

AZALEA LEISURE AND RESIDENCES CORPORATION

NOMINATION COMMITTEE CHARTER

1. Purpose

The Nomination Committee (“the Committee”) is a standing committee of the Board of Directors of **AZALEA LEISURE AND RESIDENCES CORPORATION doing business under the name and style of Azalea Vacation Club** (“the Club”). Its primary purpose is to assist the Board in ensuring that the Club maintains a qualified, competent, and ethical leadership structure by overseeing the process for nominating directors and key officers in accordance with applicable governance standards and the Club’s by-laws.

2. Authority

The Committee shall have the authority to:

- Develop and oversee the Club’s policies and procedures for nominating candidates to the Board of Directors and key management positions;
- Access all relevant Club documents, personnel, and professional advisors;
- Engage independent consultants or advisors to assist in evaluating candidates or governance practices; and,
- Make recommendations to the Board regarding the composition and structure of the Board and its committees.

3. Composition and Meetings

- The Committee shall consist of at least three (3) members of the Board of Directors, the majority of whom must be independent;
- The Chairperson of the Committee shall be elected by the Committee members and must be an independent director;
- Members shall have sufficient knowledge of corporate governance and leadership selection processes; and,
- The Committee shall meet at least once per year, or more frequently as required. Meetings may be called by the Chairperson or any two members.

4. Duties and Responsibilities

A. Board Composition and Succession

- Review the size, structure, and composition of the Board to ensure it reflects appropriate diversity, qualifications, and experience relevant to the Club’s operations;
- Establish and maintain a formal process for identifying and nominating qualified candidates to the Board;

- Consider and evaluate potential nominees, including those recommended by members, in accordance with the Club's by-laws and applicable rules;
- Recommend to the Board qualified individuals for nomination, re-nomination, or replacement as directors;
- Review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors ("NEDs"), the independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between Board Directors. The process includes monitoring the qualifications of the directors;
- Oversee and administer the nomination and election procedures, ensuring transparency, fairness, and compliance with the Club's rules;
- Screen all nominees to ensure eligibility under the Club's by-laws and applicable Philippine laws (e.g., Corporation Code, SEC regulations); and,
- Coordinate with the Club Secretary to disseminate nomination and election materials to members.

B. Qualification Standards

- Permanent Disqualification of Director - Ensure that the directors are not permanently disqualified from being a director based on the following grounds:
 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;
 2. 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 floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company or as an affiliated person of any of them; (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. The disqualification shall also apply if: (a) such person is 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 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; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) 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;

3. 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;
 4. Any person who has been adjudged by final judgment or order of 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 Revised Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
 5. Any person judicially declared as insolvent;
 6. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority for acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;
 7. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code of the Philippines and Securities Regulation Code committed within five (5) years prior to the date of his election or appointment; and,
 8. 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 of Director - Ensure that the directors are not temporarily disqualified from being a director based on the following grounds:
 1. Absence in more than fifty percent (50%) of all regular and special meetings of the Board 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, termination or removal for cause as director of any publicly listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal, termination or removal;

3. If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and,
4. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

D. Leadership and Succession Planning

- Recommend candidates for key executive or officer positions, as may be required.
- Review succession plans for senior management and officers of the Club, especially in cases of unexpected vacancies.

E. Board Performance and Development

- Recommend procedures for the annual assessment of the performance of the Board, its committees, and individual directors.
- Identify opportunities for continuing education or governance training for Board members.

5. Reporting

The Committee shall report to the Board on its proceedings and recommendations. Meeting minutes shall be maintained and made available to the Board. The Committee shall also provide an annual report summarizing its activities for presentation at the Club's annual members' meeting.

6. Review of the Charter

This Charter shall be reviewed annually by the Committee to ensure its relevance and effectiveness. Any proposed changes shall be submitted to the Board of Directors for approval.

Approved by:

Nomination Committee Chairperson: Rosario P. Delfin
Date: 30 July 2024

Chairman, Board of Directors: Lony R. Capellan
Date: 30 July 2024