

UCPB SAVINGS BANK, INC. (UCPBS)
Revised Corporate Governance Committee Charter
(Endorsed by the Corporate Governance Committee and approved by the Board of Directors on December 9, 2022 under Resolution No. 270-2022)

I. PURPOSE

The Corporate Governance Committee is appointed by the Board to assist in developing and fulfilling the Board of Directors' corporate governance responsibilities.

The committee shall ensure that the principles of good corporate governance of transparency, accountability and fairness shall govern the conduct of business of UCPBS and the LANDBANK Group. It shall ensure the Board's effectiveness and due observance of corporate governance principles, guidelines and responsibilities as well as in building a strong culture of excellence and compliance, professionalism, efficiency, integrity and customer focus in UCPBS. It shall also take the lead in carrying out the Board's and senior management performance evaluations and capability building functions.

II. SCOPE OF AUTHORITY

Policy-Making through and oversight function

In line with its policy-making and oversight functions, the Committee has the authority to conduct or authorize an inquiry into any matter within the scope of its responsibility. It likewise has the authority to avail of the assistance of special legal, human resource, or other consultants to assist the Committee to carry out its duties as defined by this Charter.

The Committee may require any officer or employee of the Bank to attend its meetings and provide pertinent information and/or assistance as necessary.

III. COMPOSITION AND MEMBERSHIP

The Corporate Governance Committee shall be composed of at least three (3) Board members, who shall all be non-executive directors, majority of whom shall be independent Directors including its chairperson.

IV. DUTIES AND RESPONSIBILITIES

All members of the Committee shall have an understanding of corporate governance principles and knowledge of the basic principles of nomination, compensation, performance evaluation, capability building, shareholder¹ relations, and corporate social responsibility. They shall likewise be conversant with the laws, rules and regulations that will bear on the exercise of their functions. The Committee shall perform the following functions:

A. Corporate Governance Committee

1. Oversee the nomination process for members of the board of directors and for positions appointed by the board of directors
 - a. Review and evaluate the qualifications of all persons nominated to the board of directors as well as those nominated to other positions requiring appointment by the board of directors.
 - b. Recommend to the board of directors' matters pertaining to the assignment of the board committees.
 - c. Recommend succession plan for the members of the board of directors and senior management.
 - d. Ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications as mandated under the law, rules, and regulations.
 - e. Recommend to the Governance Commission for GOCCs (GCG) the nominees for the shortlist of Board composition and succession plan.
2. Oversee the continuing education program for the board of directors
 - a. Ensure allocation of sufficient time, budget and other resources for the continuing education of directors and draw on external expertise as needed.
 - b. Establish and ensure effective implementation of policy for on-boarding /orientation program for first time directors and annual continuing education for all directors.

¹ Shareholders as used in this Charter shall include stockholders who hold direct interest to the Bank in the form of shares of stocks. It shall also include its customers/clients, its officers and employees, its suppliers, the government institutions; such as the Bangko Sentral ng Pilipinas, the Philippine Deposit Insurance Corporation, the Department of Finance and its attached agencies, the Bureau of Internal Revenue, etc. It shall likewise include the community in which it operates. (SEC Memo Cir. 9, series of 2014)

3. Oversee the performance evaluation process

- a. Periodic evaluation of contribution and performance (e.g. competence, candor, attendance, preparedness and participation) of the board of directors, board-level committees and senior management.
- b. Internal guidelines shall be adopted that address the competing time commitments of directors serving on multiple board.

B. Nomination and Remuneration Committee

1. Ensure that the remuneration and other incentives policy are aligned with its operating and risk culture, as well as, with the strategic and financial interest of the Bank;
2. Promote good performance and convey acceptable risk-taking behavior as defined under the Bank's Code of Ethics;
3. Comply with legal and regulatory requirements;
4. To review and recommend the organizational structure of the Bank and its units; and
5. To review and recommend the selection/promotion of the officers as endorsed by the Promotion Committee.

