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# NOMINATION AND COMPENSATION COMMITTEE CHARTER

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LT GROUP, INC.

Updated as of June 13, 2017

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## NOMINATION AND COMPENSATION COMMITTEE CHARTER

### ARTICLE 1. OBJECTIVE

The Nomination and Compensation Committee (the “Committee”) was established by the Board of Directors to ensure a formal and transparent Board nomination process, and to select, compensate, monitor and, when necessary, to replace key executives and oversee succession planning.

### ARTICLE 2. ORGANIZATION

**Section 1. Membership** – The Committee shall be composed of at least three (3) members, at least one (1) of whom shall be an Independent Director and with knowledge of executive compensation or access to expert advice.

If a member of the Committee resigns, dies, or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of such event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

**Section 2. Term of Office** – Each member of the Committee shall serve as such for a term of one (1) year or for so long as he/she remains a director, whichever is shorter.

### ARTICLE 3. MEETINGS

**Section 1. Regular and Special Meetings** - The Committee shall meet at least once a year or as often as needed.

**Section 2. Chairman** – The Chairman of the Committee shall preside at each meeting. If he or she is not present within five (5) minutes after the time appointed for holding the meeting, the members present shall choose among themselves a chairman of the meeting.

**Section 3. Quorum** – The presence of at least a majority of the members of the Committee shall constitute a quorum for the transaction of corporate business that may be presented for approval before the Committee. If no quorum exists, the meeting shall be adjourned.

**Section 4. Conduct of Meetings** – All recommendations of the Committee shall be decided by a majority vote and thereafter submitted to the Board for approval. Issues arising at any meeting shall be resolved by a majority of votes of the



members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.

**Section 5. Re-appointment** – No Director shall participate in decisions on his or her re-appointment.

**Section 6. Remuneration** – No Director shall participate in decisions on his or her remuneration.

**Section 7. Participation via Communication Equipment** – The members may participate in a meeting via telephone conference or via such other similar communication equipment provided all persons participating in the meeting can hear each other, without a member being in the physical presence of another member or members. Participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

#### **ARTICLE 4. DUTIES AND RESPONSIBILITIES**

**Section 1. Duties and Responsibilities** - The Committee shall have the following duties and responsibilities:

1. Pre-qualify and shortlist candidates for election to the Board of Directors, including candidates for Independent Directors who shall constitute at least thirty percent (30%) of the members of the Board;
2. Nominate directors, considering the director's contribution and performance (e.g. attendance, preparedness, participation and candor);
3. Consider the following guidelines in determining the number of directors to be nominated to the Board:
  - (i) The scope and nature of the operations of the Corporation;
  - (ii) Age of the director; and
  - (iii) Possible conflict of interest among the directors.
4. Establish a formal and transparent procedure for fixing the remuneration packages of individual directors. No director shall be involved in deciding his own remuneration;
5. Provide a clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the Corporation's annual report;



6. Designate the amount of remuneration, which shall be of a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully;
7. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
8. Ensure, in the Corporation's annual reports, information or proxy statements, as the case may be, the inclusion of a clear, concise and understandable disclosure of compensation of the four (4) most highly compensated Executive Officers and in the aggregate all Officers and Directors as a group unnamed for the previous fiscal year and the ensuing year; and
9. In consultation with the Executive Committee, define the role, duties and responsibilities of the President/Chief Operating 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.

## ARTICLE 5. NOMINATION OF CANDIDATES

**Section 1.** Qualifications of Directors - In the nomination of individuals qualified to become Board members, the Committee shall consider the following qualifications:

1. Bona fide holder of at least one thousand (1,000) shares of the capital stock of the Corporation;
2. He/She shall have a bachelor's degree or have equivalent experience and/or understanding in managing a business such as that of the Corporation to substitute for such formal education;
3. He/She shall at least be twenty-one (21) years old;
4. He/She shall have proven to possess integrity and probity;
5. He/She is a member in good standing of relevant industry, business or professional organizations;
6. He/She shall have attended an annual seminar on corporate governance with a duly-accredited or recognized private or



government institution and submitted a copy of his/her certificate of attendance to the Compliance Officer which shall not be less than four (4) hours.

**Section 2. Permanent Disqualifications –** The following persons are permanently disqualified from election as Member of the Board:

1. Any person engaged in any commercial venture or undertaking, which is in competition with the business of the Corporation or any of its subsidiaries. For this purpose, and unless the Board, in its reasonable exercise of discretion determines otherwise, a person shall be deemed to be so engaged where:
  - a. He/She is a director, officer or the record or beneficial owner of at least 10% of any outstanding shares of any other corporation or entity engaged in any line of business of the Corporation or any of its subsidiaries;
  - b. He/She is a director, officer, or the record or beneficial owner of at least 10% of any outstanding shares of any other corporation or entity engaged in any line of business which the Board determines to be in competition with the business of the Corporation or any of its subsidiaries; or
  - c. The Board, in the exercise of its judgment in good faith, determines that such person is a nominee of any person referred to in (a) or (b) above.
2. Any person convicted by the 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 an affiliated person or any of them.



