

PROFESSIONAL SERVICES, INC

**CHARTER OF THE HUMAN RESOURCE, COMPENSATION  
AND NOMINATION COMMITTEE**

**Section 1. PURPOSE**

- 1.1.** The Human Resource, Compensation and Nomination Committee (the “Committee”) shall be responsible for performing the duties delegated to it by the Board of Directors (the “Board”), to enable the Board to fulfill its responsibilities, in relation to reviewing and approving the Company’s human resources policies, compensation and benefit plans and programs, and performance management strategy, as it connects with the overall business strategy; reviewing and approving the remuneration and compensation of the CEOs, Executive Officers, and the members of the Board; and setting policies and procedures in relation to nominations of the best-qualified candidates for membership of the Board.

**Section 2. MEMBERSHIP**

- 2.1.** **Composition** – The Committee shall be composed of at least three (3) members, all are non-executive directors, and one (1) of whom must be an independent director. The members of this Committee may be increased by the Board depending on the exigency and relevance of the services of such additional member or members.<sup>1</sup> For this purpose, the current members of the Committee shall serve as such until their successors shall have been qualified and appointed.
- 2.2.** **Chairperson** – Unless the Chairperson is designated by the Board, the Committee may elect a Chairperson by majority vote of all members of the Committee.
- 2.3.** **Non-Voting Attendees** – The Committee shall invite the Group Chief Executive Officer (CEO), Group Human Resource Officer (HRO) and the Head of Corporate Services as regular attendees in its meetings, who shall participate in the discussion as resource persons.
- 2.4.** **Term** – The members of the Committee shall be appointed by the Board during the Board’s annual organizational meeting. Each member shall serve upon his or her election

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<sup>1</sup> By-Laws, Article IV Section 2(a); Manual on Corporate Governance, Section 1(3)(B)

and until the next organizational meeting of the Board, unless earlier removed or replaced.

**2.5. Vacancy** – The members of the Committee may be removed or replaced by the Board by majority vote of directors present in a Board meeting constituting a quorum. Any vacancy in the Committee caused by death, resignation, removal, or disqualification of member shall be filled by the Board. The member elected to replace or appointed to fill the vacancy shall hold office for the remainder of the term and until his or her successor shall have been qualified and appointed.

**2.6. Compensation** – The Board shall determine such compensation the members of the Committee shall be entitled to.

### **Section 3. POWERS, DUTIES AND RESPONSIBILITIES**

**3.1. General Authority** – In accordance with the authority granted by the Board, the Committee shall be empowered generally to (a) formulate Human Resource strategy to equip the Company with needed and desired talents and personnel; (b) establish a formal and transparent procedure for developing a policy on remuneration of directors and executive officers to ensure their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates; (c) adopt effective succession planning program for directors, key officers and senior management to ensure continuous growth of the Company; and (d) develop a policy and implement a formal and transparent process for Board nomination from the stockholders and the review of the qualifications of nominated candidates.

**3.2. Duties and Responsibilities in relation to Human Resources and Compensation Matters** – The Committee shall have the following duties and responsibilities:

- (a) Formulate and annually review the skills and experience required of a CEO candidate. The qualifications of CEO (Group and Subsidiaries) shall be approved by the Board upon recommendation of the Committee;
- (b) Develop the standards and process for evaluation of the performance of the CEOs, based on the corporate goals and objectives on annual basis, and determine and recommend to the Board the CEOs' compensation level based on the evaluation;
- (c) Annually revisit and develop the policies governing remuneration and compensation package for Senior Managers and Executive Officers and Key Personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment;

- (d) Review the Company's policies regarding compensation of employees and medical staff to realign the policies with the Company's overall business strategy and enhance the Company's effort to attract and retain skilled employees and medical staff;
- (e) Determine and recommend to the Board the amount of remuneration, allowances and benefits, which shall be at a sufficient level to attract and retain competent directors or members of the Board.
- (f) Provide perspectives to management regarding the Company's talent management programs and processes, which may include performance management, succession planning, leadership development, diversity, recruiting, retention and employee training;
- (g) Adopt and develop a succession program for CEOs under various scenarios (e.g. planned and unplanned succession). The succession program shall be approved by the Board;
- (h) Review and approve any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other Executive Officers. The Committee may approve, revise, amend or terminate such agreements, arrangements or plans;
- (i) Make recommendations to the Board with respect to any equity-based compensation plans to be submitted for stockholders' approval;
- (j) Develop a form on Full Business Interest Disclosure as a part of the pre-employment requirements for all incoming officers, which among others, compel all officers to declare all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- (k) Provide in the Corporation's annual reports and information statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and ensuring year;
- (l) Review of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; and

- (m) Discharge such other duties and responsibilities as the Board may delegate to the Committee.

