
NOMINATION AND REMUNERATION COMMITTEE CHARTER



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ARTICLE 1. OBJECTIVE

The Nomination and Remuneration Committee (the “Committee”) was established by the Board of Directors to ensure a formal and transparent Board nomination process, and to select, compensate, monitor and, when necessary, to replace key executives and oversee succession planning.

ARTICLE 2. ORGANIZATION

Section 1. Membership – The Nomination and Remuneration Committee shall be composed of at least three (3) members, majority of whom shall be Independent Directors, who shall have knowledge of executive compensation or access to expert advice.

If a member of the Committee resigns, dies, or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of such event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Section 2. Term of Office – Each member of the Committee shall serve as such for a term of one (1) year or for so long as he/she remains a director, whichever is shorter.

ARTICLE 3. MEETINGS

Section 1. Regular and Special Meetings - The Committee shall meet at least once a year or whenever necessary.

Section 2. Chairman – The Chairman of the Committee shall preside at each meeting. If he or she is not present within five (5) minutes after the time appointed for holding the meeting, the members present shall choose among themselves a chairman of the meeting.

Section 3. Quorum – The presence of at least a majority of the members of the Committee shall constitute a quorum for the transaction of corporate business that may be presented for approval before the Committee. If no quorum exists, the meeting shall be adjourned.

Section 4. Conduct of Meetings – All recommendations of the Committee shall be decided by a majority vote and thereafter submitted to the Board for approval. Issues arising at any meeting shall be resolved by a majority of votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.

Section 5. Re-appointment – No Director shall participate in decisions on his or her re-appointment.

Section 6. Remuneration – No Director shall participate in decisions on his or her remuneration.

Section 7. Participation via Communication Equipment – The members may participate in a meeting via telephone conference or via such other similar communication equipment provided all persons participating in the meeting can hear each other, without a member being in the physical presence of another member or members. Participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

ARTICLE 4. DUTIES AND RESPONSIBILITIES

Section 1. Duties and Responsibilities - The Committee shall have the following duties and responsibilities:

1. Review and evaluate qualifications and shortlist candidates for election to the Board of Directors, including candidates for Independent Directors who shall constitute at least thirty percent of the members of the Board;
2. The Committee may utilize the services of professional search firms or other external sources to search for qualified candidates to the Board.
3. Nominate Directors by considering the Director's contribution and performance (e.g. attendance, preparedness, participation, and candor) including, if applicable, Independent Directors;
4. Consider the following guidelines in determining the number of directors to be nominated to the Board:
 - a. The scope and nature of the operations of the Corporation;
 - b. Age of the director; and
 - c. Possible conflict of interest among the directors.
5. Regularly assess the effectiveness of the nomination and election process;

6. Establish a formal and transparent procedure for fixing the remuneration packages of individual Directors provided, however, that no Director shall be involved in discussions regarding his own remuneration;
7. Provide a clear disclosure of the remuneration policy of the Company and the level and mix of the remuneration in the Company's annual report;
8. Designate such amount of remuneration as may be sufficiently attractive to engage and retain Directors and Officers who are needed to run the Company successfully;
9. Evaluate the Full Business Interest Disclosure form as part of the pre-employment requirements for all incoming Officers, which among others, compel all Officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired; and
10. Include in the Company's annual reports, information or proxy statements a clear, concise, and understandable disclosure of the compensation of the four (4) most highly compensated Executive Officers and in the aggregate all Officers and Directors as a group unnamed for the previous fiscal year and the ensuing year; and

ARTICLE 5. NOMINATION OF CANDIDATES

Section 1. Qualifications of Directors - In the nomination of individuals qualified to become Board members, the Committee shall consider the following qualifications:

1. Holder of at least one (1) share of stock of the Company;
2. Bachelor's degree or equivalent experience in managing the business as gained from the profession and/or industry;
3. At least twenty-one (21) years of age;
4. Proven to possess integrity and probity; and
5. Have attended an annual seminar on corporate governance with a duly accredited or recognized private or government institution and submitted a copy of his/her certificate of attendance to the Compliance Officer which seminar shall not be less than four (4) hours.

Section 2. Permanent Disqualifications –The following are grounds for the permanent disqualification of a Director:

- 2.1 No person shall be eligible for nomination or election to the Board of Directors if such person is engaged in any commercial venture or undertaking which is in competition with the business of the Company or any of its subsidiaries. For this purpose and unless the Board of Directors, in its reasonable exercise of discretion determines otherwise, a person shall be deemed to be so engaged where:
- (a) He/She is a director, officer, or the record or beneficial owner of at least 10% of any outstanding shares of any other corporation or entity engaged in any line of business of the Company or any of its subsidiaries;
 - (b) He/She is a director, officer, or the record or beneficial owner of at least 10% of any outstanding shares of any other corporation or entity engaged in any line of business which the Board determines to be in competition with the business of the Company or any of its subsidiaries; or
 - (c) The Board, in the exercise of its judgment in good faith, determines that such person is a nominee of any person referred to in (a) or (b) above.
- 2.2 Any person convicted by final judgment or order by a competent juridical 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 flood broker; or
 - (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or an affiliated person or any of them.
- 2.3 Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC,

