



## PLDT INC.

### GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE CHARTER

This Charter of the Governance, Nomination and Sustainability Committee was approved and adopted on October 5, 2004, and amended on August 4, 2005, September 28, 2010, January 22, 2018 and November 5, 2020, by the Board of Directors of PLDT Inc. pursuant to its By-Laws and Manual on Corporate Governance.

#### 1. DEFINITIONS

##### 1.1 Defined Terms

The following terms are used in this Charter with the respective meanings ascribed to such terms below, unless the context otherwise requires:

|                                   |   |
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| <b>“Advisor”</b>                  | shall have the meaning ascribed to such term in Section 3.1(c);   |
| <b>“Advisory Board/Committee”</b> | means the body composed of members appointed by the Board which exercises purely advisory function and has no voting right in respect of matters presented at Board meetings; |
| <b>“Board”</b>                    | means the Board of Directors of the Company, the governing body that exercises the corporate powers of the Company, conducts all its business and controls its properties;    |
| <b>“BSP”</b>                      | means the Bangko Sentral ng Pilipinas;  |
| <b>“By-Laws”</b>                  | means the By-Laws of the Company and all amendments thereto;  |
| <b>“CG Manual”</b>                | means the Manual on Corporate Governance of the Company and all amendments thereto;   |
| <b>“CG Rules”</b>                 | means the Governance Code, CG Manual, Code of Ethics, and such circulars, rules regulations and policies issued in relation to the Governance Code and/or the CG Manual;      |

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| <b>“Chief Governance Officer”</b> | means the Chief Governance Officer of the Company designated by the Board pursuant to the CG Manual who shall have direct reporting responsibilities to the Chairman of the Board;   |
| <b>“Code of Ethics”</b>           | means the Code of Business Conduct and Ethics of the Company and all amendments thereto;   |
| <b>“Commission”</b>               | means the Philippine Securities and Exchange Commission;   |
| <b>“Committee”</b>                | means the Governance, Nomination and Sustainability Committee of the Company, as constituted from time to time;  |
| <b>“Company” or “PLDT”</b>        | means PLDT Inc.;   |
| <b>“Director”</b>                 | means a member of the Board duly elected in accordance with law and the By-Laws;   |
| <b>“employees”</b>                | means all the employees of the Company, including Officers and Executives;   |
| <b>“Exchange”</b>                 | means the Philippine Stock Exchange;   |
| <b>“Executive Director”</b>       | means a Director who is a member of Management;  |
| <b>“Executives”</b>               | means the executives of the Company with the rank of Manager up to Assistant Vice President;   |
| <b>“Governance Code”</b>          | means the SEC Memorandum Circular No. 19, Series of 2016, known as the “Code of Corporate Governance for Publicly-Listed Companies”;   |
| <b>“Independent Director”</b>     | shall have the meaning ascribed to such term in Annex C hereof;  |
| <b>“Management”</b>               | means the body composed of the CEO and Officers given authority and responsibility by the Board to manage the day-to-day conduct of business of the Company and implement the business strategies, plans and policies approved by the Board; |

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| <b>“Members”</b>                    | means the members, including the Chairman, of the Committee as appointed by the Board from time to time;   |
| <b>“NTT”</b>                        | means NTT DoCoMo, Inc., a corporation established under the laws of Japan and having its principal place of business at Sanno Park Tower 41F, 2-11-1 Nagatacho, Chiyoda-ku, Tokyo 100-6150, Japan, or its successor in interest; |
| <b>“Officers”</b>                   | means the officers of the Company with the rank of Vice President and above or who are appointed as such by the Board;   |
| <b>“Revised Corporation Code”</b>   | means Republic Act No. 11232, known as the "Revised Corporation Code of the Philippines";  |
| <b>“Securities Regulation Code”</b> | means Republic Act No. 8799, known as “The Securities Regulation Code”;  |
| <b>“this Charter”</b>               | means this Governance, Nomination and Sustainability Charter, including its Schedule and Annexes as the same may be amended from time to time; and   |
| <b>“year”</b>                       | means a calendar year.   |

## 1.2 Interpretation

- (a) Unless the context otherwise requires:
- (i) words in the singular include the plural, and *vice versa*; and
  - (ii) words importing any gender include all genders.
- (b) The word “writing”, or any cognate expression, includes a reference to any communication effected by electronic message, facsimile transmission or any mode of reproducing words in a legible and non-transitory form.
- (c) A reference to a statute or statutory provision shall be construed as a reference to that statute or statutory provision as from time to time amended, modified or re-enacted, any repealed statute or statutory provision which it re-enacts, and any order, rule or regulation made under the relevant statute or statutory provision.

