



PHILIPPINE GUARANTEE CORPORATION

CORPORATE GOVERNANCE COMMITTEE CHARTER 2021

TABLE OF CONTENTS

		<u>Page</u>
	Recitals -----	3
Section 1	Purpose -----	4
Section 2	Definition of Terms -----	5
Section 3	Composition of the Committee -----	6
Section 4	Term of Office -----	7
Section 5	Duties and Responsibilities -----	7
Section 6	Secretariat -----	8
Section 7	Committee Meetings -----	8
Section 8	Relationship of Committee -----	9
Section 9	Assistance of Consultants -----	10
Section 10	Review of Charter -----	10
Section 11	Effectivity -----	10
	Approval Page -----	11

WHEREAS, it is the State's policy to vigorously promote corporate governance reforms aimed to raise investors' confidence, develop capital market and help achieve high sustained growth for the Philippine economy;

WHEREAS, the Trade and Investment Development Corporation of the Philippines (TIDCORP), also known as, Philippine Export-Import Credit Agency (PhilEXIM) is a government owned and controlled corporation/financial institution vested with public interest and clothed with the authority, among other things, to support the country's export sector to hasten the economic development of the country;

WHEREAS, pursuant to Executive Order No. 58 signed on 23 July 2018 by the President of the Philippines and the Department of Finance (DOF) issuance of Memorandum Circular 2019-001 dated 03 September 2019, Philippine Export-Import Credit Agency (PhilEXIM) is renamed as Philippine Guarantee Corporation (PHILGUARANTEE) effective 31 August 2019, following the merger and consolidation of Philippine Guarantee Programs and Agencies, with PhilEXIM as surviving entity.

Being the Principal Agency for State Guarantee Finance of the Philippines, the primary objective of PHILGUARANTEE is to perform its development financing role through the provision of credit guarantees in support to trade and investments, exports, infrastructure, energy, tourism, agricultural business/modernization, housing, MSMEs and other priority sectors of the economy, with the end in view of facilitating and promoting socio-economic and regional development;

WHEREAS, to help ensure the realization of the corporate governance reforms and assure that the board governance system works efficiently and effectively, the TIDCORP's Board of Directors, by virtue of the powers and authority vested in the Board by its Charter, created and constituted a Corporate Governance Committee (CGC) and adopted the TIDCORP's CGC Charter as

approved by the Board of Directors under Board Resolution No. 1725, Series of 2005 issued on 27 July 2005;

WHEREAS, the CGC Charter was amended to incorporate the functions of the Compensation Committee pursuant to the approval by the TIDCORP's Board of Directors to integrate the functions of the Compensation Committee to the CGC on 28 September 2008 under Board Resolution No. 2040, Series of 2008;

WHEREAS, the CGC Charter was amended to harmonize the provisions of the CGC Charter and the Manual of Corporate Governance and align to good corporate governance practices as approved by the Board on July 7, 2015.

WHEREAS, the CGC Charter was further amended to align its composition with BSP regulations on good governance as approved by the Board on November 28, 2019 under Board Resolution No. 019. Series of 2019; and

WHEREAS, there is a need to amend the CGC Charter to align with the current changes in the Corporation's functions and organization following the implementation of E.O. 58;

NOW, THEREFORE, WE THE BOARD OF DIRECTORS OF PHILGUARANTEE hereby amends the CGC Charter of PHILGUARANTEE as follows:

Section 1. PURPOSE

The Committee is established to help ensure the realization of the corporate governance reforms and assure that the board governance system works efficiently and effectively.

Section 2. DEFINITION OF TERMS

For purposes of this Charter, the following terms shall be understood as follows:

Corporation or PHILGUARANTEE	refers to the Philippine Guarantee Corporation
Board	refers to the Board of Directors of PHILGUARANTEE
Charter	refers to the Corporate Governance Committee Charter
Committee	refers to the Corporate Governance Committee of the Corporation
CPCS	refers to the Compensation & Position Classification System
GCG	refers to the Governance Commission for Government-Owned and Controlled Corporations
Management	refers to the body composed of the President & CEO and other Officers of the Corporation that governs its day-to-day conduct of business and implementation of its business strategies, plans and policies.

Section 3. COMPOSITION OF THE COMMITTEE

The Committee shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, including independent directors. The Chairperson as well as the members of the Committee shall be appointed or designated by the Board. The Committee members are expected to have an understanding of corporate governance, key business and industry in which the Corporation operates.

The Committee members are encouraged to attend seminars/trainings/workshops related to the functions and responsibilities of the Committee. They are however required to attend seminar/s on corporate governance pursuant to the guidelines of the GCG, expense of which shall be shouldered by the Corporation.

The Chairperson of the Committee is appointed/designated/elected by the Board. The Chairperson shall preside over the meetings of the Committee. In the event the Chairperson is not present at a duly convened meeting, the Committee members present shall select from among themselves the members who shall preside over the meeting.

The Chairperson, with the assistance of the Corporate Secretary, shall set the Agenda for every meeting of the Committee, and copies of the Agenda together with the materials of the meeting shall be distributed to the members prior to the next scheduled meeting.

