



PILTEL

CHARTER OF NOMINATION COMMITTEE

PILIPINO TELEPHONE CORPORATION

Charter of Nomination Committee

(adopted by resolutions of the Board of Directors of the Company on November 4, 2002)

1. Preliminary

This Charter of the Nomination Committee was adopted by the resolutions of the Board of Directors of the Company on November 4, 2002, pursuant to Article IV of the By-Laws of the Company.

2. Definitions

- (A) **“Board”** means the Board of Directors of the Company, as constituted from time to time;
- “BSP”** means the Bangko Sentral ng Pilipinas;
- “Committee”** means the Nomination Committee of the Company, as constituted from time to time;
- “Commission”** means the Philippine Securities and Exchange Commission;
- “Company”** means Pilipino Telephone Corporation, a corporation established under the laws of the Philippines and having its principal office at 25/F Smart Tower, 6799 Ayala Avenue, Makati City, Metro Manila, Philippines;
- “Corporation Code”** means Batas Pambansa Blg. 68 otherwise known as the Corporation Code;
- “Director”** means a duly elected member of the Board;
- “Exchange”** means the Philippine Stock Exchange;
- “Executive Director”** means a Director who is at the same time appointed to head a department/unit within the Company;
- “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 and includes, among other persons, one who:

- (i) is not a director or officer 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) is not a substantial shareholder of the Company or any of its related companies or any of its substantial shareholders;
- (iii) 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;
- (iv) is not acting as a nominee or representative of any director, officer or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders;
- (v) has not been employed in any executive capacity by the Company, or any of its related companies or any of its substantial shareholders within the last five (5) years;
- (vi) is not retained as a professional adviser by the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm; or
- (vii) has not engaged and does not engage in any transaction with the Company or any of its related companies or with 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 arms length and are immaterial.

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.

“Members” means the members of the Committee from time to time;

“Securities Code” means Republic Act No. 8799 otherwise known as the Securities Regulation Code;

“this Charter” means this Charter in the present form or as the same may be varied or amended from time to time in accordance with this Charter; and

“year” means a calendar year.

- (B) (i) The word “writing”, or any cognate expression, includes a reference to any communication effected by telex, facsimile transmission or any modes of reproducing words in a legible and non-transitory form.
- (ii) Words in the singular include the plural, and vice versa, and words importing any gender includes all genders.
- (iii) 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 orders, rules or regulations made under the relevant statute or statutory provision.

3. Functions and Authorities

- (A) The Committee shall have the functions and authorities delegated by the Board and shall be subject to such limitations on its scope of authorities and powers as the Board may from time to time determine and notify to the Committee.

- (B) The Committee shall have the purposes, functions and authorities set out in the schedule hereto.

4. Composition of the Committee

- (A) The Members and the Chairman of the Committee (who shall be chosen from among the Members) shall be appointed by the Board. The Committee shall have a minimum of three (3) Members including the Head of the Human Resources Department. At least three (3) Members of the Committee must be Directors, one of whom must be an Independent Director.
- (B) The Chairman or any Member of the Committee shall be a Philippine citizen and a Director if so required under Philippine laws and regulations, the By-Laws of the Company, and this Charter.
- (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 or any Member or Advisor of the Committee may be removed from office only by the Board.

5. Meetings

- (A) The Committee shall hold meetings at such times and places as it considers appropriate provided that at least one (1) meeting 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/she considers appropriate and the Chairman shall convene a meeting upon the requisition by a majority in number of the Members of the Committee.
- (C) A Committee meeting shall be convened by not less than three (3) calendar days' notice in writing, specifying the place, date and time for the meeting and the general nature of the businesses to be transacted at the meeting.
- (D) 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 of the Committee 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 shall give to the Secretary of the Committee an 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 given to a Member if it is given to him/her personally, in writing or orally, or sent to him/her by mail or facsimile transmission to his/her address or facsimile number, as appropriate, given by him/her to the Secretary of the Committee in accordance with paragraph (E) above.
- (G) The quorum for a meeting of the Committee shall be at least a majority of the Members of the Committee present throughout the meeting.
- (H)
 - (i) 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 present at such meeting. Each Member, including the Chairman of the Committee, 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 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/her 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) Members 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.

6. Remuneration of Members

No fees or other remuneration shall be payable to the Members 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 and/or any fees or remuneration any such Member would otherwise be entitled to in his/her capacity as consultant, advisor or employee of the Company.

7. Disqualification of Member

The office of a Member shall ipso facto be vacated:

- (a) if he resigns his office as a Member;
- (b) if he is removed by a resolution of the Board;
- (c) if he becomes of unsound mind; or
- (d) if he is convicted of an indictable offense.