- (d) The headings in this Charter are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

## **2. PURPOSES, DUTIES AND POWERS**

- 2.1 The Committee shall have the purposes, functions and duties set out in the Schedule attached hereto and such other functions and duties as may be delegated to the Committee by the Board, subject to such limitations as the Board may determine and notify to the Committee.
- 2.2 The Committee shall have the resources and authorities appropriate to discharge its functions and duties including the authority to engage and obtain external advice, counsel or consultancy services as it deems appropriate without need for Board approval.
- 2.3 The Chairman of the Committee and/or any of its Members/Advisors may meet separately with Management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any Officer, Executive or employee of the Company or the Company's outside counsel or third party consultants to attend a meeting of the Committee or to meet with any Members, Advisors or consultants of the Committee.
- 2.4 As may be requested by the Committee, the Chief Governance Officer shall provide technical support for governance related matters and functions, the Chief People Officer/Head of Human Resources shall provide technical support for nomination related matters and functions, and the Chief Sustainability Officer shall provide technical support for sustainability related matters and functions.

## **3. COMMITTEE STRUCTURE**

### **3.1 Composition**

- (a) The Committee shall have a minimum of five (5) Members. A majority of the Members of the Committee, including the Chairman thereof who shall be chosen from among the Members, shall be Directors and only such Member-Directors shall have voting rights. At least a majority of the voting Member-Directors must be Independent Directors and ideally, the Chairman must also be an Independent Director. Unless otherwise required pursuant to Section 3.2(a), the rest of the Members may be non-Directors including members of the Advisory Board/Committee or Officers. The Chief Governance Officer, the Chief People Officer/Head of Human Resources, and the Chief Sustainability Officer of the Company shall be non-voting Members.

- (b) The Chairman and Members of the Committee shall be appointed by the Board.
- (c) The Board may appoint one or more persons to serve as advisor(s) to the Committee (an “Advisor”). Advisors shall have the right to attend and speak at any meeting of the Committee but shall have no right to vote in respect of any action by the Committee.
- (d) The Chairman of the Committee or any of its Members or Advisors may be removed from office only by the Board.

### 3.2 Qualifications

- (a) The Chairman of the Committee and a majority of the Members shall be Philippine citizens and Directors or Independent Directors if so required under applicable laws and regulations and/or the By-Laws.
- (b) The office of a Member shall *ipso facto* be vacated:
  - (i) if he resigns his office as a Member;
  - (ii) if he is removed by a resolution of the Board;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is convicted of an indictable offense; or
  - (v) if he is subsequently disqualified from becoming a Member.

If upon determination by the Board or the Governance, Nomination and Sustainability Committee: [a] a Member who is an Independent Director ceases to meet any of the independence criteria set forth in Annex C hereof, or [b] a Member who is a Director/Independent Director ceases to possess any of the qualifications for directorship set forth in Annex A hereof or becomes disqualified from directorship based on any grounds for disqualification set forth in Annex B hereof, the Board shall make such appointments in order to meet the required composition of the Committee as set forth in Section 3.1(a).

## **4. COMMITTEE PROCEDURES**

### 4.1 Meetings

- (a) The Committee shall hold meetings at such times and places as it considers

appropriate, provided that at least three (3) meetings shall be held each year, one (1) of which shall be held prior to the finalization of the Company's proxy/information statement in connection with any meeting of the stockholders in which directors of the Company are to be elected.

