



CHARTER OF THE COMMITTEE OF INSPECTORS OF PROXIES AND BALLOTS

The Board of Directors (“Board”) of Ayala Corporation (the “Corporation”) hereby adopts this Charter of the Committee of Inspectors of Proxies and Ballots¹ (the “Committee”).

Section 1. Membership

- 1. Composition** - The Committee shall be composed of three (3) members who need not be directors or stockholders. The Board may change the number and the composition of the Committee as it may deem necessary.
- 2. Term** - The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board. The Committee shall comply with the rules and regulations of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).
- 3. Vacancy** - Any vacancy in the Committee caused by the death, resignation, or disqualification of member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

Section 2. Powers, Duties and Responsibilities of the Committee

The Committee shall have the following powers, duties and responsibilities:

- 1.** Validate the proxies submitted by the stockholders at least five (5) working days prior to the date of the stockholders’ meeting,² and submit the Proxy Validation Summary to the Office of the Corporate Secretary in accordance with Section 5.3 of this Charter.

The Committee shall only consider proxies submitted not later than seven (7) working days prior to the date of the stockholders’ meeting.³ A sample of the proxy form is attached as Annex “A”.

¹ The “Proxy Validation Committee”, referred to in the By-laws of Ayala Corporation (“By-laws”) as one of the committees that the Board of Directors can create to assist in managing the affairs of the Corporation, is renamed as “Committee of Inspectors of Proxies and Ballots”.

² By-laws, Article III, Section 6.

³ By-laws, Article III, Section 6.

2. Count and tabulate the votes cast at the Corporation's stockholders' meeting, and submit the results of the tabulation to an independent party of inspectors for validation.⁴

The Committee shall cause the results of the votes to be posted in the Corporation's website in the next working day following the holding of the annual meeting of the stockholders.⁵

3. Perform such other duties and functions as may be delegated by the Board from time to time.

The Committee shall be guided by applicable laws, the By-laws, and the rules and regulations of the SEC regarding proxies.⁶

Section 3. Rules and Guidelines Relating to Proxies

1. Unless otherwise provided by applicable laws, rules and regulations, the Committee shall comply with the following rules relating to proxies:

(a) A proxy shall be in writing and signed by the stockholder of record.⁷

(b) Duly accomplished proxies must be submitted to the Office of the Corporate Secretary not later than seven (7) working days prior to the date of the stockholders' meeting.⁸

(c) Validation of proxies shall be conducted at least five (5) working days prior to the date of the stockholders' meeting.⁹

(d) Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time.¹⁰

(e) Any reasonable doubt about the validity of the proxy shall be resolved in favor of the stockholder.

⁴ ASEAN Corporate Governance Scorecard (ACGS), A.3.16.

⁵ ACGS, A.3.17.

⁶ Securities Regulation Code, Rule 20, Sec. 20.

⁷ Corporation Code, Section 58.

⁸ By Laws, Article III, Section 6.

⁹ By Laws, Article III, Section 6.

¹⁰ Corporation Code, Section 58.

- (f)** A stockholder may designate any person of his choice to act as his proxy. Absent such designation or in cases where the designated proxy should fail to appear at the meeting, the Chairman of the meeting shall be deemed authorized and hereby directed to cast the vote as indicated by the voting stockholder or his proxy.¹¹
 - (g)** If a duly accomplished and executed proxy is undated, the postmark or date of dispatch indicated in the electronic mail or, if not mailed, its actual date of presentation, shall be considered as the date of the proxy.¹²
 - (h)** Where the same stockholder gives two (2) or more proxies, the latest one given is to be deemed to revoke all former proxies.¹³
 - (i)** Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.¹⁴
 - (j)** Stockholders may vote by proxy at other corporate meetings even when the purpose thereof is not solely to elect the directors of the Corporation.¹⁵
 - (k)** A proxy may be revoked at any time before the right granted is exercised, unless it is coupled with interest. The revocation may be done in writing, orally or by conduct¹⁶ (e.g. appearance of the stockholder of record at the meeting¹⁷).
- 2.** The following shall not invalidate the proxy:
- (a)** One person acting as proxy for several stockholders;¹⁸
 - (b)** The holder's name was left blank;¹⁹
 - (c)** Different inks were used to fill the proxy;
 - (d)** The proxy is not notarized;²⁰
 - (e)** The proxy does not bear the requisite documentary stamp;²¹
 - (f)** The proxy is unattested by witnesses;²²

