

# PILIPINAS SHELL PETROLEUM CORPORATION

## NOMINATION COMMITTEE CHARTER

In line with the Revised Manual of Corporate Governance (“Revised CG Manual”) of Pilipinas Shell Petroleum Corporation (the “Corporation”) and pursuant to the Code of Corporate Governance for Publicly-Listed Companies issued by the Securities and Exchange Commission (“SEC”), the Nomination Committee shall be governed by the following Charter:

### PURPOSE

The Nomination Committee is a committee under the Board of Directors of the Corporation which shall assist the Board in its responsibilities to ensure that only qualified directors are elected to the Board of the Corporation. Transparent Board’s nomination and election process shall be promoted by the Nomination Committee.<sup>1</sup>

### COMPOSITION

The Nomination Committee shall be composed of at least three (3) voting members (one of whom must be an independent director) and one (1) non-voting member in the person of the HR General Manager.<sup>2</sup>

### QUORUM, FREQUENCY OF MEETINGS AND VOTING

The Committee is and acts as a collegial body. Accordingly, a quorum shall be required to pass any action.

A quorum shall consist of at least two (2) members:

- a) In attendance, whether in person or by video/teleconferencing facility, or
- b) As evidenced by a paper resolution duly signed by at least two (2) members.

Meetings shall be held annually prior to a stockholders meeting and on an ad hoc basis.

The Committee may call for a meeting as and when required with reasonable notice as the Committee members deem fit.

### COMMITTEE SECRETARY

The Committee Secretary shall provide assistance to the members of the Nomination Committee, including, but not limited to assisting the Nomination Committee Chair in planning the work of the Nomination Committee, formulating meeting agenda, maintenance of committee minutes, collation and distribution of information required by the Nomination Committee and provide practical support, as and when needed.

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<sup>1</sup> Section 2.2.3.1 of the Revised CG Manual.

<sup>2</sup> In the Corporation, the HR General Manager is of VP level.

## DUTIES AND RESPONSIBILITIES

The Nomination Committee shall have the following functions and responsibilities, among others:

- a. Conduct nomination of Independent Directors prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.<sup>3</sup>
- b. Ensure that all candidates nominated to become a member of the Board of Directors shall have the qualifications and none of the disqualifications as stated in the Revised CG Manual, which shall include:<sup>4</sup>
  1. Putting in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Director/s<sup>5</sup>
  2. Pre-screening of the qualifications of candidates to the Board<sup>6</sup>
  3. After the nomination, preparation of a Final List of Candidates which shall contain all the information about all the nominees for Independent Directors<sup>7</sup>
- c. In case of resignation, disqualification, or cessation of Independent Directorship, nominate qualified individuals to the Board and only after notice has been made to the SEC within five (5) days from such resignation, disqualification or cessation;<sup>8</sup>
- d. Encourage minority stockholders to nominate candidates for seats in the Board;<sup>9</sup>
- e. Review the effectiveness of the Nomination Process under the Revised CG Manual;<sup>10</sup>
- f. In consultation with the other members of the Board, revisit the role, duties and responsibilities of the CEO, as may be necessary for the business as a going concern and

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<sup>3</sup> Guidelines on Nomination and Election of Independent Directors, Section 2.2.2.1 of the Revised CG Manual.

<sup>4</sup> Section 2.2.3.1.1 of the Revised CG Manual. We are of the opinion that the terms "pre-screening and shortlisting" may create unnecessary and negative relationship issues within the Board. However, to safeguard the purpose of this Manual, we stipulated that the Nomination Committee will ensure that the directors meet the qualifications stated therein.

<sup>5</sup> Guidelines on Nomination and Election of Independent Directors, Section 2.2.2.1 of the Revised CG Manual.

<sup>6</sup> Guidelines on Nomination and Election of Independent Directors, Section 2.2.2.1 of the Revised CG Manual.

<sup>7</sup> Guidelines on Nomination and Election of Independent Directors, Section 2.2.2.1 of the Revised CG Manual. The Final List shall be made available to the SEC and to all stockholders through the information statement. The name of the person or group of persons who recommended the nomination of the Independent Director shall be identified in such report including any relationship with the nominee.

<sup>8</sup> Guidelines on Nomination and Election of Independent Directors, Section 2.2.2.1 of the Revised CG Manual. The vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum. Otherwise, the vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office

<sup>9</sup> Section 9.1.1.1 of the Revised CG Manual.

<sup>10</sup> Guidelines on the Nomination Process for Directors, Section 9.1.6.1 of the Revised CG Manual.

for future expansionary prospects within the realm of good corporate governance at all times;<sup>11</sup> and

- g. Consider the following guidelines in the determination of such number of directorships for the Board:<sup>12</sup>
- The nature of the business of the Corporation of which he is a director;
  - Age of the director;
  - Number of directorships/active memberships and officerships in other corporations or organizations; and
  - Possible conflict of interest.

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<sup>11</sup> Section 2.2.3.1.2 of the Revised CG Manual. Should the positions of Chairman and CEO be unified in the Corporation, proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

<sup>12</sup> Section 2.2.3.1.3 of the Revised CG Manual. In general, the optimum number of directors shall be related to the capacity of a director to perform his duties diligently and efficiently.