3. 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 flood broker;
  - b. acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; or
  - c. engaging in or continuing any conduct or practice in any of the capacities mentioned in the sub-paragraphs (a) and (b) or willfully violating the laws that govern securities and banking activities.
4. Any person who, apart from the reason given in the preceding item, has been legally restrained to engage in activity involving securities and banking;
5. Any person who is currently the subject of an effective order of the SEC 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 SEC or the BSP, or under any rule or regulation issued by the SEC or BSP;
6. 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. Any person finally found guilty by the SEC or court or regulating bodies 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 SEC or BSP or any rule, regulation, or order issued by the SEC or BSP;
8. Any person currently 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;

9. Any person 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 foregoing acts, violation, or misconduct enumerated in the foregoing paragraphs;
10. Any person judicially declared to be insolvent; and
11. 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 his/her election or appointment.

**Section 3. Temporary Disqualifications – The following are grounds for temporary disqualification of a Director:**

1. Absence in more than fifty percent (50%) of meetings of the Board, whether regular or special, during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. The disqualification shall apply for purposes of the succeeding election;
2. Dismissal or termination for cause as Director of any publicly-listed corporation, public corporation, registered issuer of securities, and holder of a secondary license from the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination; or
3. In the case of Independent Directors, if the beneficial equity ownership of the same in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director shall be lifted if the limit is later complied with.

**Section 4. Nomination of Directors - The nomination of Directors shall be conducted by the Corporation's Nomination Committee prior to a stockholders' meeting. All recommendations for nomination shall be signed by the nominating stockholder together with the acceptance and conformity of the nominee.**



The Nomination Committee shall prepare a list of all qualified nominees, and report the same to the Board of Directors for its approval.

Upon the approval by the Board of Directors of the list of the qualified nominees, and at least forty-five (45) days before the annual meeting of the stockholders, a Final List of Candidates, containing all the information about the nominees for Directors, shall be made available to the SEC and to all stockholders through the filing and distribution of an Information Statement, in accordance with the Securities Regulation Code, or in such other reports as the Corporation may be required to submit to the SEC.

Only nominees whose names appear in the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates has been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.

## ARTICLE 6. INDEPENDENT DIRECTORS

In the nomination and election of Independent Directors, the Committee shall consider the following:

**Section 1.** Definition - An Independent Director is a person who, apart from his/her fees and shareholdings, is independent of management and free from any business or other relationships which could, or could reasonably be perceived to, materially interfere with his/her exercise of independent judgment in carrying out the responsibilities of a director of the Corporation, and includes, among others, any person who:

- (a) is not a Director or Officer or substantial stockholder of the Corporation or of its related companies or any of its substantial shareholders, except when he/she is an Independent Director of any of the foregoing;
- (b) does not own more than two percent (2%) of the shares of the Corporation and/or its related companies or any of its substantial shareholders;
- (c) is not related to any Director, Officer, or substantial shareholder of the Corporation or any of the related companies or substantial shareholders of the Corporation. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;





- (d) is not acting as a nominee or representative of any Director or substantial shareholder of the Corporation, and/or any of its related companies, and/or any of its related shareholders pursuant to a Deed of Trust or under any contract or arrangement;
- (e) has not been employed in any executive capacity by the Corporation, any of its related companies and/or by any of its substantial shareholders within the last five (5) years;
- (f) is not retained, either personally or through his/her firm or any similar entity, as a professional adviser of the Corporation, or any of its related companies and/or any of its substantial shareholders in the last five (5) years;
- (g) has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself/herself and/or with other persons and/or through a firm of which he/she (or persons related to the same) is a partner and/or a corporation of which he/she (or persons related to the same) is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; and
- (h) may hereafter be considered as an Independent Director under applicable laws, statutes, or rules and regulations of the SEC.<sup>1</sup>

**Section 2.** Requirements of Independent Directors in the Board - The Board shall have at least four (4) Independent Directors. The Independent Directors shall elect amongst themselves a Lead Independent Director should Management consist of more than ten (10) persons.

**Section 3.** Term - An Independent Director shall serve for a maximum cumulative term of nine (9) years reckoned from the year 2012.

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<sup>1</sup> Article II, Section 3, LTG By-laws



Except as otherwise provided in the Revised Corporate Governance Manual, an Independent Director who shall have served the maximum term shall be perpetually barred from re-election as such in the Corporation. Nothing, however, shall prevent said Independent Director from qualifying for nomination and election as a Non-Independent Director.

By way of exception to the foregoing, an Independent Director who has served for more than nine (9) years may be re-nominated as such if:

- (i) The Nomination Committee endorses such nomination on meritorious grounds; and
- (ii) Approval of the shareholders is obtained during the Annual Shareholders' Meeting.

**Section 4.** Disqualifications of an Independent Director - Any of the following persons shall likewise be disqualified from being nominated and elected as an Independent Director:

- (i) An officer or employee of the Corporation where he/she shall be nominated and elected;
- (ii) Owners of more than two percent (2%) of the total outstanding proprietary membership of the Corporation and/or any of its substantial shareholders; and
- (iii) A director who has failed, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during his/her incumbency.

## **ARTICLE 7. EFFECTIVITY**

This Charter shall take effect upon approval of the Corporation's Board of Directors.