Bangko Sentral ng Pilipinas (“BSP”), 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 flood broker;
 - (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, investment company, or as an affiliated person of any of the foregoing entities; or
 - (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in the sub-paragraphs (a) and (b) or willfully violating the laws that govern securities and banking activities.
- 2.4 Any person who has been restrained to engage in any activity involving securities and banking;
- 2.5 Any person who is currently the subject of an effective order of the SEC or any court or any 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 SEC or BSP, or under any rule or regulation issued by the SEC or BSP;
- 2.6 Any person convicted by final judgment or order by a competent juridical or administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts;
- 2.7 Any person finally found guilty by the SEC or court or regulating bodies to have willfully violated, or willfully aided, abetted, counseled, induced, or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP or any rule, regulation, or order issued by the SEC or BSP;
- 2.8 Any person 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;

- 2.9 Any person finally found guilty by foreign court or financial regulatory counterparts of the Philippines of acts, violations, or misconduct listed in the foregoing paragraphs;
- 2.10 Any person judicially declared to be insolvent;
- 2.11 Any person finally convicted of an offense punishable by imprisonment of more than six (6) years, or violation of the Revised Corporation Code and Securities Regulation Code committed within five (5) years prior to the date of his/her election or appointment; and
- 2.12 Other grounds as the SEC may now or hereafter provide pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities and Exchange Code and other related laws.

Section 3. The following are grounds for the temporary disqualification of a director:

- 3.1 Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 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;
- 3.2 Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities, and holder of a secondary license from the Commission. 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;
- 3.3 If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with;
- 3.4 If any of the judgments or orders cited in the ground for permanent disqualification has not yet become final; or
- 3.5 Serving as a member of the board of directors in more than ten (10) public companies and/or registered issuers or more than five (5)

public companies and/or registered issuers of securities if the director also sits in three (3) publicly listed companies.

ARTICLE 6. INDEPENDENT DIRECTORS

Section 1. Definition and Composition

- 1.1. An Independent Director is a person who, apart from his/her fees and shareholdings, is independent of management and free from any business or other relationships which could, or could reasonably be perceived to, materially interfere with his/her exercise of independent judgment in carrying out the responsibilities of a director of the Company, and includes, among others, any person who:
 - (a) is not, and has not been in the two (2) years immediately preceding the election, a Director or Officer or substantial shareholder of the Company or of its subsidiaries, associates, affiliates or related companies, or any of its substantial shareholders, except when he/she is 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 related to any Director, Officer, or substantial shareholder of the Company or any of the related companies or substantial shareholders of the Company. 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 related 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/her firm or any similar entity, as a professional adviser of the Company, or any of its related companies and/or any of its substantial shareholders in 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/herself and/or with other persons and/or through a firm of which he/she (or persons related to the same) is a partner and/or a company of which he/she (or persons related to the same) is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; and
 - (h) may hereafter be considered as an Independent Director under applicable laws, statutes, or rules and regulations of the SEC.
- 1.2. The Board shall have at least two (2) Independent Directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. The Independent Directors need not elect amongst themselves a Lead Independent Director for so long as the Management of the Company shall consist of less than ten (10) persons.

Section 2. Term

- 2.1. Except as otherwise provided in this Manual, an Independent Director who shall have served the maximum term shall be perpetually barred from re-election as such in the Company.

Nothing, however, shall prevent said Independent Director from qualifying for nomination and election as a Non-Independent Director.

- 2.2. By way of exception to the foregoing, an Independent Director who has served for more than nine (9) years may be re-nominated as such if:
- (i) The Nomination Committee endorses such nomination on meritorious grounds; and

- (ii) Approval of the shareholders is obtained during the Annual Shareholders' Meeting.

Section 3. Nomination of an Independent Director

- 3.1. The nomination of an Independent Director shall be conducted by the Company's Nomination Committee prior to a shareholders' meeting. All recommendations for nomination shall be signed by the nominating shareholder together with the acceptance and conformity of the nominee. A list of all qualified nominees shall be prepared and presented to the Board for approval.
- 3.2. The Nomination Committee shall prepare a list of all qualified nominees, and report the same to the Board of Directors for its approval.
- 3.3. Upon the approval by the Board of Directors of the list of the qualified nominees, and at least twenty one (21) days before the annual meeting of the shareholders, a Final List of Candidates, containing all the information about the nominees for Independent Directors, shall be made available to the SEC and to all shareholders through the filing and distribution of an Information Statement, in accordance with the Securities Regulation Code, or in such other reports as the Company may be required to submit to the SEC.
- 3.4. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates has been prepared. No further nomination shall be entertained or allowed on the floor during the actual shareholders' meeting.

Section 4. Disqualification – Any of the following persons shall likewise be disqualified from being nominated and elected as an Independent Director:

- a. An officer or employee of the Company where he/she shall be nominated and elected;
- b. Owners of more than two percent (2%) of the total outstanding proprietary membership of the Company and/or any of its substantial shareholders; and

- c. A director who has failed, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during his/her incumbency.

ARTICLE 7. EFFECTIVITY

This Charter shall take effect upon approval by the Corporation's Board of Directors.