

**JSC TBC Bank**

**(the "Bank")**

**Nomination and Corporate Governance Committee**

**Terms of Reference**

**1. General remarks**

- 1.1 These Terms of Reference identify and formalise the roles, tasks and responsibilities of the Nomination and Corporate Governance Committee of the Bank (the "**Committee**") and the authority delegated to the Committee by the Supervisory board of the Bank (the "**Supervisory Board**").
- 1.2 These Terms of Reference have been adopted by the Supervisory Board based on the requirements of. They define the Committee's purpose and the role of the Committee in the activities of the Bank as well as its structure, membership, details of the meetings and other procedural questions related to the Committee's activities.
- 1.3 In carrying out their responsibilities, Committee members shall act in accordance with these Terms of Reference, Charter of the Bank, National Bank of Georgia Corporate Governance Code (the "Code") together with any relevant applicable laws.
- 1.4 The Committee may only exercise such powers as are explicitly attributed or delegated to it and must not make decisions that, by law, must be taken by the Supervisory Board.

**2. Purpose of the Committee**

- 2.1 The principal purpose of the Committee is to:
  - (a) review regularly the size and composition of the Supervisory Board, its Committees and Senior Management<sup>1</sup> of the Bank, in order to ensure an appropriate balance of skills, personal attributes, experience, diversity, independence and knowledge of the group, recommending any proposed changes to the Supervisory Board. This will include keeping under review the policy on diversity on the Supervisory Board, including gender, and any measurable objectives that it has set for implementing the policy;
  - (b) engage in the selection and screening process to identify individuals qualified to become the candidates for the Supervisory Board and Senior Management membership and to oversee the succession planning of the Supervisory Board and Senior Management, including overseeing the development of a diverse pipeline for succession;
  - (c) develop and recommend for the Supervisory Board's approval corporate governance principles and guidelines applicable to the Bank;
  - (d) monitor the Bank's governance practice against world-wide best practices;; and
  - (e) ensure that there is an adequate policy implemented within the Bank regarding the procedures of appointing, reappointing and removal of the members of the Senior Management of the Bank.

---

<sup>1</sup> Management Board – CEO and Deputy CEOs of the Bank

- (f) Ensure that there is no member or group of members of the Supervisory Board having a dominant role within the Supervisory Board in a way that the fulfilment of long-term business strategy of the Bank would be under the risk.

### **3. Committee Membership and Composition, Members' Rights and Obligations**

- 3.1 The Committee shall be formed of four members of the Supervisory Board, out of which at least majority shall be independent (as defined by the Regulation of the Supervisory Board of the Bank). The Chairman of the Supervisory Board can be a member of the Committee, if he was independent on appointment. Committee members should have the appropriate balance of skills, experience, independence and knowledge of the financial services to enable them to discharge their respective duties and responsibilities effectively.
- 3.2 The Supervisory Board shall appoint one member of the Committee as Chairman of the Committee.
- 3.3 Committee members are appointed by the Supervisory Board for a term of four years. Reappointment is allowed without restriction, provided that a member still meets the criteria for Committee membership.
- 3.4 Committee members shall have the following rights:
  - (a) to request documents, reports, explanations and other relevant information from the officers, executives and employees of the Bank;
  - (b) to invite the members of the Bank's Senior Management, executives and employees to its meetings as observers to question them, and seek explanations and clarifications;
  - (c) to utilise the services of outside consultants, experts and advisors, if necessary;
  - (d) to perform any other duties as may be required by the Supervisory Board within the scope of authority of the Committee as set forth herein;
  - (e) to contribute written suggestions and propositions in order for improvement of Committee activities;
  - (f) to place questions on the agenda of the Committee meeting and to vote on any questions in the agenda, and to demand inclusion to the Committee meeting minutes of his or her individual opinion;
  - (g) to contribute recommendations on the improvement of current policy for the consideration of the Supervisory Board;
  - (h) on giving reasonable notice, to resign from the Committee;
  - (i) to sub-delegate any or all of the Committee's powers and authority and may establish sub-committees which are to report back to the Committee; and
  - (j) have sufficient resources in order to carry out the Committee's duties including access to the Company Secretary.
- 3.5 Committee members shall have the following obligations:
  - (a) to participate in the activities and work of the Committee, and attend all meetings;
  - (b) to treat as confidential all information that becomes known to him/her in the course of performing his/her duties;

