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## A. Nomination Functions of the Board Corporate Governance Committee

The Board Corporate Governance Committee (the “Committee”) shall oversee the process for the nomination and election of Independent Directors.

The Committee shall pre-screen and shortlist all candidates nominated to become members of the board of directors in accordance with a list of qualifications and disqualifications as stated below.

## B. Qualification and Disqualification of Independent Directors

In the election of an independent director, the Committee must take into consideration the requirements of the Corporation Code, the Securities Regulation Code, the Code of Corporate Governance and relevant SEC Circulars such as the SEC Memorandum Circular No. 16, **SEC Memorandum Circular No. 19, Series of 2016, as may be amended**, as regards board directors in general and independent directors in particular.

### 1. Qualifications

Therefore, an independent director of the Board must be:

- (a) an independent director as defined by the Securities Regulation Code, its Implementing Rules and Regulations and relevant SEC rules and regulations;
- (b) a holder of at least one (1) share of stock of the Company;
- (c) at least a college graduate or possessed sufficient experience in managing the business to substitute for such formal education;
- (d) at least twenty one (21) years old;
- (e) proven to possess integrity and probity;
- (f) assiduous, and willing to devote time and effort to the responsibilities of being a Director of the Company;
- (g) with no conflict of interest.

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“Conflict of interest” is a situation in which the private interests or personal considerations of a nominee Director or such person’s immediate family, or any organization or group in which such a person holds a position as a member, employee, officer, director, partner or stockholder, may be seen as competing with the interests or concerns of the Company.

Without limiting the generality of the foregoing, a person shall be deemed to have a conflict of interest if:

(a) He is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any company (other than one in which the Company owns at least 30% of the capital stock) engaged in a business which the Board, by at least  $\frac{3}{4}$  vote, determines to be competitive or antagonistic to that of the Company; or

(b) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any class of shares of, any other company or entity engaged in any line of business of the Company, when in the judgment of the Board, by at least three-fourths ( $\frac{3}{4}$ ) vote, the laws against combinations in restraint of trade shall be violated by such person’s membership in the Board of Directors; or

(c) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths ( $\frac{3}{4}$ ) vote that he is the nominee of any person set forth in (a) or (b).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationships.

## 2. Disqualifications

No one can be an independent director of the Board if that person is:

(a) finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;

(b) finally found by the Commission or a court or other administrative body 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 Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;

(c) judicially declared to be insolvent;

(d) 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

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(e) convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment;

(f) has an affiliation which conflicts with the interests and concerns of the Company as defined in Section B (1) (g) hereof.

### 3. Certification of Eligibility as Independent Director and Conflict of Interest Statement

Each **letter of** nomination for **an** independent director **must be supported** by a certification that the candidate qualifies to be an independent director under the Corporation Code, the Securities Regulation Code and relevant SEC **rules and regulations**.

Such Certification shall also state that the candidate has no conflict of interest as defined in Section B of these Guidelines. The certification shall state that **in the event** a disqualification or conflict of interest develop after the submission of the certification, the nomination is automatically withdrawn. The nominator/s and/or the candidate shall promptly inform the Company no later than forty-eight (48) hours after personal knowledge of such conflict and disqualification. Failure to inform the **Committee** shall not be a ground for continued qualification as Director if the Committee, in the exercise of its judgment in good faith, determines from independent sources that the candidate is not qualified or has a conflict of interest.

## C. Nominations and Screening Periods

1. Nominations for independent director shall be accepted starting January 1 of the year in which such nominee director is to serve and every year thereafter. The table for nominations shall be closed by February 15 of the same year, unless the Committee unanimously agrees to extend the deadline for meritorious reasons.

2. Each nomination for independent director shall be accompanied by a Nomination Form, the format of which is attached hereto as Annex "A". The identity of the nominating person or group and their signatures, must be clearly visible in such Form. The nominee's bio-data, which must include among others, the nominee's personal circumstances, educational credentials and date of birth, must be attached to the Form together with the signed and notarized Conforme of the nominee (Annex "B"), his Certification of Eligibility as Independent Director and the Conflict of Interest Statement (Annex "C") as required in Section B (3) of these Guidelines.

3. The Committee shall meet to pre-screen all nominees, and shall submit a Final List of Candidates to the Corporate Secretary no later than February 22, or such later date as may be unanimously agreed upon by the Committee and communicated to the Corporate Secretary, so such list may be included in the Company's Preliminary and Definitive Statements.

4. In consonance with SEC Memorandum Circular No. 16, Series of 2002, no nominations for independent

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director shall be accepted at the floor during the stockholders' meeting in which such nominee is to be elected. However, the independent director shall be elected in the stockholders' meeting in which other members of the Board are to be elected.

Note: For 2003, nominations for independent director shall continue to be accepted on the floor at the annual stockholders' meeting in order to uphold stockholders' rights to nominate an independent director freely on the floor in the absence of reasonable notice that a contrary practice is now being required per SEC Memorandum Circular No. 16 Series of 2002. Thus, these guidelines shall take effect in 2004.

**ANNEX "A"**

**INDEPENDENT DIRECTOR NOMINATION FORM**

I/We, the undersigned, being voting stockholders of Aboitiz Equity Ventures, Inc. (AEV), nominate \_\_\_\_\_ for election as independent director to the Board of Directors of AEV. Attached hereto as Annex "1" is his \_\_\_\_\_ page biodata, showing among others, his educational credentials and work experience, the periods in which they were attained, and his affiliations.

NOMINATOR:

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Signature above Printed Name

Stock Certificate Number: \_\_\_\_\_

Date: \_\_\_\_\_

(If space is insufficient for the list of nominators, you may attach extra pages with the printed names and signatures of other nominators as an annex. Please number as "Annex 1" and so on.

**ANNEX "B"**

**CONFORME TO NOMINATION AS INDEPENDENT DIRECTOR**

I, , of legal age, Filipino, married/single, and a resident of , have read the Nomination Form in which my name was submitted as candidate for independent director and I have no objections to such nomination. I also certify that my biodata as submitted in such Nomination Form is true and correct.

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Nominee

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**ANNEX "C"**

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, \_\_\_\_\_, Filipino, of legal age and a resident of \_\_\_\_\_, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Aboitiz Equity Ventures, Inc. (AEV) and have been its independent director since \_\_\_\_\_(where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<b>COMPANY/ ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>	<b>PERIOD OF SERVICE</b>

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AEV, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am related to the following director/corporate officer/substantial shareholder of AEV and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

<b>NAME OF DIRECTOR/CORPORATE OFFICER/SUBSTANTIAL SHAREHOLDER</b>	<b>COMPANY</b>	<b>NATURE OF RELATIONSHIP</b>

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal / administrative investigation or proceeding (as the case may be);

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OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS

6. (For those in government service / affiliated with government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in AEV, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing rules and regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of AEV of any changes in the abovementioned information within five days from its occurrence.

Done, this \_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_.

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Affiant

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ at \_\_\_\_\_, Philippines. Affiant, exhibited to me his Community Tax Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_.

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