**3.3. Duties and Responsibilities in relation to Nominations** – The Committee shall have the following duties and responsibilities:

- (a) Establish a process to ensure that all nominees for the Board to be presented at the annual stockholders' meeting, possess all the qualification and none of the disqualifications in accordance with the Corporation's By-laws, Manual of Corporate Governance, and all relevant laws, regulations and issuances;
- (b) Recognize the importance of diversity of competent directors to foster critical discussion and promote balance decision-making of the Board by utilizing differences in perspective, skills, expertise, and demographic variables such as gender, sexual orientation, age, education, and ethnicity;
- (c) Assess the structure, size and composition of the Board, and recommend the required number of independent directors pursuant to the Corporate By-laws, applicable laws, regulations and relevant issuances;
- (d) Guide the Board in evaluating the competencies and qualifications of the directors to be appointed by the Board to such key positions;
- (e) Assess the effectiveness of the policies, process and procedure for election or replacement of directors, and appointment of officers and advisors; recommend improvements of the process, and monitor the implementation of such recommendation;
- (f) Identify and recommend individuals for nomination and election as additional directors or to fill Board vacancies when they arise;
- (g) Determine and assess any possible violation of the provisions under Revised Corporation Code, and the Manual on Corporate Governance, and endorse the same to the Compliance Officer; and
- (h) Discharge such other duties and responsibilities as the Board may delegate to the Committee.

**3.4. Confidentiality** – The Committee, as well as its individual members and attendees shall have the duty to observe strict confidentiality in all matters involved in carrying out its functions and responsibility.

#### **Section 4. PROCESS FOR NOMINATIONS TO THE BOARD**

In line with the Corporation's strategic direction, the streamlined process for nominations to the Board detailed in **Annex A** shall be observed and followed by the Committee.

#### **Section 5. PROCESS FOR NOMINATIONS TO KEY MANAGEMENT / EXECUTIVE POSITIONS**

In accordance with the overall business strategy, the process for selecting nominees key management positions and executive officers as detailed in **Annex B** shall be observed and followed by the Committee.

#### **Section 6. MEETINGS, QUORUMS AND ACTIONS**

- 6.1. Frequency** – The Committee shall hold meetings in person or through teleconferencing or videoconferencing, or through such other modes of communication at such times and places and at such frequency as may be appropriate and necessary, provided, that the Committee shall meet at least once every quarter.
- 6.2. Convention** – The Chairperson of the Committee shall call the Committee to convene when he or she considers appropriate, or upon the request of at least two (2) voting members.
- 6.3. Notices** – Schedule of Committee meetings shall be announced or communicated at least two (2) weeks in advance. Notice of the meetings may be given through written letter notice, electronic mail, short message service, telefax or other similar means. Materials shall be provided at least five (5) working days prior to the scheduled meeting.
- 6.4. Waiver of Notice** – Notwithstanding shorter notice, the meeting shall be deemed to have been duly convened if so agreed by the members present constituting a quorum. A member may give his or her consent to short notice or waive the notice requirement in any meeting of the Committee.
- 6.5. Agenda** – The agenda for each Committee meetings shall be set by the Chairperson. The agenda, which shall include, as much as practicable, all materials and presentations, shall be circulated to each member at least three (3) calendar days before the meeting. The Committee may set list of regular agenda items to be addressed by the Committee during each regular meeting.

- 6.6. Quorum** – Attendance of majority of the members of the Committee shall constitute a quorum. Members attending the meeting through teleconferencing or videoconferencing or through other modes of communication shall be counted as present in determining the quorum and the votes required.
- 6.7. Voting** – A majority vote of all voting members of the Committee shall be required to approve, authorize, take any action, or carry an act or resolution of the Committee. Any matter which fails to be approved by a majority vote of all the Committee members may be referred to the Board for consideration or reconsideration.
- 6.8. Minutes** – Minutes of the Committee meeting shall be recorded and kept by the Office of Corporate Secretary. The Corporate Secretary, or in his or her absence the Assistant Corporate Secretary, or any person designated by the Office of the Corporate Secretary shall act as the secretary for the meetings. Any such books and records of the Committee shall be open for inspection by any member of the Committee upon prior request and during the usual office hours.