- (c) to inform the Supervisory Board of any changes in his/her independent status or any conflicting interest regarding decisions to be made by the Committee;
- (d) to adhere to all applicable laws and these Terms of Reference whilst carrying out his or her activities;
- (e) to act in the best interests of the Bank's shareholders; and
- (f) to report to the Supervisory Board and especially its chairman about important issues and decisions.

#### **4. Committee's Functions, Role and Responsibility**

##### **4.1 The main responsibilities of the Committee in relation to nomination are:**

- (a) regularly reviewing the structure, size and composition of the Supervisory Board and Senior management, including evaluating the current balance of skills, experience, independence and knowledge on the Supervisory Board, including considering diversity and gender balance, taking into account the Bank's strategic priorities and the main trends and factors affecting the long-term success and future viability of the Bank;
- (b) preparing a description of the role and capabilities required for a particular appointment;
- (c) an assessment of the time commitment expected for each role should be considered, recognising the need for availability in the event of crises. The other significant time commitments of all appointees to the Supervisory Board should be disclosed to the Supervisory Board before appointment, and a summary included in the annual report. Changes to such commitments should be reported to the Supervisory Board as they arise, and their impact explained in the next annual report;
- (d) in identifying suitable candidates to:
  - i. might use the services of external advisers to facilitate the search; and
  - ii. consider candidates from a wide range of backgrounds, ensuring that the interview process does not disadvantage candidates with diverse backgrounds;
- (e) considering and making recommendations to the Supervisory Board on the composition of the Supervisory Board, including principal Supervisory Board Committees and advising the Supervisory Board and where necessary, the general meeting of shareholders on any recommended changes in this regard;
- (f) advise the Supervisory Board on succession planning for the roles of Chairman, Senior Independent Director and for all other Supervisory Board appointments, taking into account the challenges and opportunities facing the Bank and the skills and expertise needed on the Supervisory Board from time to time;
- (g) receive reports from the Chief Executive Officer on succession and development plans for his direct reports, receiving a report at least annually and providing input on those plans.

- (h) recommending to the Supervisory Board the chair persons and members of the Supervisory Board committees;
  - (i) developing recommendations about creation and abolishment of the Bank's Supervisory Board committees, and the quality, quantity and structure of the same;
  - (j) considering and making recommendations, as necessary, on the removal and resignation of Supervisory Board members;
  - (k) overseeing the orientation and induction program for new members of the Supervisory Board with respect to their Supervisory Board responsibilities and roles, as well as the contribution individual members are expected to make;
  - (l) consider any training requirements for the Supervisory Board as a whole;
- 4.2 The main responsibilities of the Committee in relation to the development and functioning of corporate governance within the Bank are:
- (a) advising the Supervisory Board periodically with respect to significant developments in the law and practice of corporate governance;
  - (b) reviewing any material information of the Bank made public relating to corporate governance;
  - (c) approving changes to corporate governance guidelines, monitoring the Bank's compliance with such guidelines and applicable legal and regulatory requirements and recommending to the Supervisory Board such changes or additional action as it deems necessary;
  - (d) reviewing the independence standards for Supervisory Board members;
  - (e) monitoring and evaluating the process for assessing the performance and effectiveness of the Supervisory Board and its committees (including a self-assessment of this Committee); and
  - (f) reviewing the structures and procedures of the Supervisory Board and its relationship with the management to ensure it can function independently.

