure of an Independent Director, he may be disqualified and removed as such if the Nomination Committee should find that:

- i. He becomes an officer or employee of the Company or of its related companies or substantial shareholder of the Company (owning at least 10% of the outstanding capital stock);

- ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company;
  - iii. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.
  - iv. Such other disqualifications which the Company's New Manual on Corporate Governance provides.
- 5.2 During the tenure of any Director, he may be disqualified or removed as such for:
- i. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
  - ii. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
  - iii. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
  - iv. Being under preventive suspension as an officer or employee of the Company;
  - v. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.
6. **Submission of Curriculum Vitae.** It shall be the duty of the Office of Corporate Secretary to obtain from the nominating party/nominee/ Director a copy of the curriculum vitae of the nominee or director for the purposes of determining the nominee's eligibility for election to the Board or otherwise monitoring his performance.
7. **Abstention from Participation in Deliberations of the Nomination Committee.** No member of the Nomination Committee shall participate in deliberations nor vote in respect of his qualifications, the evaluation of his own performance or his capability to handle other directorships. Whenever his performance or qualification is under evaluation, decisions shall be made upon the unanimous vote of the two remaining members.