- (b) Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of a majority of the Members (excluding the non-voting Members).
- (c) A Committee meeting shall be convened upon notice in writing at least three (3) days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting.
- (d) Subject to Section 4.1(j) below, notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee and any such waiver may be retrospective.
- (e) Each Member/Advisor shall give to the Secretary of the Committee a physical address, an email address and a facsimile number for the service of notices of meetings of the Committee.
- (f) Notice of a meeting of the Committee shall be deemed to be duly served upon a Member/Advisor if it is given to him personally, or sent to him by mail, electronic mail or facsimile transmission to his physical address, email address or facsimile number, as appropriate, given by him to the Secretary of the Committee in accordance with Section 4.1(e) above.
- (g) The quorum for a meeting of the Committee shall be at least a majority of the Members (excluding the non-voting Members) present throughout the meeting.
- (h) Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the Members (excluding the non-voting Members) present at such meeting.
  - (i) Each Member, including the Chairman of the Committee (but excluding the non-voting Members), shall have one (1) vote.
  - (ii) In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

- (iii) A resolution in writing signed by all Members and noted by the non-voting Members shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted. A written notification of confirmation of such resolution in writing sent by a Member shall be deemed to be his signature to such resolution in writing for such purpose. Such resolution in writing may consist of several documents, each signed by one or more Members.
- (i) If, within thirty (30) minutes from the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman of the meeting may determine.
- (j) Notwithstanding any other provision herein, [i] no business shall be properly transacted at any meeting of the Committee where prior notice of such meeting has not been provided to each Member or Advisor nominated by NTT a reasonable time prior to such meeting, and [ii] if any meeting is convened upon less than twenty four (24) hours' prior written notice to each Member or Advisor nominated by NTT, and no Member or Advisor nominated by NTT is present at such meeting, then [a] no business shall be properly conducted at such meeting, and [b] the holding of such meeting shall be adjourned for a period of not less than twenty four (24) hours (and prompt notice of such adjournment shall be given to each Member and Advisor in accordance with the other provisions hereof) and any business may be properly transacted at the meeting so reconvened notwithstanding the absence of any Member or Advisor nominated by NTT.
- (k) Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

## 4.2 Escalation

If the Committee decides to take any action to which any voting Member objects, such voting Member shall have the right, by notice in writing to the Chairman of the Committee within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any voting Member objects to the action which the Committee has decided to take at the second Committee meeting, then said voting Member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and finally decided by the Board at its next scheduled meeting, the decision of which is final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing

procedures shall be held in abeyance and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

#### 4.3 Minutes and Records

- (a) The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep records of the Committee.
- (b) The Committee shall cause records to be kept for the following:
  - (i) appointments and resignations of the Members/Advisors;
  - (ii) all agenda and other documents sent to the Members/Advisors; and
  - (iii) minutes of proceedings and meetings of the Committee.
- (c) Any such records shall be open for inspection by any Member/Advisor upon reasonable prior notice during usual office hours of the Company.
- (d) Minutes of any meeting of the Committee, if purported to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

#### 4.4 Notice

- (a) Except for notice of meetings of the Committee which shall be given or issued in accordance with Section 4.1(f), any other notice or document to be given or issued to the Members/Advisors may be served by the Committee upon any Member/Advisor either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member/Advisor at his physical address and, in any case where the physical address of a Member/Advisor is outside the Philippines, by prepaid airmail or courier, (iii) by electronic mail, or (iv) by facsimile transmission.
- (b) Any notice sent by mail shall be deemed to have been served, in the case where the Member's/Advisor's physical address is in the Philippines, on the day following that on which the notice is mailed in the Philippines, and in any other case, on the third day after the day of mailing. In proving such service, it shall be sufficient to prove that the notice was properly addressed and mailed, postage prepaid. Any notice sent by electronic mail or facsimile transmission shall be deemed to have been sent upon dispatch, as evidenced by electronic mail or facsimile transmission confirmation report.



- (c) Any notice or other document required to be sent to or served upon the Committee or upon any Officer, may be sent or served by leaving the same, or sending it through the post in a postage prepaid envelope, addressed to the Committee or to such Officer, at the principal place of business of the Company.

## **5. REMUNERATION OF MEMBERS/ADVISORS**

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board for such purposes. In the case of a Member who is an Independent Director, no fees or compensation shall be paid directly or indirectly to such Member or his firm for consultancy or advisory services rendered directly by the Member or indirectly through his firm even if such Member is not the actual service provider. However, this prohibition shall not apply to ordinary compensation paid to such Member or his firm in respect of any other supplier or other business relationship or transaction that the Board has determined to be at arm's length terms and immaterial for purposes of its basic Member's independence analysis.

