

## **GMA HOLDINGS, INC.**

### **Nomination Committee**

Under the Company's Manual on Corporate Governance, the Board shall create a Nomination Committee which shall have at least three (3) members (one of whom must be independent).

#### Responsibility:

1. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications;

2. Recommend guidelines in the selection and election process of nominees for directorships, determine the nomination and election process and define the general profile of Board members which may include the following based on the perceived needs of the Board of Directors at a certain point in time:

- a. The nature of the business of the corporations in which he is a director;
- b. Age of the director;
- c. Number of directorships/active memberships and officerships in other corporations or organizations; and
- d. Possible conflict of interest (Explan. (g), Reco.3.3);

3. Ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election and that the nomination and election process includes monitoring of the qualifications of the directors (Explan.(g),Reco.3.3 and Explan., Reco.2.5);

4. Recommend guidelines in the determination of the optimum number of directorships/active memberships and officerships in other corporations allowable for members of the Board of Directors. The capacity of directors to serve with diligence shall not be compromised. The optimum

number shall be related to the capacity of a director to perform his duties diligently in general;

5. Recommend to the Board of Directors regarding the size and composition of the Board in view of long-term business plans, and the needed appropriate skills and characteristics of the Board members; and

6. In consultation with the executive or management committee/s, redefine the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

#### Qualifications of a Member of the Board of Directors:

1. Holder of at least one (1) share of stock of the Company;
2. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
3. He shall be at least twenty one (21) years old;
4. He shall have proven to possess integrity and probity;
5. He shall have membership in good standing in relevant industry, business or professional organizations;
6. He shall be assiduous;
7. He shall possess the knowledge, skills, experience, and particularly in the case of non-executive directors (NEDs), the independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile (Explan.(1), Reco.2.5);
8. He shall have a record of integrity and good repute (Explan. (2), Reco.2.5);

9. He shall have sufficient time to carry out his responsibilities (Explan. (3), Reco.2.5); and

10. He shall have the ability to promote a smooth interaction between Board members (Explan.(4), Reco.2.5).

Permanent Disqualifications:

The following shall be grounds for the permanent disqualification of a director:

1. Any person convicted by final judgment or order by a competent judicial 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 floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

2. 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 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 sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

3. The disqualification shall apply if such person is currently the subject of an order of the SEC, BSP 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 SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is 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;

4. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

5. Any person who has been adjudged by final judgement or order of the SEC, BSP, court or competent 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 Revised Corporation Code, or any other law, rule, regulation or order administered by the SEC or BSP;

6. Any person judicially declared to be insolvent;

7. Any person finally found guilty by final judgment or order 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

8. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Revised Corporation Code and Securities Regulation Code, committed within five (5) years prior to the date of his election or appointment.

Other grounds as the SEC may provide pursuant to the provision of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws (Explan., Reco. 2.5).

## Temporary Disqualifications:

1. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous event (Explan., Reco.4.1). This disqualification applies for purposes of the succeeding election;
3. Dismissal/termination or removal for cause from directorship in any publicly-listed company, public company, registered issuer of securities and holder of secondary license from the SEC. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal, termination or removal;
4. Being under preventive suspension by the Company;
5. If the Independent Director becomes an officer or employee of the Company, he shall be automatically disqualified from being an independent director;
6. If the beneficial equity ownership of an independent director (ID) in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an ID is lifted if the limit is later complied with; and
7. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final (Explan., Reco. 2.5).

A temporary disqualified director shall, within 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.