



# **Corporate Governance/ Nomination Committee Charter**

(As of 23 January 2019)

## **CORPORATE GOVERNANCE / NOMINATION COMMITTEE**

### **Terms of Reference**

The Corporate Governance/Nomination Committee is a committee created by the Board of Directors of Philippine Business Bank to perform specific functions set out hereunder. It consists of at least three (3) members of the Board of Directors, two (2) of which shall be independent Directors. As such, its regular members (including the chairperson) shall be appointed by the Board of Directors and shall report directly thereto.

The Corporate Governance Committee is responsible for the development, implementation and review of the Bank's Corporate Governance Compliance Program, which shall include a set of effective corporate governance policies and procedures applicable to its business.

It assists the Board of Directors in fulfilling its corporate governance responsibilities by reviewing and evaluating the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors.

### **Functions**

The committee is responsible for the development, implementation and review of the Bank's Corporate Governance Program, which shall include a set of effective corporate governance policies and procedures applicable to its business. Its core responsibilities are as follows:

1. Assist the Board of Directors in fulfilling its corporate governance responsibilities.
2. Pre-screen and shortlist all candidates nominated to become members of the Board of Directors in accordance with the qualifications and disqualifications provided for under 5.2.1.6 and 5.2.1.7. Review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors.
3. Ensure the Board's effectiveness and due observance of corporate governance principles and guidelines.
4. Annually conduct a performance evaluation of the Board and its Committees and Executive Management, and through its chairperson, to communicate such evaluation to the full Board. The Committee shall conduct the performance evaluation in a manner it deems appropriate.
5. Conduct an annual self-evaluation of the performance of the Committee at least thirty (30) days prior to the annual stockholders' meeting. The evaluation shall be focused on its performance as a whole based on the review of its goals, policies and processes and such other criteria, as the Committee deems appropriate. The chairperson shall report the results of the evaluation to the full Board prior to the appointment of members of the Committee for the ensuing year.
6. In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive 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.

7. It shall consider the following guidelines in the determination of the number of directorships for the Board:
  - a. The nature of the business of the corporation of which he is a director;
  - b. Age of the director;
  - c. Number of directorship/active memberships and officerships in other corporations or organizations; and
  - d. Possible conflict of interest.

The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

8. Determine whether or not a Director is able to and has been adequately carrying out his/her duties as Director.
9. Make recommendations to the Board regarding the continuing education of Directors, assignment to Board Committees, succession plan for the Board Members and Senior Officers.
10. Make recommendation to the Board, from time to time, as to changes that the Committee believes to be desirable in the size of the Board or any committee or to the establishment of any new committees thereof.
11. Performs the following compliance functions:
  - a. Oversees the Bank's compliance efforts with respect to the Manual of Corporate Governance, Code of Conduct, "Whistle-Blowing" Program and Complaint Policy and related laws, rules and regulations as well as company policies and procedures;
  - b. Meet with compliance officers to review programs designed to raise the culture of ethics and compliance within the Bank, and install an enforcement mechanism to sanction non-compliance and unethical behavior while rewarding the deserving officials and employees;
  - c. Review the Bank's Code of Conduct, Manual of Corporate Governance. "Whistle – Blowing" Program and recommend any changes it deems necessary to the Board;
  - d. Ensure adherence to the Bank's Code of Conduct and faithful observance on the Manual of Corporate Governance.
  - e. Determine if there is any potential conflict of interest by a Director, and institute a process for handling these situations in accordance with existing law, rules and regulations and in line with global as well as ethical and other regulatory standards;
  - f. Receive reports from the Chief Compliance Officer and other members of Management regarding compliance issues that may arise; and

- g. Provide guidance and support to the relevant work of the Compliance Office.
- h. Prepare and issue the report and evaluation required under the “Committee Reports”

### **Composition**

The committee shall consist of at least three (3) directors, two (2) of which shall be independent. The Board shall designate one of the two independent directors as chairperson of the Committee.

### **Term of Office**

The members of the Committee shall serve at the pleasure of the Board and for such term or terms as the Board may determine, or until their earlier resignation, death, or removal by the Board. Termination of members' term of office may be staggered to allow the retention of seasoned members and to ensure Committee's uninterrupted workflow.

The term of office of independent directors shall be subject to the requirements of 2nd paragraph of item b, Subsection X144.2 of the MORB.

### **Conduct of Meeting**

The Committee shall meet every other month or as often as may be required by the Chairperson of the Committee, on such date and on such time as determined by the said Chairperson of the Committee.

The Secretary of the Committee shall confer with the Chairperson on the items to be included in the agenda for each meeting.

During each meeting, the Committee may require the attendance of relevant officer/s to address any query from its Members or to present specified reports.

### **Quorum**

The quorum shall be at least 51% of the regular members, one of which should be the Chairperson of the committee or in his absence the designated vice-chairman who shall chair the meeting. A majority vote among the present but excluding the Chairperson or in his absence the designated acting Chairperson, who is an Independent Director, shall be required to pass or defeat any resolution at the meeting.

The Chairperson or in his absence the acting Chairperson shall be the casting vote to resolve a deadlock.

## **Approvals**

Approvals by the Committee may be made at or during its meetings or through circulation to all members of the Committee.

## **Committee Reports**

The Committee shall produce the following report and evaluation and provide them to the Board:

1. An annual report of Corporate Governance Committee for inclusion in the agenda for annual stockholders meeting.
2. An annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also include a review of the adequacy of this charter and shall recommend to the Board any revisions the Committee deems necessary or desirable, although the Board shall have the sole authority to amend this charter. The performance evaluation shall be conducted in such manner, as the Committee deems appropriate.

## **Charter Review**

The Board shall review and assess the adequacy of this charter annually.