## **6. MEMBER'S/ADVISOR'S INTEREST**

- 6.1 A Member/Advisor who is in any way, whether directly or indirectly, interested in a contract, arrangement or any other dealing or proposed contract, arrangement or dealing with the Company shall declare the nature of his/her interest in accordance with the provisions of this Charter. A general notice given by a Member/Advisor to the other Members/Advisors to the effect that he or his relative (as this term is defined in clause (v) of the definition of the term "Independent Director" in Annex C hereof) is a director, officer or substantial shareholder (as this term is defined in the last paragraph of the definition of the term "Independent Director" in Annex C hereof) of a relevant company or firm, and is to be regarded as interested in any contract, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall, for the purpose of this Charter, be deemed to be a sufficient disclosure of interest in relation to any contract, arrangement or dealing so entered into or made.
- 6.2 Without prejudice to the provisions of Section 3.2(b), no Member/Advisor or intended Member/Advisor shall be disqualified by his office from contracting with the Company, nor shall any contract, arrangement or dealing entered into by or on behalf of the Company with any Member/Advisor, or with any relative of a Member/Advisor, or with any firm or company in which any Member/Advisor or his relative is a director, officer or substantial shareholder be void or voidable, nor shall any Member/Advisor so contracting or being so interested be liable to account to the Company for any profit, remuneration or other benefits realized by any such contract, arrangement or dealing, by reason only

of the interest of such Member/Advisor, provided that such contract, arrangement or dealing was approved by the Board in a meeting properly convened, the presence of such Member/Advisor (if a Director) in the Board meeting in which the contract, dealing or arrangement was approved was not necessary to constitute a quorum for such meeting, the vote of such Member/Advisor (if a Director) was not necessary for the approval of such contract, dealing or arrangement and the contract, dealing or arrangement is fair and reasonable under the circumstances.

## **7. AMENDMENT**

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board of Directors.

## **SCHEDULE OF PURPOSES, FUNCTIONS AND DUTIES OF THE GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE**

### **Purposes**

The primary purpose of the Committee is to assist the Board in the performance of the following functions:

#### *GOVERNANCE*

1. Establish the Company's corporate governance framework, principles and policies aligned with business objectives, and oversee the implementation thereof and of continuing education and communication programs on good governance;
2. Develop and implement an evaluation process for the annual review of the performance of the Board, the Board Committees and the individual directors;

#### *NOMINATION*

3. Review and evaluate the qualifications of the persons nominated to the Board and to other positions requiring appointment by the Board;
4. Identify persons qualified to become members of the Board and/or the Board Committees;
5. Assess the effectiveness of the Company's nomination and selection process for the Board and Board Committees;

#### *SUSTAINABILITY*

6. Establish the Company's sustainability strategy, framework, program, policies and oversee their implementation; and
7. Oversee the Company's social investments and commitments to making meaningful impact to communities.

## Functions and Duties

To carry out its purposes, the Committee shall have the duties and powers set forth below:

### A. Governance Functions

#### *CG FRAMEWORK AND POLICIES*

1. Assist the Board in establishing the Company's corporate governance framework, principles and policies in order to promote and maintain good governance and high ethical standards in light of the Company's size, complexity, business strategy, and business and regulatory environments, and in performing other related functions, as follows:
  - (a) Oversee the implementation of the CG framework, principles and policies, including the CG Manual, Code of Ethics, and related policies governing, among other matters, conflict of interest, whistleblowing, and gifts;
  - (b) Oversee the periodic review and assessment, at least once every two (2) years and as the Committee may deem appropriate, of the CG framework, principles and policies, the implementation thereof, and implementation mechanisms;
  - (c) Establish the appropriate evaluation system for purposes of monitoring and assessing compliance with the CG Manual and the applicable provisions of the Governance Code by the Company, Board and Management; and
  - (d) Oversee the development of the CG framework, principles and policies in the Company's subsidiaries.