## 5. Committee Structure and Meetings

- 5.1 **Chairman** –one of the independent members of the Supervisory Board shall be appointed by the Supervisory Board as the chairman of the Committee (the "**Chairman**"). The Chairman of the Supervisory Board can be Chairman of the Committee, but should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship of the Supervisory Board. The Chairman shall report to the Supervisory Board. In the absence of the Chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 5.2 **Secretary** – the Company Secretary shall act as secretary of the Committee (the "**Secretary**") and shall attend all Committee meetings. The Secretary shall ensure that the Committee receives all necessary information in a timely manner to enable full and proper consideration to be given to the issues.
- 5.3 **Meetings** - Committee meetings shall be held at least four times a year, and otherwise as required. All Committee members are expected to attend the meetings, in person or via

telephone, video conference or by written resolutions. A Committee meeting agenda will be prepared and provided in advance to the members, along with appropriate material. A resolution in writing either signed by all committee members or confirmed from their authentic email addresses, will be as effective as a resolution passed at a committee meeting.

- 5.4 **Notice of the Meetings** - The Chairman or any other member of the Committee, or the chairman of the Supervisory Board of the Bank may instruct the Secretary to convene a Committee meeting at any time, to consider any matters falling within the competence of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend not less than seven days prior to the date of the meeting. Supporting papers shall be sent to members of the Committee, and to other attendees as appropriate, at the same time.
- 5.5 **Quorum** – the quorum for the Committee meeting shall be two. Each member shall have one vote. The Chairman shall have a casting vote.
- 5.6 **Attendees** – only the members of the Committee and other independent Supervisory Board members of the Bank have the right to attend Committee meetings. The chairman of the Supervisory Board, Chief Executive Officer or other persons may be invited by the Chairman to attend the meeting, if appropriate.
- 5.7 **Voting** - each Committee member shall have one vote which may be cast on matters considered at the meeting, where:
- (a) votes can only be cast by members attending a Committee meeting.
  - (b) if a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting; and
  - (c) except where he or she has a personal interest, the Chairman of the Committee shall have a casting vote.
- 5.8 **Support** – the Bank shall provide necessary support to the Committee’s activity, including financial support, if applicable.
- 5.9 **Minutes** – the Secretary shall minute the proceedings and the decisions of all meetings of the Committee, including recording the names of those present, absent and in attendance. The Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall prepare and circulate the draft minutes of the Committee meetings promptly to all members and other attendees of the relevant meeting. Minutes of any meeting shall be announced as final, once approved by the Chairman. Unlimited access to all the minutes of the Committee meetings must be granted to all Supervisory Board members at any time. The Secretary is the key responsible person to provide such access. A resolution in writing signed by all committee members or confirmed from their authentic email addresses, will be as effective as a resolution passed at a committee meeting.
- 5.10 **Training** - The Committee will undertake appropriate and timely training, including an induction programme for new members and on an ongoing basis for all members.

## **6. Committee Self-Assessment and Reporting**

- 6.1 Apart from the regular reporting to the Supervisory Board on the outcomes of activities of the Committee, it shall conduct an annual self-assessment (including the evaluation of the Committee’s compliance with these Terms of Reference) and report any conclusions and

recommendations to the Supervisory Board not later than in the three month period from the end of the relevant year.

- 6.2 As part of the annual review in 6.1 above, the Chairman of the Committee shall review membership of the Committee annually.
- 6.3 In addition to the annual review in 6.1 above the Committee shall, at least annually, review its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Supervisory Board for approval not later than in three months period from the end of the relevant year.

## **7. Disclosure of Information on the Committee's Operations**

- 7.1 The Chairman shall report to the Supervisory Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Committee shall make whatever recommendations to the Supervisory Board it deems appropriate on any area within its remit where action or improvement is needed.

## **8. Other Matters**

- 8.1 **Amendments** – these Terms of Reference may be amended by the Supervisory Board at its sole discretion without prior notification.
- 8.2 **Inconsistency with Georgian Law**– where these Terms of Reference are inconsistent with Georgian law the latter shall prevail.