



**CHARTER
CORPORATE GOVERNANCE/NOMINATION/
REMUNERATION AND SUSTAINABILITY COMMITTEE
November 2017**

I. Corporate Governance defined –

Corporate governance is the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and Senior Management accountable for ensuring ethical behavior, reconciling long-term customer satisfaction with shareholder value to the benefit of all stakeholders and society. Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

II. The Corporate Governance/Nomination/Remuneration and Sustainability Committee

The Corporate Governance/Nomination/Remuneration and Sustainability Committee is created and/or revised pursuant to SEC Memorandum Circular 19 dated November 22, 2016, Code of Corporate of Corporate Governance for Publicly Listed Companies (PLCs); BSP Circular 456 dated October 4, 2004, Constitute Board Committees; BSP Circular 749 dated February 27, 2012, Strengthening Corporate Governance; and BSP Circular 969, Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. This is to align existing regulations with international best practices and standards that promote good corporate governance such as the "Principles for Enhancing Corporate Governance", to assist the Board of Directors in fulfilling its corporate governance responsibilities; and ensure the Board's effectiveness and due observance of corporate governance principles and guidelines.

III. Composition of the Committee

- a) The Committee shall be composed of at least three (3) members of the board of directors, all of whom shall be Independent Directors (IDs), including the Chairman. They shall be entitled to the payment of the usual per diems given to members of the Committees created by the Board.
- b) The Committee shall invite resource persons in any of its meetings to render a report, clarify and provide guidance to the Committee on any relevant issue the Committee is confronted with.
- c) The presence of the majority of the members of the committee shall constitute a quorum; but the vote of the majority of the quorum which in no case be less than 2 members is required to approve any act in all the meetings of the committee.

IV. Duties and Functions

The Corporate Governance/Remuneration/Nomination and Sustainability Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions of the Nomination and Remuneration Committee, ensuring compliance with and proper observance of corporate governance principles and practices. The Committee has the following duties and functions:

1. Corporate Governance

- Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the bank's size, complexity and business strategy, as well as its business and regulatory environments;
- Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- Oversee the periodic performance evaluation of the Board, its committees, and senior management; conduct an annual self-evaluation of the committee's performance; and review/evaluate the annual self-assessment of the directors, board and committees prior to Board approval/notation;
- Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- Proposes and plans relevant trainings for the members of the Board; and recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers;
- Adopt internal guidelines that will determine the number of directorships of its members that can hold in other corporations and address the competing time commitments that are faced when directors of the Bank serve on multiple boards;
- Review and formulate policies to strengthen provisions on conflict of interest, salaries and benefits, promotion and career advancement of personnel concerned in line with the existing professional development program and succession plan for the Board and Senior Management; and
- To receive and evaluate complaints regarding conflict of interest situations.

2. Nomination and Qualifications of Board Members and Senior Management

- Oversee the nomination process for members of the board of directors and for positions appointed by the board of directors; define the general profile of board members and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the board;
- Ensure that the Bank shall have at least one-third (1/3) but not less than two(2) members of the board shall be Independent Directors (IDs), and that any fractional result from applying the required minimum proportion, shall be rounded-up to the nearest whole number;
- 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;
- Pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications; and
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired; and

3. Remuneration of Directors/Officers

- Oversee the design and implementation of the remuneration and other incentives policy of the directors and officers;
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of Senior Management and other key personnel ensuring that compensation is consistent with the Bank's culture, financial capacity, business strategy and control environment;
- Designate the amount of remuneration and fringe benefits, which shall be at a sufficient level to attract and retain directors and officers who are needed to run the Bank successfully;
- Disallow any director to decide his or her own remuneration; and
- Provide in the Bank's annual reports, information and proxy statements a clear, concise and understandable disclosure of the aggregate compensation of its executive officers for the previous fiscal year and the ensuing year; and

4. Committee Chairman

Generally, the powers and duties of the Chairman of the Committee are as follows:

- To convene the members of the Committee whenever he deems it necessary, either on his own initiative, or upon the request of the members of the Committee, at least once every quarter;
- To preside over all the Committee meetings;
- To maintain efficient lines of communication and information between the Board and Management; and
- To perform such other functions as provided by law or as may be assigned to him by the Board of Directors.

V. Frequency Meeting

The Committee shall hold a meeting at such time and place as it considers appropriate, provided that a meeting shall be held at least every quarter.

VI. Secretariat

The administrative requirements of the Committee shall be handled by a Secretariat to be designated by the Committee.

VII. Review of the Charter

The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes for approval of the Board of Directors.