#### *COMPLIANCE AND IMPLEMENTATION*

2. Assist the Board in overseeing the Company's compliance with applicable laws and regulations on corporate governance.
3. In accordance with applicable laws, regulations and Company policies:
  - (a) Consider, resolve, provide guidance to Management, and/or submit the Committee's recommendation to the Board on corporate governance issues, including requests for waivers of any of the provisions of the Code of Ethics;
  - (b) Conduct or delegate the conduct of investigations of identified violations of the CG Rules by a Director, the Chief Executive Officer or any other Officer, and

recommend to the Board appropriate remedial, corrective and/or preventive actions; and

- (c) After proper investigation, notice and hearing, determine and recommend to the Chairman of the Board the appropriate penalty for violations of the CG Manual as may be reported by the Chief Governance Officer, subject to further review and approval by the Board.
4. Review the handling and resolution of complaints coursed through the Company's whistleblowing facility.

#### *CG EDUCATION PROGRAM*

5. Oversee the continuing corporate governance education and communication programs for the Directors, Officers and employees of the Company.

#### *Board Assessment*

6. Assist the Board in the conduct of an annual evaluation of the performance of the Board, the Board Committees and the individual directors, and in performing the following related functions:
- (a) Develop and periodically review the evaluation process for the annual assessment of the performance of the Board, the Board Committees and the individual directors;
  - (b) Ensure that the evaluation results are reported to the Board and concrete action plans are developed and implemented to address identified areas for improvement; and
  - (c) As may be practicable, select and approve the terms of the engagement of an external facilitator to support the evaluation process every three years and allow for a feedback mechanism for stockholders.

### **B. Nomination Functions**

#### *Nomination of Directors: Executive, Non-Executive and Independent Directors*

1. Assist in ensuring that the Board shall be composed of a majority of Non-Executive Directors which includes at least three (3) Independent Directors representing twenty percent (20%) of the total membership of the Board.
2. Pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the *Guidelines on the Search, Screening and Selection of Directors* set

forth in Annex D hereof, and the qualifications and disqualifications set forth in Annexes A and B hereof, and such other factors which the Committee may deem appropriate such as judgment, skill, experience with other business organizations of a size comparable to that of the Company, the interplay of a candidate's experience with the experience of other Directors, possible conflict of interest, directorships or positions in other corporations, and capacity to serve as director diligently and efficiently.

3. Pre-screen the candidates nominated for election as Independent Directors and determine if they are eligible for election as such, taking into consideration the qualifications specified in Annex A hereof, the independence criteria/standards provided in Annex C hereof and such other independence criteria/standards as may be considered and recommended by the Committee and approved by the Board.
4. Determine, identify and prepare a final list of the qualified Director and Independent Director nominees and recommend that the Board approve such final list and recommend to stockholders the qualified nominees included in the final list for election in the annual meeting of stockholders.
5. Consider the selection criteria and develop procedures for the sourcing and selection of candidates to stand for election as Directors of the Company, having regard to the Board Diversity Policy to ensure that the selection of candidates for election as Directors will include a consideration of qualifications and competence aligned with the Company's strategic objectives and a range of diversity aspects, including gender, age, ethnicity, educational background, professional and business experience, skill sets, knowledge and length of service.
6. Assist the Board in implementing a succession planning program for Directors by identifying qualified Director/Independent Director nominees and recommend to the Board qualified nominees for election in case a vacancy in the Board occurs other than by removal of a Director or expiration of the term of office of a Director, taking into account all factors which the Committee considers appropriate, including but not limited to, the challenges and opportunities facing the Company and the skills and expertise required in the future.
7. Make recommendations to the Board on the re-election by the stockholders of any Director having due regard to said Director's performance and ability to continue to contribute to the Board and taking into account the need for progressive change in the Board to ensure an appropriate balance of skills and experience. In the case of the re-election of an Independent Director who has served for a maximum cumulative term of nine (9) years, conduct a rigorous review, and provide a meritorious justification for the re-election of such Independent Director, and ensure that the matter is submitted for approval during the Annual Stockholders' Meeting, in accordance with the Governance

Code.

8. Identify and recommend Directors to fill vacancies in any of the Board Committees, taking into consideration the factors set out in the respective Charters of said Committees as well as any other factors it deems appropriate.

#### *Nomination of Officers*

9. Assist the Board in the selection of the individuals who will comprise Management led by the Chief Executive Officer (CEO), the heads of the control functions, and other officers and positions requiring appointment by the Board.
  - (a) Review and evaluate the qualifications of incumbents to be recommended for reappointment to the foregoing positions and those recommended for promotion to the foregoing positions, to help ensure that the Board appoints a competent Management team at all times.
  - (b) Apply fit and proper standards in the selection process for Officers and other key personnel, giving due consideration to integrity, technical expertise and experience in the Company's business, either current or planned.

