

**CONCRETE AGGREGATES
CORPORATION**

**CHARTER
OF
THE NOMINATION COMMITTEE
(May 18, 2004)**

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NOMINATION COMMITTEE CHARTER

Section 1. Composition. The Nomination Committee shall be composed of three (3) Board members, at least one of which must be an independent director. The Committee shall be headed by a Chairman who must be an independent director. A fourth non-voting member shall be included in the person of the corporation's Administration Division Head or the Head of Human Resources Department.

Section 2. Qualifications of Members. Each and every member of the Nomination Committee shall possess the following minimum qualifications :

- a. With proven independence in judgment and integrity;
- b. Must be at least 21 years old;
- c. Highly assiduous;
- d. With experience and background in recruitment, selection and nomination process.

Section 3. Duties, Functions and Responsibilities. The Nomination Committee shall have the following key roles and responsibilities with respect to the following:

a. Independent director

1. promulgate guidelines or criteria to govern the conduct of the nomination of independent directors;
2. pre-screen the qualifications and prepare a final list of all candidates for independent directors;
3. put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors;
4. after nomination, prepare a final list of candidates which shall contain all information about the nominees including the name of the person or group which recommended the nomination of the independent director and relationship, if any.

b. Directors

1. review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring

Board appointment. (ex. General Manager, per the Corporate By-Laws, is chosen and elected by the Board)

2. provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board Members.

c. Chief Executive Officer (CEO)

In consultation with the executive or management committee, re-define the role, duties and responsibilities of the CEO 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.

d. General Manager and Senior Management Staff

Upon initial pre-screening and short listing process by the Human Resources Department, the Committee evaluates the candidates considering the full disclosure of interests (business or otherwise), then chooses the best candidate/s for the position/s and recommends approval by the full Board. Please note that the full disclosure requirement is a pre-employment screening standard procedure under the principles of good governance.

Section 4. Meetings and Quorum Requirements. The Committee shall convene to screen and evaluate the list of candidates submitted to it to fill up the eleven (11) seats of the Board (inclusive of two independent directors as required by the law) prior to the date of election conducted by the corporation's stockholders during the annual stockholders' meeting normally held in June of each year. The screening, shortlisting and nomination of duly qualified candidates shall be completed not later than thirty (30) business days prior to the date of the actual meeting of the stockholders which shall be determined by the Board in its regular meetings.

For vacancies in the Board and senior management positions such as the General Manager, Assistant General Manager and the corporation's Division Heads, the Nomination Committee shall submit its list of nominees not later than thirty (30) calendar days prior to consideration by the Board for approval. The presence of three (3) Committee members shall constitute a quorum.

Section 5. Guidelines in the Determination of Number Of Directors

- a. The nature of the business of the corporation where he is a director;
- b. Age of the director;
- c. Number of directorships/active memberships and officerships in other organizations/corporations, wherein the optimum number shall be related to the capacity of a director to perform his duties diligently in general; and
- d. Possible conflict of interests.

Section 6. Statement of Policies and Procedure

a. Qualifications and Disqualifications of Regular Directors

Qualifications

- He shall be a holder of at least one (1) share of stock of the Corporation ;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty one (21) years old;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Disqualifications

- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- Any person finally found by the Securities and Exchange Commission (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;

- Any person judicially declared to be insolvent;
- Any person 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
- 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 election or appointment.

Any of the following shall be a ground for the temporary disqualification of a director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- Being under preventive suspension by the Corporation;
- Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

b. Qualifications and Disqualifications of Independent Directors

An independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of the Securities Regulation Code.

Qualifications

- Not a director or officer or substantial stockholder of the corporation or its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing)
- Not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders
- Not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders
- Not employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years
- Not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm
- Not engaged in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant
- In addition to the above, the independent directors should likewise possess the minimum qualifications of a regular director mentioned above.

Disqualifications

- The disqualifications of a regular director as expressly stipulated under Section 6 hereof, shall apply to independent directors.
- In addition, he shall likewise be disqualified during his tenure under the following instances or causes:

- He becomes an officer or employee of the corporation where he is such member of the board of director/trustees
- His beneficial security ownership exceeds 10% of the outstanding capital stock of the company where he is such director;
- Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.
- Such other disqualifications which the company's manual on Corporate Governance provides.

Number of Independent Directors. In compliance with the law, the corporation shall have two (2) independent directors, for election by the stockholders during the annual stockholders' meeting.

Section 7. Procedure for Nomination and Election of Independent Directors

Nomination

- Nomination of independent directors shall be conducted by the Committee 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.
- The Committee shall **pre-screen** the qualifications and prepare a **Final List of Candidates** which shall contain all the information about all the nominees for independent directors, as required, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the *Information Statement or Proxy Statement*, in accordance with SRC Rule 17.1(b) or SRC Rule 20, respectively, or in such other reports the company is required to submit to the Commission. *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.*
- Only nominees whose names appear in the Final List of Candidates shall be eligible for election as Independent Directors. No other nomination shall be entertained after the

Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

Election

- Except as those required under SEC Memorandum Circular No. 16 dated November 2002, and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent directors shall be made in accordance with the standard election procedures of the company or its By-Laws.
- It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.
- Specific slots for independent directors shall not be filled-up by unqualified nominees.
- In case of failure of election for independent directors, the Chairman of the Meeting call a separate election during the same meeting to fill up the vacancy.

Section 8. Termination/Cessation of Independent Directorship

In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Securities and Exchange Commission within five (5) days from such resignation, disqualification or cessation, the **vacancy shall be filled** by the vote of at least a majority of the remaining directors if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said 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.

Section 9. Procedure for Selection and Nomination of General Manager and Senior Management Staff

- a. The vacancies in the positions of General Manager, Assistant General Manager and the corporation's Division Heads shall be declared by the Human

Resources Department ("HRD") to the Nomination Committee.

- b. The HRD then proceeds to recruit and select the most qualified persons in accordance with the minimum qualifications relative to education, experience, knowledge and skills and thereafter, submit the shorlist to the Nomination Committee for evaluation.
- c. The Nomination Committee shall then submit for Board approval its nomination for General Manager, Assistant General Manager and Division Heads. For the position of General Manager, the person selected by the Nomination Committee shall go through formal Board election as required by the corporation's By-Laws.

Section 10. Evaluation System of the Nomination Process. The Committee shall establish a system by which the nomination process is evaluated for efficiency purposes .

Section 11. Effectivity. This Charter of the Nomination Committee shall take effect on May 18, 2004.

Approved by the Full Board of Concrete Aggregates Corporation on May 18, 2004.

Certified Correct:



ATTY. MA. CARMELA C. LAJOM
Assistant Corporate Secretary