C. Related Party Transaction (RPT) Committee

1. Evaluate on an on-going basis existing relationship between and among businesses and counterparties to ensure identification and monitoring of RPTs, including changes (from non-related to related and vice versa). Any changes in relationships shall be reflected in the relevant reports to the board/regulators.
2. Evaluate and endorse to the Board all material RPTs to ensure that these are not undertaken on terms more favorable than similar transactions with non-related parties and that no resources of the Bank are misappropriated or misapplied.
3. Endorse to the board for approval all material RPTs that cross the materiality threshold of Directors and Officers with the rank of Vice President and up; write-off of material exposures to related parties, any renewal or material changes in the terms and conditions of RPTs
4. In evaluating RPTs, shall take into account among others, the ff:
 - a. The related party's relationship to the bank and interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the bank of the proposed RPT;

- d. The availability of other sources of comparable products or services; and
 - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The bank shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs.
- 5. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the bank's RPT exposures and policies on conflicts of interest or potential conflicts of interest.
- 6. Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- 7. Ensure that the transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- 8. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of approved RPT policies and procedures.
- 9. Delegate to prevailing approving authorities, (based on existing board-approved processes) approvals of RPTs that do not cross the materiality threshold. These include those transactions that cross the materiality threshold of officers with a lower rank than Vice President. Note that this has still to be disclosed in the CRAM as a related party.
- 10. Note and endorse to the Board for confirmation, all approvals of RPTs that do not cross the materiality threshold, including those that cross materiality threshold of officers with a lower rank than Vice President.

D. Compliance Function Oversight

- 1. Ensure the independence of the compliance function from the business activities of the Bank, by having a:
 - a. Formal status that provides appropriate standing authority and independence of the compliance functions;
 - b. Clearly-defined responsibilities of compliance officer;
 - c. Absence of conflict of interest between compliance responsibilities of compliance function staff and any other responsibilities that they may have; and
 - d. Ready access to information and personnel necessary to carry out compliance responsibilities

2. Ensure that a Compliance program is defined for the Bank, supported by adequate and sufficient resources and that compliance issues are resolved expeditiously.
3. Coordinate the relationship of the Chief Compliance Officer and Bank Compliance Division with other functions and/or units of the Bank, including the delineation of responsibilities and lines of cooperation.
4. Ascertain the right of the Chief Compliance Officer to have an unimpeded access to information necessary in the conduct of investigations of possible breaches of compliance policy.

E. Other Responsibilities

- a) Perform activities consistent with this Charter, the UCPB Savings By-laws, Articles of Incorporation, the UCPB Savings Corporate Governance Manual and applicable laws and regulations, as the Committee or the Board considered necessary or appropriate.
- b) To promote transparency and operational responsibility and accountability in a manner consistent with the Bank's vision, mission, strategic intent and operating values.

V. MEETINGS AND QUORUM REQUIREMENT

- A. The Committee shall meet once a month or more frequently as circumstances require. The Chairperson or any two members of the Committee may call a meeting. They shall be entitled to the payment of per diems. Members may participate via teleconference or videoconference;
- B. The Chairperson, or in his/her absence, the members present shall designate an acting presiding officer from among themselves;
- C. The Committee shall invite resource persons including but not limited to the Bank's directors, officers or employees, during its regular or special meetings to render a report or to clarify relevant issues and matters confronting the Committee or whose advice and/or expertise shall be sought to provide relevant information as it may deem necessary and appropriate in the exercise of its functions;
- D. The Committee shall report to the UCPBS Board of Directors the minutes of each meeting, including the matters discussed and actions taken during said meetings; and
- E. The administrative requirements of the Committee shall be provided and handled by the Bank Compliance Division, which shall serve as the Secretariat and shall keep the written minutes of its meetings.

VI. INDEPENDENCE

The Corporate Governance Committee shall be an independent committee and shall report directly only to and hold office on the authority of the Board of Directors.

VII. TECHNICAL SUPPORT

The Chief Compliance Officer, together with his/her officers and staff shall provide technical support to the Committee.

VIII. REVIEW OF CORPORATE GOVERNANCE COMMITTEE CHARTER

The Committee shall review its Charter at least annually for necessary enhancement pursuant to regulatory and to align with LANDBANK's policy.