



AboitizPower
A Better Future

Guidelines for the Constitution of
the Nomination Committee and
the Nomination and Election of
Independent Directors



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**GUIDELINES FOR THE CONSTITUTION OF THE NOMINATION COMMITTEE
AND THE NOMINATION AND ELECTION OF INDEPENDENT DIRECTORS**

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SECTION ONE. NOMINATION COMMITTEE

A. Composition

The Board shall create a Nomination Committee which shall have at least three (3) members, one of whom must be an independent director.

B. Duties and Responsibilities

The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with a list of qualifications and disqualifications as stated in Section Two (2) below.

In consultation with the executive or management committee/s, the Nomination Committee shall re-define 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 governance at all times.

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SECTION TWO. QUALIFICATIONS AND DISQUALIFICATIONS OF INDEPENDENT DIRECTORS

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

A. Qualifications

The Board shall create Therefore, an independent director of the Board must be:

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

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

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

- a.) He is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least $\frac{3}{4}$ vote, determines to be competitive or antagonistic to that of the Corporation; or
- b.) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths ($\frac{3}{4}$) vote, the laws against combinations in restraint of trade shall be violated by such person’s membership in the Board of Directors; or
- c.) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths ($\frac{3}{4}$) vote that he is the nominee of any person set forth in (a) or (b).

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

B. Disqualifications

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

- a.) finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- b.) finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
- c.) judicially declared to be insolvent;
- d.) finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- e.) convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment;
- f.) has an affiliation which conflicts with the interests and concerns of the Corporation as defined in Section Two (A)(g) hereof.

C. Certification of Eligibility as Independent Director and Conflict of Interest Statement

The Committee shall require each nomination for independent director to be accompanied by a certification that the candidate qualifies to be an independent director under the Corporation Code, the Securities Regulation Code and relevant SEC Circulars.

Furthermore, such Certification shall also state that the candidate has no conflict of interest as defined in Section Two of the Guidelines of the Nomination Committee.

Lastly, the certification shall state that should a disqualification or conflict of interest develop after the submission of the certification, the nomination is automatically withdrawn. The nominator/s and/or the candidate shall promptly inform the Corporation no later than forty-eight (48) hours after personal knowledge of such conflict and disqualification, but failure to so inform the Corporation shall not be a ground for continued qualification as Director if the Committee, in the exercise of its judgment in good faith, determines from independent sources that the candidate is not qualified or has a conflict of interest.

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SECTION THREE. NOMINATION AND SCREENING PERIODS

1. Nominations for independent director shall be accepted starting January 1 of the year in which such nominee director is to serve and every year thereafter. He table for nominations shall be closed by February 15 of the same year.
2. Each nomination for independent director shall be accompanied by a Nomination Form, the format of which is attached hereto as Annex "A". The identity of the nominating person or group and their signatures, must be clearly visible in such Form. The nominee's bio-data, which must include among others, the nominee's personal circumstances, educational credentials and date of birth, must be attached to the Form together with the signed and notarized Conforme of the nominee, his Certification of Eligibility as Independent Director and the Conflict of Interest Statement as required in Section Two (C) of these Guidelines. Attached hereto as Annex "B" is the format of a nominee's Conforme, Certification of Eligibility and Conflict of Interest Statement.
3. The Nomination Committee shall meet to pre-screen all nominees, and shall submit a Final List of Candidates to the Corporate Secretary no later than February 22 so such list may be included in the Corporation's Preliminary and Definitive Statements.
4. In consonance with SEC Memorandum Circular No. 16, Series of 2002, no nominations for independent director shall be accepted at the floor during the stockholders' meeting in which such nominee is to be elected. However, the independent director shall be elected in the stockholders' meeting in which other members of the Board are to be elected.

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

Annex “A”

INDEPENDENT DIRECTOR NOMINATION FORM

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

**CERTIFICATION OF ELIGIBILITY AS INDEPENDENT DIRECTOR AND CONFLICT
OF INTEREST STATEMENT**

I/We certify that such candidate meet all the qualifications for independent director as stated in the Corporation Code, Securities Regulation Code and its Implementing Rules and Regulations as well as relevant issuances of the Securities and Exchange Commission and the Philippine Stock Exchange.

I/We further certify that no conflict of interest exists between such candidate being a director of AEV and his other affiliations as defined in the AEV’s Guidelines for the Constitution of the Nomination Committee and the Nomination and Election of Independent Directors, which we have read and understood.

Should a disqualification or conflict of interest develop in our nominee after submission of this Nomination, we understand that the nomination is automatically withdrawn.

We undertake to promptly inform the Corporation no later than forty-eight (48) hours after personal knowledge of the nominee’s conflict of interest and/or disqualification.

NOMINATOR:

Signature above Printed Name

Stock Certificate Number: _____

Date: _____

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

CONFORME TO NOMINATION AS INDEPENDENT DIRECTOR

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

CERTIFICATION OF ELIGIBILITY AS INDEPENDENT DIRECTOR

I hereby certify that upon advice of legal counsel, I meet all the qualifications and have none of the disqualifications for independent director as stated in the Securities Regulation Code and its Implementing Rules and Regulations, relevant issuances of the Philippines Securities and Exchange Commission, and AEV's Guidelines for the Constitution of the Nomination Committee and the Nomination and Election of the Independent Directors (hereinafter, "AEV Guidelines"). In accepting this nomination I acknowledge my understanding and my willingness to accept the duties and liabilities of an independent director as outlined by the Securities Regulation Code and relevant government issuances.

CERTIFICATION OF ABSENCE OF CONFLICT OF INTEREST

I further certify that no conflict of interest exists between my being a director of AEV and my other affiliations as defined and stated in AEV's Guidelines.

Should I discover a conflict of interest or become disqualified after the submission of this Conforme and Certification, I understand that my candidacy is automatically withdrawn. I shall promptly inform the Corporation no later than forty-eight hours after personal knowledge of such conflict or disqualification.

Signature above Printed Name
Stock Certificate Number: _____
Date: _____

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

Doc. No. _____
Page No. _____
Book No. _____
Series of 2007.