

	<b>NOMINATIONS AND ELECTION POLICY</b> PHINMA CORPORATION	Effective Date: 06 February 2024
		Document No: PHN-POL-NC-02/2024
		Revision: 00

## **SECTION 1. INTRODUCTION**

The Board of Directors (Board) of PHINMA Corporation (Corporation) recognizes the importance of having a qualified and competent Board to achieve its objectives as well as to protect the interest of all its stakeholders.

This Nominations and Election policy shall guide the Nominations Committee in the performance of its responsibilities on the selection, nomination and election of Board of Directors.

This policy covers the process for nomination and selection of Executive Directors, Non-Executive Directors including Independent Directors to serve on the Board of PHINMA Corporation.

This Board hereby adopts this Nominations and Election Policy.

## **SECTION 2. DEFINITION OF ROLES**

2.1 Board of Directors as a body, is responsible for installing a transparent nominations process of selection, nomination and election that considers age, ethnicity, culture, skills and competence to ensure that optimal decision-making is achieved.

2.2 Nominations Committee is tasked to assist the Board in the performance of its duties and responsibilities on nominations and election. The Nominations Committee shall determine the nomination and election process of the directors with the special duty of defining the general profile of board members that the Corporation may need. The Nominations Committee shall submit to the Board a final list of qualified nominees to the Board and Board Committees.

2.3 Corporate Governance assists the Board and its committees to monitor, review, evaluate and ensure compliance with the relevant laws, with the Code of Corporate Governance, rules and regulations and all governance issuances of regulatory agencies. The Corporate Governance Unit shall prepare and present to the Nominations Committee a list of nominees and corresponding documentation on their qualifications.

## **SECTION 3. REVIEW OF BOARD AND COMMITTEE COMPOSITION**

The Corporate Governance Unit undertakes the review of the board and committee composition and presents to the Nominations Committee the following information on current directors:

- a) Type of directorship – Executive Director, Non-Executive Director (NED), Independent Director (ID), Lead ID;

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- b) Tenure as director in the company;
- c) Type of directorship in other Publicly Listed Companies, Public Companies and Registered Issuers;
- d) Type of directorship in other PHINMA Group companies;
- e) Skills and Industry Expertise as per Director’s Self-Assessment.

**SECTION 4. NOMINATION PROCESS**

4.1 All nominations for directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Corporate Secretary of the Corporation at the principal office of the Corporation not earlier than thirty (30) business days nor later than twenty (20) business days prior to the date of the regular or special meeting of the stockholders for the election of the directors.

4.2 Nominations which are not submitted within such period shall not be valid. Only stockholders of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected as a director of the Corporation.

4.3 The Corporate Secretary shall transmit to the Nominations Committee the written nominations received from stockholders.

4.4 Each nominee for new director shall be backed up by a nominee’s resume, which must include among others, the nominee’s personal circumstances, education credentials and memberships and affiliations.

4.5 Each nominee as Independent Director shall be required to submit a signed and notarized SEC template Certificate of Independent Director. The Certification shall state that the candidate possesses the qualifications and none of the disqualifications to be an Independent Director under the Revised Corporation Code, the Securities Regulation Code and relevant SEC and PSE rules and regulations.

**SECTION 5. SELECTION PROCESS**

5.1 The Nominations Committee shall screen the nominees and prepare a final list of qualified nominees to ensure that only those that possess all the qualifications and none of the disqualifications from directorship as provided in the company’s By-Laws, Corporate Governance Manual and relevant laws, rules and regulations may be elected. The final list shall be recommended for final approval of the Board and included in the annual meeting of stockholders.

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5.2 The Nominations Committee may likewise make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board.

5.3 The Nominations Committee may consider and recommend to the Board other qualifications for directors including independence criteria/standards for independent directors, which are aligned with the company's vision, mission and corporate strategy, notwithstanding the qualifications and disqualifications in relevant laws and regulations.

5.4 In case of vacancy in the Board other than removal of a director or expiration of term, the Nominations Committee shall 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.

5.5 The Nominations Committee shall also identify and recommend to the Board, directors to fill vacancies in any of the board committees, taking into account the requirements set forth in their respective charters.



