

## **ANNEX "A"**

### **NOMINATION COMMITTEE CHARTER**

The Nomination Committee advises the Board with respect to matters relating to the composition of the Board. The Board identifies individuals qualified to become Board members and, consistent with criteria reviewed by the Nomination Committee and approved by the Board, recommends to the Board nominees for director for approval at the next annual meeting of stockholders, including any incumbent directors.

#### **I. Purposes**

The purposes of the Nomination Committee (the "Committee") is to identify individuals qualified to become members of the Board of Directors (the "Board") and, consistent with criteria approved by the Board, recommend that the Board select the Director nominees for the next annual meeting of stockholders.

It shall prescreen and short list all candidates nominated to become a member of the board of directors in accordance with the qualifications criteria and grounds for disqualification provided in *Annex "A-1"* hereof.

In consultation with the executive or management committees, review at regular intervals and if so necessary redefine the role, duties and responsibilities of the Chief Executive Officer with the aim of maintaining at all times acceptable standards of good governance.

#### **II. Membership**

The Committee shall be composed of three or more Directors, one of whom shall be independent Directors as determined by the Board pursuant to the Securities and Exchange Commission's definition of independence. The Chair and members of the Committee shall be appointed annually by the Board. Vacancies shall be filled by election by the Board, and any member of the Committee may be removed by the Board. The Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

#### **III. Meetings**

1. The Committee shall meet in accordance with the annual meeting schedule or at the call of the Chair or a majority of the members. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

2. Procedures fixed by the Committee shall be subject to any applicable provision of the Company's By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board approved by the Committee.

#### **IV. Key Responsibilities**

1. Develop and recommend for approval by the Board a set of criteria for Board membership. Identify, evaluate and attract qualified individuals to become Directors who satisfy such criteria. Make recommendations to the Board regarding Director candidates for membership on the Board, including the slate of Director nominees to be proposed by the Board for election by the stockholders at the annual meeting of stockholders and any director nominees to be elected by the Board to fill interim director vacancies. Establish and follow procedures for the recommendation of Director candidates by the Company's stockholders and the consideration by the Governance Committee of Director candidates so recommended.

2. Assess the contributions and independence of incumbent Directors in determining whether to recommend them for re-election to the Board at the annual meeting of stockholders.

3. Make recommendations to the Board on such matters as the retirement age, tenure and removal of Directors.

4. Manage the Board performance review process and review the results with the Board on an annual basis.

5. Recommend to the Board candidates for appointment to Board committees and consider periodically rotating Directors among the committees.

6. Review directorships in other public or private companies (excluding charitable or non-profit organizations) held by or offered to Directors and executive officers of the Company.

7. Review and assess the channels through which the Board receives information and the quality and timeliness of information received.

8. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

For this purpose, the Nomination Committee may consider the following guidelines in the recommending to the Board for approval of the shareholders a maximum number of directorships for individual members of the Board:

- The nature of the business of the Corporations which he is a director;
- Age, and physical capacity of the director,

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

On the other hand, the Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

#### **V. Outside Advisors**

The Committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions, including the sole authority to retain and terminate search firms used to identify Director candidates, and to approve any such search firm's fees and other retention terms.

#### **VI. Miscellaneous**

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

**QUALIFICATIONS AND DISQUALIFICATIONS OF DIRECTORS**

**I. Qualifications for Directorship**

In addition to the qualifications for directorship in the Company provided for in the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations and such other qualifications approved by the Board and incorporated in amendments to the By-laws, the Board may provide for additional qualifications which include, among others, the following:

- o Holder of at least one (1) share of stock of the Corporation;
- o He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- o He shall be at least twenty one (21) years old;
- o He shall have proven to possess integrity and probity; (and)
- o He should have sufficient interest in the business of the Corporation to be willing as well as able to make a positive contribution to its undertakings.
- o He must have a practical understanding of the business of the Corporation or previous business experience;
- o He must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

**II. Disqualifications from Directorship**

The following shall be grounds for the permanent disqualification of a director:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasibank, trust company, investment house or as an affiliated person of any of them;

- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- (vi) Any person judicially declared to be insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.



### III. Qualification of Independent Director

"Independent Director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business, or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director of the Company and includes, among others, any person who:

- a.) is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- b.) does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders;
- c.) 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 include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- d.) is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- e.) has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;
- f.) is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years;
- g.) has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial;
- h.) is not a securities broker-dealer or a person holding office of trust and responsibility in broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman and an authorized clerk of the broker or dealer;
- i.) was not a regular director of the Company who resigned or whose term ended within the last two (2) years;

- j.) was not the Chairman "Emeritus", "Ex-Officio" Directors/Officers or Members of any Executive Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within one (1) year.

When used in relation to a Company, "related company" means another company which is: (1) its holding company; (b) its subsidiary; or (c) a subsidiary of its holding company; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten (10) percent of any class of its equity security.

#### IV. Temporary Disqualification

Any of the following shall be a ground for the temporary disqualification of a director:

- (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 in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- (iii) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Corporation;
- (v) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- (vi) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.