

## CHARTER OF THE SUSTAINABILITY COMMITTEE

*Updated 27 February 2023*

### **A. Purpose**

The Sustainability Committee (the “Committee”) of the Board of Directors (the “Board”) of Ayala Corporation (“Ayala”) is established by the Board to assist in fulfilling the Board’s oversight responsibilities in relation to Ayala’s commitment to and efforts regarding sustainable developments and integration of environmental, social and governance (ESG) matters in the formulation of Ayala’s strategies. In recognizing that Ayala thru its businesses have the potential to affect employees, customers, communities, the public at large, and the environment in both positive and negative ways, the Committee has oversight responsibility to minimize Ayala’s negative impacts, and to create values to all its stakeholders and ultimately to protect Ayala’s corporate reputation.

### **B. Committee Structure**

The Committee shall be comprised of at least three directors (executive and non-executive directors). The Board shall designate one member to serve as the Committee Chairman and at least one member of the Committee must have relevant thorough knowledge and experience on ESG and sustainability.

The Board shall appoint the Committee members at its annual organizational meeting. Membership shall be reviewed annually, subject to the approval of the Board.

### **C. Authority, Roles, and Responsibilities of the Committee**

The Committee shall have the following authority, roles, and responsibilities with a view of bringing any relevant issues to the attention of the Board and of the Senior Management team:

1. Review and discuss with Management issues of material importance to Ayala’s stakeholders and how these are being managed, disclosed and communicated internally and externally;
2. Provide external and independent oversight and guidance on the environmental and social impact of how Ayala and the other Ayala companies conduct its business;
3. Oversee the establishment of an Environment, Social and Governance management framework for Ayala and other Ayala companies;
4. Identify and review external developments/sustainability matters which are likely to have significant influence upon Ayala’s reputation and/or its ability to conduct its business appropriately as a good corporate citizen. Such developments will include best corporate practice and other issues of growing importance to the general public;

5. Monitor progress and potential risks of Ayala's sustainability initiatives, programs, and projects, and recommends changes to strategy, metrics, and targets as necessary;
6. Ensure and monitor Ayala's compliance with internationally recognized reporting frameworks on its annual Integrated Report;
7. Approve the External Assurance engagement for Ayala's Integrated Report;
8. Review and approve Ayala's disclosures and communications on sustainability performance;
9. Ensure that the appropriate communications policies are in place and working effectively to build and protect Ayala's reputation internally and externally;
10. Secure independent expert advice on sustainability matters where necessary or desirable;
11. Recommend and oversee training for the Board of Directors on sustainability matters; and
12. Perform other activities related to this charter as requested by the Board.

#### **D. Meetings and Schedule of Activities**

The Committee shall meet at least twice a year, or more frequently as needed. All meetings shall be presided by the Committee Chairman and attended by all committee members, whether in person or via teleconference or videoconference. Meetings shall not proceed in the absence of a quorum; that is, more than half of the total number of the committee members. Actions of the Committee may also be taken by unanimous written consent (in physical, electronic, or digital format) when deemed necessary by the Committee or its Chairman.

Minutes of the Committee meeting shall be recorded and maintained by the Group Risk Management and Sustainability Unit and presented to the Committee at the next meeting for approval.

Aside from regular meetings, the Committee shall also construct and agree on an annual calendar, which will lay down the schedule of activities for the year. This shall provide a systematic guide for the discharge of the Committee's responsibilities. Accordingly, the Chief Sustainability Officer shall ensure that the schedule is followed as planned.

#### **E. Other Matters**

##### **1. Management Support**

The Chief Sustainability Officer (CSO) will assist the Committee in carrying out its oversight responsibility. The CSO's main responsibility is to lead Ayala's sustainability agenda that will drive transformational change across markets and communities through advocacy and partnerships, and to define innovative inclusive business models for sustainable growth.

The CSO will be supported by the Group Risk Management and Sustainability Unit by establishing sustainability reporting processes, monitoring external developments, analyzing material issues, monitoring Ayala's sustainability rating, and implementing groupwide sustainability programs. The Unit will be working and collaborating with the Ayala's

Sustainability Council comprised of sustainability officers and other relevant support unit leaders across the group.

**2. Technical Assistance**

The Committee may invite such members of management and other persons to its meetings and may secure independent expert advice as it may deem desirable or appropriate.

**3. Reports to the Board**

The Committee Chairman shall submit and present a report to the Board, containing updates on all actions initiated by the Committee at the Board meeting following the Committee meeting.

Similarly, the Committee Chairman shall also submit and present a year-end report to the Board, providing a summary of the Committee's activities during the year, confirmation of how the responsibilities in this Charter were discharged during the year, results of assessment performed on the effectiveness of the Committee and recommendation for improvements.

**4. Performance Evaluation**

The Committee shall review its performance annually with respect to the fulfillment of its functions and responsibilities as mandated in its Charter. It may also subject itself to an independent assessment by the Board of Directors.

**5. Annual Charter Review**

This Charter shall be reviewed annually by the Committee to ensure its continuing adequacy and consistency with the Board's objectives and responsibilities. Any proposed changes shall be approved by the Board.

**6. Access to Information**

The Committee shall have reasonably free and full access to the Corporation's data, records and properties, as well as information from employees, officers, directors or external parties that may be relevant in monitoring and assessing sustainability trends and their implication to Ayala.