¹¹ SEC Memorandum Circular No. 4, series of 2004.

¹² SEC Memorandum Circular No. 4, series of 2004.

¹³ SRC Rule 20, Section 11.b.xi.

¹⁴ SRC Rule 20, Section 11.b.xvii.

¹⁵ SEC Opinion dated 28 February 1974, SEC FOLIO 1960-1978, at p. 668; Philippine Corporate Law, Cesar Lapuz Villanueva, 2010 Ed., p. 1068.

¹⁶ SEC Opinion dated 28 October 1991, cited in Philippine Corporate Law Compendium, Timoteo B. Aquino, 2011 Ed., p.438.

¹⁷ 19 AM JUR 2d, §677, p. 181.

¹⁸ SEC Opinion dated 8 September 1991.

¹⁹ SEC Memorandum Circular No. 4, series of 2004.

²⁰ SEC OGC Opinion No. 08-09 dated 27 March 2008; SEC Opinions dated 14 October 1987 and 13 November 1986.

²¹ Gabucan vs. Hon. Manta, G.R.No.L-51546, 28 January 1980; SEC Opinion dated 13 November 1995.

²² SEC OGC Opinion No. 08-09 dated 27 March 2008; SEC Opinions dated 14 October 1987 and 13 November 1986.

- (g) The proxy is undated;²³
- (h) The proxy does not state the day of the meeting or election, but states the year and/or the month thereof.

3. All issues relative to proxies including their validation shall be resolved prior to the canvassing of votes for purposes of determining a quorum.

Section 4. Special Rule in Cases of Amendment of the Articles of Incorporation

In cases of amendment of the Articles of Incorporation where written assent is allowed²⁴, a stockholder may deliver, in person or by mail, his vote directly to the Corporation.²⁵

Section 5. Resolutions and Actions

1. **Meetings and Actions** - The Committee shall meet in person at least once a year at a time and place determined by its Chairman, with further meetings to occur when deemed necessary or desirable by the Committee or its Chairman.

Actions of the Committee may also be taken by unanimous written consent (in physical, electronic or digital format) when deemed necessary by the Committee or its Chairman.

2. **Minutes** - The minutes of the Committee meeting will be recorded and maintained by the Chairman of the Committee and submitted to the Corporate Secretary.
3. **Reports of the Committee** - The Chairman of the Committee or his designated representative shall report to the Office of the Corporate Secretary all actions of the Committee following such actions.

Section 6. Miscellaneous

1. **Access to Information** - The Committee shall have reasonably free and full access to all relevant information, data, records, properties and personnel of the Corporation.
2. **Technical Assistance** - The Committee may invite such members of management and other persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

²³ SEC Memorandum Circular No. 4, series of 2004.

²⁴ Corporation Code, Section 16.

²⁵ SEC Opinion, 16 August 1999, SEC Bulletin Volume XXXIII, No. 2, December 1999; Corporation Code, Section 58; ACGS, A.3.14.

3. **Confidentiality of Records** - The Corporate Secretary, in coordination with the Chairman of the Committee, shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, or where stockholders request disclosure, or in cases of contested election, the records shall be kept confidential.
4. **Annual Review** - This Charter shall be reviewed by the Committee annually. Any proposed changes shall be approved by the Board.
5. **Effectivity** - This Charter shall take effect when approved by the Board.