



CHARTER OF THE NOMINATION COMMITTEE

The Board of Directors (“Board”) of Ayala Corporation (the “Corporation”) hereby adopts this Charter of the Nomination Committee (the “Committee”)¹.

Section 1. Membership

- 1. Composition** - The Committee shall consist of at least three (3) directors, majority of whom shall be independent directors.²

The Board may from time to time increase the membership of the Committee, and appoint additional members therein, who may or may not be directors of the Corporation.

The Board shall designate one (1) member of the Committee, who must be an independent director, as its Chairman.³

- 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.
- 3. Vacancy** - Any vacancy in the Committee caused by the death, resignation, or disqualification of any 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. Review and monitor the structure, size and composition of the Board and make recommendations to ensure compliance with applicable laws, rules and regulations as well as the Corporation’s By-laws and Manual of Corporate Governance;
2. Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;⁴

¹ ASEAN Corporate Governance Scorecard (ACGS), E.2.10 and E.2.13.

² ACGS, E.2.11.

³ ACGS, E.2.12.

⁴ ACGS, E.4.6.

3. Ensure that all nominations to the Board are fair and transparent, and that all nominees are qualified in accordance with the By-laws, Manual of Corporate Governance and relevant laws, rules and regulations;
4. Review and evaluate the qualifications of persons nominated to positions which require appointment by the Board, and provide guidance and advice as necessary for appointments by the Chairman or President to positions below Managing Director;
5. Review succession plans for members of the Board and senior executives (from group heads to the Chief Executive Officer);
6. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Board members⁵ and in appointing officers or advisors, and develop, update and recommend to the Board policies for considering nominees for directors, officers or advisors; and
7. Perform such other duties and responsibilities that may be delegated to the Committee by the Board from time to time.

The Committee shall be guided by the Corporation's mission and vision in the fulfillment of its functions.

Section 3. Process and Criteria for Nominations to the Board

The Committee shall observe the following process⁶ and criteria⁷ in receiving and evaluating nominations to the Board in line with the Corporation's strategic directions⁸:

1. Receive all written nominations to the Board submitted by stockholders at least thirty (30) business days before the date of the next annual meeting of the stockholders.⁹
2. Review and evaluate the qualifications of all those nominated in accordance with the following criteria:
 - (a) ownership of at least one (1) share of stock of the Corporation standing in his name in the books of the Corporation;¹⁰

⁵ SEC Revised Code of Corporate Governance, Article 3 (K)(ii)(a).

⁶ ACGS, E.3.10.

⁷ ACGS, E.3.9.

⁸ ACGS, E.2.2 (B).

⁹ By-laws, Article IV, Sec. 3.

¹⁰ Corporation Code, Sec.23.

- (b)** a college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;¹¹
- (c)** relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organizations;¹²
- (d)** integrity, probity, diligence and assiduousness in the performance of his functions;¹³
- (e)** directorships in other companies¹⁴, taking into account the following factors:
 - (i)** the nature of the business of the Corporation;
 - (ii)** the number of directorships in other companies;
 - (iii)** any possible conflict of interest; and
 - (iv)** the age of the director;
- (f)** for independent directors, beneficial equity ownership in the Corporation or in its related companies, which must not exceed two percent (2%),¹⁵ and
- (g)** the term limit set for independent directors under applicable laws, rules and regulations;¹⁶

The Committee may consider and recommend to the Board other qualifications for directors, including independence criteria/standards for independent directors, which are aligned with the Corporation's vision, mission and corporate strategy that are now or may hereafter be provided in relevant laws or any amendments thereto.

The Committee may likewise identify and recommend qualified individuals for nomination and election to the Board. For this purpose, the Committee shall make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board.¹⁷

¹¹ SEC Revised Code of Corporate Governance, Article 3 (D); Manual of Corporate Governance, Article II, 1.2.

¹² SEC Revised Code of Corporate Governance, Article 3 (D); Manual of Corporate Governance, Article II, 1.2.

¹³ AC Manual of Corporate Governance, Article II, 1.2.

¹⁴ SEC Revised Code of Corporate Governance, Article 3 (B); ACGS, E.2.8 and E.2.9.

¹⁵ SEC Revised Code of Corporate Governance, Article 3 (E)(2)(iv).

¹⁶ ACGS, E.2.6 and E.2.1 (P).

¹⁷ ACGS, E.3.1 (B).

3. Screen and shortlist qualified individuals for election as directors to ensure that only those that possess all the qualifications and none of the disqualifications from directorship as provided in the Corporation's By-laws, Manual of Corporate Governance and relevant laws, rules and regulations may be elected to the Board.¹⁸
4. Identify and prepare a final list of qualified nominees, recommend for final approval of the Board such final list, and recommend to the stockholders the qualified nominees included in the final list for election in the annual meeting of stockholders.
5. In case of vacancy in the Board other than removal of a director or expiration of term, determine and identify the qualified nominee and recommend to the Board, if the remaining directors still constitute a quorum, to elect such qualified nominee to fill the vacancy.¹⁹
6. Identify and recommend directors to fill vacancies in any of the Board committees, taking into account the requirements set forth in their respective charters.

Section 4. Nominations to Key Management Positions²⁰

1. The Committee shall review and evaluate the qualifications of all persons nominated to positions in the Corporation which require appointment by the Board.²¹ In conducting its review, the Committee shall consider the following factors:
 - a) Duties and responsibilities of the position/s under consideration;
 - b) For the nominees:
 - (i) level of knowledge on the Corporation's business;
 - (ii) potential to assume greater responsibility in the organization;
 - (iii) ability, integrity and expertise; and
 - (iv) results of previous performance assessments.
2. The Committee's review of the management succession plan shall also take into account relevant human resource policies of the Corporation and its vision, mission and overall corporate strategy.

¹⁸ SEC Revised Code of Corporate Governance, Article 3 (D) and (E); By-laws, Article IV, Secs. 2-4; Manual of Corporate Governance, Article II, 1.2 to 1.5.

¹⁹ Corporation Code, Sec. 29; AC By-laws, Article IV, Sec. 5.

²⁰ ACGS, E.5.3.

²¹ Manual of Corporate Governance, Article II. 2.2 (c).

Section 5. Meetings

The Committee shall hold meetings at least twice 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.²²

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.

Minutes of the Committee meeting will be recorded and maintained by the secretary of the meeting and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings.

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 advice as it may deem desirable or appropriate.
- 3. Reports to the Board** - The Chairman of the Committee or his –designated representative shall report to the Board all actions of the Committee at the meeting of the Board following such actions.
- 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.

²² ACGS, E.2.14