#### *Related Nomination Functions*

10. Review and make recommendations to the Board, from time to time and as the Committee may deem appropriate, on the following matters:
  - (a) the composition and size of the Board and/or Board Committees;
  - (b) the number of Independent Directors; and
  - (c) limits on directorships in other corporations for Directors and term of office for Independent Directors, the time required from a Director to perform his responsibilities and guidelines to address competing time commitments that Directors serving on multiple boards may face, provided any such limitation shall in no way restrict or prevail over the stockholders' legal right to vote for and be voted as a director, which right shall remain inviolable.
11. Redefine, in consultation with the Board and the Executive Compensation Committee, the roles, duties and responsibilities of the President/Chief Executive Officer, if the Committee believes that such is necessary in order to integrate the dynamic requirements of the business as a going concern and the future plans of the Company, subject at all times to the principles of sound corporate governance.

### **C. Sustainability Functions**

1. Provide oversight in identifying and assessing significant social, economic, ethical and environmental impact that may affect the long-term objectives of PLDT to be recognized as a responsible and sustainable business.
2. Oversee policy-making in relation to PLDT's sustainability program, initiatives and strategies, and ensure overall Company support and alignment with appropriate standards and best practices on environmental, social and governance (ESG) and sustainable development.
3. Oversee the regular review and monitoring of material: (a) new and innovative technologies, (b) current and proposed partnerships and relationships with stakeholders, and (c) communication and marketing strategies that will support PLDT's sustainable growth.
4. Oversee PLDT's social investments and commitments to making a meaningful impact to communities by reviewing plans and initiatives for improving lives in ways that enable communities to thrive and that increase their quality of living in alignment with the Global Goals for Sustainable Development.
5. Review and recommend to the Board for approval, the issuance and filing of PLDT's Sustainability Report to the Commission and other government agencies.

### **D. Reporting and Recommendations**

1. Report the Committee's activities to the Board of Directors at least once each year and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.
2. Prepare an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvements to this Charter deemed necessary or desirable by the Committee; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other Member designated by the Committee to make such report.



## **ANNEX A – QUALIFICATIONS FOR DIRECTORSHIP**

1. Must own at least one (1) share of stock of the Company standing in his name on the books of the Company;
2. Must have a college education or equivalent academic degree;
3. Must be at least twenty-one (21) years old;
4. Must possess integrity and probity;
5. Must have a practical understanding of the business of the Company or previous business experience; and
6. 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.

The Governance, Nomination and Sustainability Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company, including, but not limited to, membership in good standing in relevant industry, business or professional organization.

## ANNEX B – GROUNDS FOR DISQUALIFICATION FROM DIRECTORSHIP

### Permanent Disqualification

1. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final, non-appealable judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the Commission:
  - (a) an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - (b) any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) 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 (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; or
  - (c) having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Revised Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or BSP;
2. 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 an 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 subparagraphs (a) and (b) above.

The disqualification shall also apply if such person: (a) 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 Revised Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or under any rule or regulation issued by the Commission or BSP; or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) 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 said organization;
3. Any person found guilty by final judgment or order of a foreign court or equivalent securities or banking regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sections 1 and 2 above;

4. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to the date of his election or appointment;
5. Any person judicially declared as insolvent;
6. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty per cent (30%) of the capital stock) or entity engaged in a business that the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Company or any of its subsidiaries;
7. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation or entity engaged in any line of business of the Company or any of its subsidiaries, when in the judgment of the Board, by at least a majority vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; and
8. Any nominee, as determined by the Board, in the exercise of its judgment in good faith and by at least a majority vote, of any person set forth in Sections 6 and 7 above.

### **Temporary Disqualification**

The Governance, Nomination and Sustainability Committee may consider and recommend to the Board temporary disqualification of a Director based on any of the following grounds:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, which disqualification shall be in effect as long as said refusal persists;
- (ii) Absence in more than fifty percent (50%) of all Board meetings, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to justifiable causes such as illness, death of an immediate family member or serious accident. This disqualification applies for purposes of the succeeding election;
- (iii) Dismissal or termination for cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Company (in the case of an Executive Director); and
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a Director recommended by the Governance, Nomination and Sustainability Committee to be valid and effective must be approved by the Board and comply with the requirements of applicable laws, rules and regulations.