**Section 7. MISCELLANEOUS PROVISIONS**

- 7.1. Reports of the Committee** – All actions taken by the Committee shall be presented to the Board of Directors during the regular or special Board meeting immediately following such action of the Committee, as allowed by the Chairperson of the Board.
- 7.2. Technical Assistance** – The Committee may invite to its meetings members of Management and other persons including independent experts as it deems appropriate or desirable.
- 7.3. Investigation** – The Committee shall have the have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities, as it may deem appropriate.
- 7.4. Evaluation** – The Committee shall conduct an annual assessment of its performance, formulate plans for improvement, and review the implementation of such plans. Supplementarily, the Board shall have an independent evaluation of the performance and effectiveness of the Committee in delivering and fulfilling its duties and responsibilities, as set forth in this Charter.
- 7.5. Review of the Committee Charter** – The Committee shall review this Charter at least once a year and as often as deemed necessary. Any proposed amendment or revision shall be forwarded to the Board for approval. Once approved by the Board it shall take effect immediately and prospectively.


This Charter of the Human Resource, Compensation and Nomination Committee was approved by the Board of Directors on 23 July 2024. This shall form part of the Revised Manual on Corporate Governance of the Corporation.



**EDISON T. FLORES JR**  
Compliance Officer



**NORMAN P. SERAPIO**  
Corporate Secretary



**JOSE XAVIER B. GONZALES**  
Chairperson of the Board

**ANNEX A**  
**PROCESS FOR NOMINATIONS TO THE BOARD**

In line with the Corporation's strategic direction, the following streamed-line process for nominations to the Board shall be observed and followed by the Committee.

- 1. Submission** – All nominations to the Board shall be submitted in writing by the stockholders to the Committee within the date and manner prescribed in the guidelines set by the Committee.
- 2. Evaluation** – The Committee shall evaluate the qualifications of the nominees in accordance with the following criteria<sup>2</sup>:
  - (a) At least twenty-one (21) years of age;
  - (b) Ownership of at least one (1) share of stock of the Corporation, as verified in the stock and transfer book of the Corporation;
  - (c) Attained college education or equivalent academic degree;
  - (d) Has relevant qualification, such as previous experience in management of business, practical understanding of the business of the Corporation, and membership in good standing in relevant industry, business or professional organizations;
  - (e) Possesses integrity and probity;
  - (f) If he or she has interests in other businesses or companies:<sup>3</sup>
    - i. Nature of the business, if it is competitive or antagonistic to the Corporation; or is violative of the law against combination in restraint of trade;
    - ii. Office held; percentage of equity ownership; existence of control;
    - iii. Nature of ownership of shares, whether he or she is the beneficial owner or a nominee;
  - (g) If he or she has directorship in other companies:<sup>4</sup>

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<sup>2</sup> Manual on Corporate Governance, Section 1(2)(B)

<sup>3</sup> By-Laws, Article III Section 1a;

<sup>4</sup> Manual on Corporate Governance, Section 1(4)



- i. Number of companies he or she is serving;
  - ii. Nature of the companies, whether public companies or issuers of registered securities;
- (h) For Independent Directors:
  - i. beneficial equity ownership in the Corporation, its subsidiaries, affiliates, or related companies, which must not exceed two percent (2%) of its subscribed capital stock.<sup>5</sup>
  - ii. directorship, office or positions held, appointments, advisorship, if any, in the Corporation, its subsidiaries, affiliates, or related companies, for the last two (2) years;
  - iii. relationship to any director, officer or substantial stockholder of the Corporation, its subsidiaries, affiliates, or related companies;
  - iv. other qualifications listed in the Section 1(5) of the Manual on Corporate Governance;
- (i) Absence of any disqualifications under Section 26 of the Revised Corporation Code (*see Annex C for the list*);
- (j) Absence of any disqualifications under Article III Section 1a of the Company's By-Laws (*see Annex D for the list*);
- (k) Absence of any permanent disqualifications listed in Section 1(2)(C) of the Manual on Corporate Governance (*see Annex E for the list*);
- 3. Presentation of Final List** – The Committee shall screen and shortlist qualified individuals as nominees for the election of director, and shall present the list of final nominees to the Board of Directors final approval.
- 4. Submission** – The Corporate Secretary shall submit the final list to the SEC through the Information Statement.
- 5. Election** – Election of the nominees for Board membership and determination of newly elected Board members shall be done in a manner in accordance with the established rules of the Company.
- 6. Vacancy** – In case of vacancy in the Board as a result of resignation, disqualification, cessation of directorship, death or other causes except removal of director or expiration

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<sup>5</sup> SEC Memorandum Circular No. 6 series of 2009

of term, the Committee shall recommend qualified and competent nominees to the Board, if the remaining directors still constitute a quorum, for election, to fill the vacancy.

- 7. Board Committees** – The Committee shall have the duty to identify and recommend directors to fill vacancies in any of the Board Committees.

**ANNEX B**  
**PROCESS FOR NOMINATIONS TO KEY MANAGEMENT POSITIONS**

In accordance with the overall business strategy, the following process for selecting nominees Key Management Positions and Executive Officers shall be observed and followed by the Committee.

