



## REVISED<sup>1</sup> CHARTER OF THE GOVERNANCE COMMITTEE

### I. MISSION STATEMENT

Under the DBP Manual of Corporate Governance, the Governance Committee (“Committee”) shall assist the Board of Directors in fulfilling its corporate governance responsibilities and in promoting the best interests of the Bank through the implementation of sound corporate governance principles and practices. In general, the Committee is primarily responsible for ensuring the Board’s effectiveness and due observance of the Bank’s corporate governance principles and guidelines,<sup>2</sup> and the establishment of sound corporate governance framework<sup>3</sup>.

### II. COMPOSITION

The Governance Committee shall be composed of at least three (3) members of the Board of Directors, who shall all be non-executive directors, majority of whom shall be independent, including the chairperson.<sup>4</sup>

### III. CONDUCT OF MEETINGS

The Committee shall hold regular meetings at least once every quarter. The Committee shall have the full discretion to invite any director or senior officer to attend its meetings as resource persons. Special meetings may be held at the discretion of the Committee Chairman or upon request by any of its members.

Majority of the members of the Committee shall constitute a quorum. Attendance of Committee members may be in person or through modern technologies, such as but not limited to videoconferencing or teleconferencing.

### IV. DUTIES AND RESPONSIBILITIES

In line with the Committee’s mission to assist the Board of Directors on corporate governance matters, the specific duties and responsibilities of the Committee are as follows:

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<sup>1</sup> Approved by the DBP Board of Directors per Resolution No. 0642 dated 19 December 2018 amending the Charter of the Governance Committee (1<sup>st</sup> version per Board Resolution No. 0446, dated 16 November 2016).

<sup>2</sup> BSP Circular No. 456 series of 2004.

<sup>3</sup> BSP Circular No. 969, series of 2017.

<sup>4</sup> *Ibid.*

1. Responsible for ensuring the Board's effectiveness, Bank's due observance of corporate governance principles and guidelines, and a governance culture that is anchored on integrity, accountability, discipline, transparency and fairness;
2. Oversee the periodic performance evaluation of the Board and its committees and senior management, including an annual self-evaluation of its performance. Towards this end, the Committee shall review the effectiveness of all committees in fulfilling their responsibilities and duties as set out in their respective charters;
3. Evaluate whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g., competence, candor, attendance, preparedness and participation);
4. Develop and recommend to the Board set of corporate governance principles and programs, including policies and guidelines, as prescribed by the regulators and based on emerging best practices that will maintain the observance of highest standards of corporate governance in the Bank;
5. Review the corporate governance principles adopted by the Board of Directors and recommend any amendments;
6. Oversee the continuing education program for the board of directors which shall include an on-boarding/orientation program for the first time directors for at least eight hours and an annual continuing education for all directors for at least four hours<sup>5</sup>;
7. Recommend to the Board the assignment of directors to board committees taking into account their qualifications, experience, and expertise;
8. Formulate and adopt internal guidelines that address the competing time commitments when directors serve on multiple committees and outside boards;
9. Review and recommend the implementation of systems and procedures to strengthen the Board's independence from management and to avoid conflicts of interest;
10. Monitor the relationship, and recommend processes that will ensure effective relationship between senior management and the Board;
11. Recommend to the Board the nominees to the board of DBP subsidiaries, affiliates, non-equity investment accounts and other related entities as submitted by the Management Committee, after a review and evaluation of their qualifications;

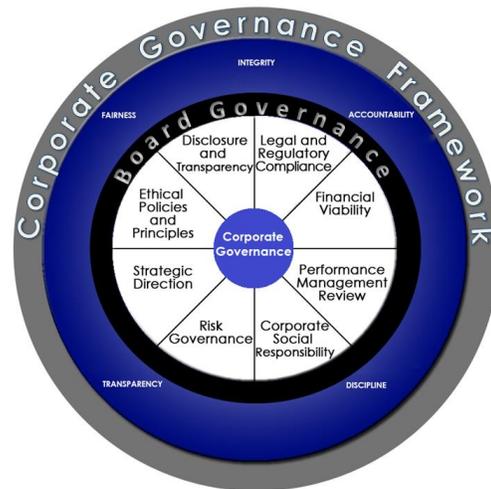
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<sup>5</sup> *ibid.*

12. Decide the manner by which the Board’s performance shall be evaluated and propose an objective performance criteria approved by the Board;
13. The Committee shall periodically review and update, as often as necessary, the Bank’s Code of Ethics, the Manual of Corporate Governance and the Charter of the Governance Committee;
14. Install and maintain a process to ensure that the nominees in subsidiaries, affiliates, non-equity investment accounts and other related entities possess the qualifications and none of the disqualifications mandated under applicable law, rules and regulations;
15. Review the results of the Bank’s Corporate Governance Scorecard prescribed by regulatory authorities and those by private entities advocating good corporate governance practices and recommend policies for enhancement, if necessary; and
16. Periodically review and reassess the adequacy of this Charter and recommend to the Board any proposed changes.

**V. CORPORATE GOVERNANCE FRAMEWORK**

The DBP Corporate Governance Framework provides the balance among the elements that comprise the governance ‘ecosystem’ of the Bank. Guided by the core principles of corporate governance (fairness, integrity, accountability, transparency, and discipline), the governance elements work together to manage risks and identify gaps for improved performance and effective corporate governance. The framework allows the Bank to focus on the right issues and prioritize its resources accordingly.



**VI. REPORTING**

The Governance Committee, in coordination with the Office of the Corporate Secretary, Compliance Monitoring Group and the Administrative Legal Department-Legal Services Group, shall annually prepare a report to the Board of Directors on the accomplishments of its duties and responsibilities under this Charter during the applicable year.

## **VII. INTERRELATIONSHIP WITH MANAGEMENT & OTHER COMMITTEES**

Under this charter, the following functional interrelationships are acknowledged:

1. Compliance with the principles of good corporate governance is the responsibility of the Board, Management, officers and employees of the Bank.
2. In carrying out its duties and responsibilities, the Committee shall always remain cognizant of the respective jurisdictions of the other Committees and shall take such steps as are necessary to avoid overlaps of roles and functions.

## **VIII. PROPOSED CRITERIA TO ASSESS PERFORMANCE**

In fulfilling its mandate to assess the performance of the Board, the Committee shall have the authority to decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria for approval by the Board. Such performance criteria shall address how the Board has enhanced long term stakeholder's value and in accomplishing its mandate under the Bank's charter.

## **IX. CORPORATE GOVERNANCE REFORMS LIMITATIONS**

In cases when corporate governance reforms are required to be implemented in the Bank, the Committee acknowledges the Bank's Charter limitations on changes in the composition of the Board of Directors and the Commission on Audit's (COA) regulations pertaining to the employment of external auditors.

## **X. REMOVAL AND VACANCIES**

Any member of the Governance Committee may be removed or replaced at any time by the Board of Directors. The Board shall fill vacancies on the Committee by appointment from among qualified members of the Board.