After each meeting, the Chairperson shall report to the Board all significant matters that transpired, were discussed and/or acted upon by the Committee, for Board's notation and information.

Section 4. TERM OF OFFICE

The Chairperson and the members, who shall be appointed by the Board, shall hold office for a period of one (1) year. In case of permanent incapacity, resignation, removal or death, the vacancy shall be filled-up by appointing or designating one from among the members of the Board of Directors, who shall serve for the unexpired portion of the term.

Section 5. DUTIES AND RESPONSIBILITIES

The Committee shall be responsible for the following:

1. Oversee the periodic performance evaluation of the Board and its committees and Management, and also conduct an annual self-evaluation of their performance (e.g., competence, candor, attendance, preparedness and participation). The Committee shall review the effectiveness of all committees in fulfilling their responsibilities and duties as set out in their respective charters;
2. Oversee the continuing education program for the Board of Directors, including on-boarding/orientation program for first time directors and annual continuing education for all directors;
3. Recommend the manner by which the Board's performance may be evaluated and propose an objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board will enhance long-term shareholder value.
4. Recommend to the Board set of corporate governance principles and programs, including policies and guidelines/ manuals as prescribed by the regulating agencies;

5. Review and endorse to the Board realignments/organizational restructuring as recommended by the Management, and compensation as allowed by existing laws;
6. Periodically review and update the Code of Ethics and Business Conduct, the Manual of Corporate Governance and the Charter of the Governance Committee;

A systematic evaluation process of the Board shall be developed as a necessary tool in enhancing its professionalism and as a useful incentive for Board members to devote sufficient time and effort to their duties. The evaluation should also be instrumental in developing effective and appropriate instruction and training programs for new and existing members of the Board.

Section 6. SECRETARIAT

The Office of the Corporate Secretary (OCS) shall prepare the minutes of the meeting and other records of the committee and provide other administrative support. The OCS shall ensure that the minutes of the meeting, including the materials are prepared and distributes to the Members prior the scheduled meeting.

The OCS shall see to it that the instructions/directives of the Committee are communicated to the concerned department/unit through the President and CEO, and update the Committee of the compliance, upon receiving the corresponding status or submission of the concerned department/unit.

Section 7. COMMITTEE MEETINGS

The Committee shall meet on a quarterly basis or as often as required or upon the directive of the Board *en banc* at times and places to be decided by the Committee. The presence of three (3) members of the Committee shall constitute a quorum.

Attendance of a member through teleconferencing or video conferencing shall be allowed in accordance with SEC Memorandum Circular No. 15, 2001 and SEC Memorandum Circular No. 6, 2020 and as recognized under GCG Memorandum Circular No. 2014-03.

All Committee meetings shall be recorded and the minutes of the meetings should be sent to the members at a reasonable period of time after every meeting. It will be the duty of the Committee Chair to report to the Board *en banc*, the matters that transpired therein, for the Board's notation and information.

All actions of the Committee shall be made by a majority of the members present at a meeting where a quorum is duly constituted.

Section 8. RELATIONSHIP OF THE COMMITTEE WITH THE BOARD, OTHER COMMITTEES AND MANAGEMENT

The Committee is a Board Committee. It should not act absolutely independent of the Board. It shall keep the Board, through the Chairperson, fully informed of its activities, issues and recommendations for final disposition of the Board, except if the Chairperson is the subject of the investigation. It shall also work closely with the other Board Committees and maintain harmonious working relationships with PHILGUARANTEE Management. It can ask for the assistance of other Board members or members of other Committees including the Management and staff of PHILGUARANTEE for the effective and efficient execution of its powers and functions.

The Committee may call on any of the PHILGUARANTEE Management and employees to seek assistance or elicit information necessary for the effective implementation of the Corporate Compliance Program. With the permission of the President and CEO or the Committee (in case the President is involved), the Compliance Officer shall have access to all documents and information relevant to compliance activities.

The compliance functions of the Committee shall cover non-financial matters while financial audit, including non-financial items which are directly relevant to the financial audit work, is assigned to the Audit Committee. Whenever necessary, the Committee shall jointly work with the Audit Committee to make sure that governance and compliance aspects of a particular issue are thoroughly and adequately addressed.

The Compliance Officer shall be provided with the resources necessary to discharge the duties and responsibilities of the position.

Section 9. ASSISTANCE OF CONSULTANTS

In the performance of their duties, the Committee and the Compliance Officer, subject to the approval of the Board and availability of funds, may hire or retain consultants or experts on relevant issues, expense of which shall be shouldered by PHILGUARANTEE.

Section 10. REVIEW OF THE CHARTER

The committee shall review this Charter at least once a year and submit it to the Board for approval together with such amendments, if any, as it deems necessary and appropriate in light of PHILGUARANTEE's needs, alignment to corporate governance principles/guidelines and legal and regulatory developments.

Section 11. Effectivity.

This Charter of the Committee of PHILGUARANTEE, as amended, shall take effect immediately upon approval of the Board.

Done in the City of Makati.