## **SECTION 6. QUALIFICATIONS OF A DIRECTOR**

6.1 The Nominations Committee shall consider the following factors in the determination of the suitability of a nominated director to serve as such:

- a) the nature of the business of the other corporations of which he is a director;
- b) age of the director;
- c) number of directorships/active memberships and officerships in other corporations or organizations;
- d) possible conflict of interest
- e) experience from other boards;
- f) experience as Chief Executive Officer or Chief Operating Officer;
- g) knowledge of finance;
- h) knowledge of accounting;
- i) knowledge of the industry of the Corporation;
- j) knowledge of the local and international market and strategic vision;
- k) contacts of value to the Corporation

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6.2 A director of PHINMA Corporation shall have the following qualifications:

- a) He shall be the holder of at least one (1) share of stock of the Corporation;
- b) He shall be at least a college graduate and shall have practical understanding of the business of the corporation.
- c) He shall be at least twenty one (21) years of age;
- d) He shall possess integrity and probity; and
- e) He shall be diligent.
- f) He shall possess previous business experience.

## **SECTION 7. PERMANENT DISQUALIFICATIONS**

The Nominations Committee shall evaluate the nominee directors based on the following criteria for disqualification from being a director of the Corporation:

7.1. 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;

7.2. 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 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, quasibank, 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.

7.3. Any person who 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 Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is the subject of an

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effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

7.4. 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;

7.5. Any person finally found by 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 Corporation Code, or any other law, rule, regulation or order administered by the Commission or Bangko Sentral ng Pilipinas, or who has filed a materially false or misleading application, report or registration statement required by the Commission or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;

7.6. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

7.7. Any person judicially declared insolvent;

7.8. Any person finally found guilty by final judgment or order of 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

7.9. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and

7.10. Other grounds as the relevant regulators may provide.

## **SECTION 8. TEMPORARY DISQUALIFICATION**

The Nominations Committee in its review of continuing qualification shall observe the following grounds for temporary disqualification of incumbent Directors:

8.1. 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;

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8.2. Absence or non-participation without justification 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 the said incumbency unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;

8.3. Dismissal/termination for cause from directorship in any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Securities and Exchange Commission. 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;

8.4. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries, associates, affiliates or related companies exceeds 2% of its subscribed capital stock. The temporary disqualification shall be lifted if the beneficial equity ownership limit is later complied with.

8.5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualifications mentioned above, 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.

## **SECTION 9. INDEPENDENT DIRECTOR**

9.1 The Board should have at least three independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

9.2 A nominee for an Independent Director shall submit a SEC Certificate of Independent Director Nominee to the Corporation before the election to the Board.

9.3 An independent Director shall serve for a maximum cumulative term of nine (9) years (counted from 2012), in compliance with the pertinent rules of the SEC, after which the Independent Director shall be perpetually barred from reelection as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director.

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9.4 In the instance that the Board in its assessment resolves that it is valuable to the Corporation to retain an Independent Director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders’ approval during the annual shareholders’ meeting.

9.5 An Independent Director refers to a person who, ideally:

9.5.1. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company;

9.5.2. Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company’s subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company’s substantial shareholders and its related companies; (A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an Independent Director after a three (3) year “cooling-off” period.)

9.5.3. Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman “Emeritus,” “Ex-Officio” Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election; (Persons appointed as Chairman Emeritus, Ex-officio director/officers or members of any executive advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities shall be subject to a three (3) year “cooling-off” period prior to his qualification as an Independent Director).

9.5.4. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies; includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

9.5.5. Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

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9.5.6. Is not acting as a nominee or representative of any director of the covered company or any of its related companies;

9.5.7. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

9.5.8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

9.5.9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

9.5.10. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and

9.5.11. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

## **SECTION 10. REVIEW OF THIS POLICY**

The Nominations Committee shall undertake a periodic review of this policy, including the assessment of the effectiveness of the processes and procedures in the nomination, election, or replacement of a director. The Committee shall discuss and recommend amendments to the Board, as it deemed necessary.



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**SECTION 11. ADOPTION AND EFFECTIVITY**

This policy was approved by the Nominations Committee of the Corporation on February 06, 2024.

The Charter shall take effect upon approval by the Board and shall continue to be in full force unless superseded by new policies and guidelines.

**REVISION HISTORY**

<b>Revision No.</b>	<b>Description of Revision</b>	<b>Committee Approval Date</b>
00	First version of the Policy	February 06, 2024