8. Member's Interests

- (A) A Member 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 interest in accordance with the provisions of this Charter. A general notice given by a Member to the other Members to the effect that he is a shareholder or a director 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.
- (B) No member or intended Member 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 or any firm or company in which any Member is in any way interested be void or voidable, nor shall any Member 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 provided that such contract, arrangement or dealing was approved by the Board in a meeting properly convened, the presence of such Member (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 (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.

9. Minutes and Records

- (A) The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee.

- (B) The Members shall cause to be kept books of the Committee provided for the purpose of keeping records of the following:
 - (i) Appointments and resignations of the Members of the Committee;
 - (ii) all agenda and other documents sent to the Members of the Committee; and
 - (iii) minutes of proceedings and meetings of the Committee.
- (C) Any such books and records shall be open for inspection by any Member of the Committee upon reasonable prior notice during usual office hours of the Company.
- (D) Any 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.

10. Notice

- (A) Except for notice of meetings of the Committee which shall be given or issued in accordance with Section 5, paragraph (F), any other notice or other document to be given or issued to the Members may be served by the Committee upon any Member either (i) personally or (ii) by sending it by mail, postage prepaid, addressed to such Member at his/her address, and, in any case where the address of a Member is outside the Philippines, by prepaid airmail, courier or (iii) by facsimile transmission.
- (B) Any notice sent by mail shall be deemed to have been served in the case where the Member's 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 facsimile transmission shall be deemed to have been sent upon dispatch, as evidenced by facsimile transmission confirmation report.
- (C) Any notice or other document required to be sent to or served upon the Committee, or upon any officer of the Company, 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.

11. Resources and Authority

The Committee shall have the resources and authority appropriate to discharge its responsibilities including the authority to engage and obtain advice from special counsel and other experts or consultants.

12. Amendment or Alteration of this Charter

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

SCHEDULE

Nomination Committee Charter

Purposes

To review and evaluate the qualifications of the persons nominated to the Board as well as those nominated for election to other positions requiring the appointment by the Board; identify persons believed to be qualified to become members of the Board and/or the Board Committees; and provide an assessment on the Board's effectiveness in the process of replacing or appointing new members of the Board and/or Board Committees.

Functions and Duties

- (a) To make recommendations to the Board, from time to time, as to changes in the size of the Board which the Committee believes desirable.
- (b) To pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the following qualifications and disqualifications 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 and the interplay of a candidate's experience with the experience of other Directors:

Qualifications:

- (i) owner of at least one (1) share of stock of the Company standing in his name on the books of the Company;
- (ii) at least a college graduate or, in the absence of such college degree or formal education, with sufficient experience in managing a business;
- (iii) at least twenty-one (21) years old;
- (iv) shall have been proven to possess integrity and probity; and
- (v) shall be assiduous.

Disqualifications:

- (i) conviction by final judgment of an offense involving moral turpitude or similar fraudulent acts or transgressions;

- (ii) conviction 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 election as a Director;
 - (iii) judicial declaration of insolvency;
 - (iv) final findings by the Commission or a court or other administrative body of having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or BSP; or
 - (v) final findings of guilt 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 preceding clause (iv).
- (c) To consider and recommend to the Board the temporary disqualification of a Director based on any of the following grounds:
- (i) refusal to fully disclose the extent of business interest as required under the Securities Code and its Implementing Rules and Regulations; provided that this disqualification shall be in effect as long as said refusal persists;
 - (ii) absence or non-participation for whatever reason(s) for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency; provided that this disqualification applies for purposes of the succeeding election;
 - (iii) dismissal/termination from directorship in another corporation, the shares of which are listed on the Exchange, for cause; provided that this disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
 - (iv) being under preventive suspension by the Company; and
 - (v) conviction that has not yet become final involving offenses referred to in the grounds for the disqualification of directors set out above.
- (d) To determine whether a candidates' directorships in other corporations would affect his capacity to serve and perform his duties as a Director diligently and recommend to the Board any limit on the number of directorships in other corporations of a Director, taking into consideration the following factors:
- (i) the nature of the business of the Company;

- (ii) the number of directorships/active memberships and officerships of a Director in other corporations or organizations;
 - (iii) any possible conflict of interest; and
 - (iv) the age of the Director.
- (e) To ensure that the Executive Directors, the Independent Directors and non-Executive Directors who serve as full-time executives in other corporations shall submit themselves to a low-indicative limit on directorships in other corporations in order that the capacity of said directors to serve the Company with utmost diligence shall not be compromised.
 - (f) To ensure that the Company shall have at least two (2) Independent Directors or such Independent Directors shall constitute at least twenty percent (20%) of the members of the Board, whichever is lesser.
 - (g) To 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.
 - (h) To redefine, in consultation with the Board, 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.
 - (i) To prepare an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter 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 of the Committee designated by the Committee to make such report.