- 1. Nominees** – The Committee shall evaluate the qualifications of the nominees for election in the following offices and shall endorse only those who are qualified and not disqualified.
  - (a) President and Group Chief Executive Officer (CEO);
  - (b) Executive Vice President and CEO – TMC Ortigas;
  - (c) President and CEO of Subsidiaries
  - (d) Treasurer
  - (e) Group Chief Finance Officer (CFO);
  - (f) Corporate Secretary;
  - (g) Assistant Corporate Secretary;
  - (h) Compliance Officer;
  - (i) Chief Risk Officer;
  - (j) Chief Audit Executive; and
  - (k) Other executive officers of the Corporation whose appointments are required to be submitted to the Board for approval.
- 2. Evaluation** – The Committee shall evaluate the qualifications of all individuals nominated to positions requiring appointment of the Board. In its evaluation, the Committee shall take into account the duties and responsibilities as well as the competency requirements of the position under consideration.
- 3. Qualification** – In evaluating the qualification of the nominee, the Committee shall consider the following:
  - i. Level of knowledge on the business of the Corporation;
  - ii. Ability, integrity, probity and expertise;
  - iii. Potential to assume greater responsibility; and
  - iv. Result of previous performance and accomplishments.
- 4. Recommendation** – The Committee shall recommend for Board appointment only qualified and competent individuals for such positions.

**ANNEX C**  
**Disqualification of Directors under**  
**Section 26 of the Revised Corporation Code**

The following persons shall be disqualified from being a member of the Board:

- (a) A person convicted of final judgment for an offense punishable by imprisonment for a period of six (6) years, within five (5) years prior to the election or appointment as such;
- (b) A person convicted of final judgment for violation of the Revised Corporation Code, within five (5) years prior to the election or appointment as such;
- (c) A person convicted of final judgment for violation of Republic Act No. 8799, otherwise known as "The Securities Regulation Code" within five (5) years prior to the election or appointment as such;
- (d) A person found administratively liable for any offense involving fraudulent acts, within five (5) years prior to the election or appointment as such;
- (e) A person found liable for violations or misconduct similar to those enumerated in paragraphs (a) to (d) above, by foreign court or equivalent foreign regulatory authority, within five (5) years prior to the election or appointment as such.

The foregoing is without prejudice to qualifications or other disqualifications, which the Securities and Exchange Commission, the primary regulatory agency, or the Philippine Competition Commission may impose in its promotion of good corporate governance or as a sanction in its administrative proceedings.

**ANNEX D**  
**Disqualification of Directors under**  
**Article III Section 1a of the Corporation By-Laws**

No stockholder shall qualify or be eligible for nomination or election to the Board of Directors if he or she is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- (a) If the stockholder is an officer, manager or controlling person of, or the owner (either of record or beneficially) of at least five percent (5%) of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least majority of its outstanding capital stock) engaged in a business which the Board, by at least two-thirds vote, determines to be competitive or antagonistic to that of the Corporation; or
- (b) If the stockholder is an officer, manager or controlling person of, or the owner (either of record or beneficially) of five percent (5%) or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Corporation, when in judgment of the Board, by at least two-thirds vote, the law 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 majority vote that the stockholder is the nominee of any person set forth in (i) or (ii) above.

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 relationship.

**ANNEX E**  
**Disqualification of Directors under Section 1(2)(C)**  
**of the Manual on Corporate Governance**

***Permanent Disqualification.*** The following shall be grounds for permanent disqualification of a Director:

- (a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) 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 (iii) arises out of the person's fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (b) 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: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.
- (c) The disqualification shall also apply if (i) such person is the subject of an order of the SEC, *Bangko Sentral ng Pilipinas* ("BSP") or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code of the Philippines, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (ii) such person has otherwise been restrained to engage in any activity involving securities and banking; or (iii) such person is 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;
- (d) 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;

- (e) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Revised Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (f) Any person judicially declared as insolvent;
- (g) 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 acts, violations or misconduct enumerated in sub-paragraphs (a) to (e) above;
- (h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to the date of the person's election or appointment; and
- (i) Other grounds as the SEC may provide pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws.

***Temporary Disqualification.*** The following shall be grounds for temporary disqualification of a Director:

- (a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- (b) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his or her 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. The disqualification shall apply for purposes of the succeeding election.
- (c) Dismissal or termination for cause as director of any corporation covered by this Manual. The disqualification shall be in effect until he or she has cleared himself or herself from any involvement in the cause that gave rise to his or her dismissal or termination.

- (d) 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 disqualification, take the appropriate action to remedy or correct the disqualification. If he or she fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.