A temporarily disqualified Director shall, within the period prescribed by the Board, which shall not be less than 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.

The Governance, Nomination and Sustainability Committee may consider and recommend to the Board other grounds for disqualification which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company.

## ANNEX C – INDEPENDENT DIRECTOR

“**Independent Director**” means a person who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company. It refers to a person who, ideally:

- (i) is not an officer or director of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- (ii) was not an officer or a director of the Company or any of its related companies or any of its substantial shareholders (other than an Independent Director of any of the foregoing) within the three (3) years immediately preceding the date of his election;
- (iii) was not the chairman *emeritus* or an *ex-officio* director/officer, or a member of the advisory board of the Company or any of its related companies or any of its substantial shareholders, or otherwise appointed in a capacity to assist the board of directors of any of the foregoing in the performance of its duties and responsibilities within the last three (3) years immediately preceding the date of his election;
- (iv) is not an owner of more than two percent (2%) of the shares of stock of the Company or any of its related companies or any of its substantial shareholders;
- (v) is not a relative of any director, officer or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders. For this purpose, “relatives” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (vi) is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement;
- (vii) is not retained or, within the last three (3) years immediately preceding the date of his election, has not been retained as a professional adviser, auditor, consultant or counsel of the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm;
- (viii) does not engage or has not engaged in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm’s length and could not materially interfere with or influence the exercise of independent judgment;
- (ix) is not employed, or within the last three (3) years immediately preceding the date of his election, has not been employed as an executive officer of another entity where any of the Company’s executive officers serves on that entity’s Compensation Committee;

- (x) is not employed or, within the last three (3) years immediately preceding the date of his election, has not been employed by the Company's present or former external auditors;
- (xi) is not a securities broker-dealer of listed companies and registered issuers of securities or a person holding any office of trust and responsibility in a securities 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; or
- (xii) is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or any of its substantial shareholders.

When used in relation to a company, "related company" means another company which is: (a) 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 percent (10%) of any class of its equity security.

## ANNEX D - GUIDELINES ON THE SEARCH, SCREENING AND SELECTION OF DIRECTORS

The Company's *Guidelines on the Search, Screening and Selection of Directors (the "Guidelines")* was adopted to help ensure and guide the effective and efficient search, screening and selection of candidates for election as members of the Board. The *Guidelines* sets forth the following procedures and safeguards in the director selection process:

- The Governance, Nomination and Sustainability Committee (the "Committee"), through its Secretariat, receives all letters nominating candidates for election as directors/independent directors from stockholders (including minority stockholders).
- The Committee evaluates and screens nominees for directors *vis-à-vis* the applicable qualifications and disqualifications as set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulation.
- For nominees for independent directors, the Committee determines whether or not the nominees meet the independence criteria set forth in the Company's Manual on Corporate Governance, By-Laws, other applicable policy, law or regulation, and other independence criteria set by the Committee.
- The Committee also considers other relevant factors, such as any conflict of interest and directorships and/or positions in other corporations, which may compromise the nominees' capacity to diligently and effectively serve and perform their duties to the Board, the Company and its stakeholders, when elected.
- The Committee shortlists the nominees to be recommended to the Board, and in doing so, ensures that the Board's composition:
  - reflects an effective and balanced mix of knowledge, expertise, experience and skill, and diversity in terms of, among others, age, gender and ethnicity; and
  - is aligned and consistent with the Company's Mission/Vision and strategic directions and the Board's duties and responsibilities.
- Each nominee for independent director is required to submit a written acceptance of the nomination and a Certification of Independent Director stating that he/she possesses all the qualifications and none of the disqualifications for independent directorship, and a list of affiliations and positions that may directly or indirectly give rise to conflict of interest.
- The Committee submits to the Board of Directors its recommended list of final nominees.
- The nominees approved by the Board are recommended for election as directors at the meeting of the stockholders or the Board, as the case may be.

The Committee may use external sources, such as professional search firms, director databases and/or other reputable external sources to further enhance the search for and widen the base of potential nominees. The Committee shall assist the Board in making an assessment of the effectiveness of the processes and procedures in the nomination, election and replacement of a director.