

Approved by the Supervisory Board

on February 26, 2014



Signed by Mamuka Khazaradze

## JSC TBC Bank

### Corporate Governance and Nomination Committee Policy

#### 1. General remarks

- 1.1. The Corporate Governance and Nomination Committee is a committee of the Supervisory Board of the Bank from which it derives its authority and to which it regularly reports.
- 1.2. This Policy document has been adopted by the Supervisory Board based on the requirements of Georgian legislation and Basel II recommendations on corporate governance. It defines the Committee's purpose and role in the Bank's activity, as well as the structure, membership, details of the meetings and other procedural questions related to the Committee's activity.
- 1.3. In carrying out their responsibilities Committee members shall act in accordance with this Policy document, Regulation of the Supervisory Board of the Bank, Charter of the Bank and applicable law.
- 1.4. Committee may only exercise such powers as are explicitly attributed or delegated to it. Committee is performing advisory functions and the decisions that, by law, must be taken by the Supervisory Board, may not be delegated to the Committee.

#### 2. Purpose of the Committee

- 2.1. The principal purpose of the Committee is to:
  - a. Develop and recommend for the Board approval corporate governance principles and guidelines applicable to the Bank;
  - b. Monitor the Bank's governance practice against world-wide best practices and review the strategic planning process;
  - c. Engage in the selection and screening process to identify individuals qualified to become the candidates for the Supervisory Board and the Management Board membership.

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

- 3.1. Corporate Governance and Nomination Committee shall be formed of the four members of the Supervisor Board of the Bank, out of which at least two members shall be independent (as defined by the Regulation of the Supervisory Board of the Bank). Committee members should

have adequate qualification, necessary knowledge and experience in matters within the Committee's competence.

3.2. Committee's members are appointed/selected by the Supervisory Board by a majority of the votes present for a term of four years. Reappointment is allowed without restrictions, provided that a member still meets the criteria for the Committee membership.

3.3. Committee members shall have the following rights:

- a. Request documents, reports, explanations and other relevant information from the officers, executives and employees of the Bank;
- b. Invite the Bank's officers, executives and employees to its meetings as observers to question them, and seek explanations and clarifications;
- c. Utilize the services of outside consultants, experts, and advisors, if necessary;
- d. Perform any other duties as may be required by the Supervisory Board within the scope of authority of the Committee as set forth herein.

3.4. Committee members shall have the following obligations:

- a. Participate in the activities and work of the Committee, and attend all its meetings;
- b. Treat as confidential all information that becomes known to him/her in the course of performing his/her duties;
- c. 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. Report to the Supervisory Board and especially its Chairman about important issues and decisions.

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

The main responsibilities of the Committee are:

##### Corporate Governance Development

- 4.1. Advising the Supervisory Board periodically with respect to significant developments in the law and practice of corporate governance;
- 4.2. Reviewing any material information of the Bank made public relating to corporate governance;
- 4.3. Reviewing and advising the Supervisory Board for approval the changes in the hierarchical and organizational structure of the Management Board and subordination lines of Internal Audit Department and Administration Department.

##### Control on the Functioning of the Corporate Governance

- 4.4. Approving changes to the Corporate Governance guidelines, monitoring the Bank's compliance with such guidelines and applicable legal and regulatory requirements and recommend to the Board such changes or additional action as it deems necessary;
- 4.5. Reviewing the independence standards for the Supervisory Board members;
- 4.6. 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);
- 4.7. Reviewing the size, composition and mandate of the Supervisory Board and each Board Committee and making recommendations to the Board;
- 4.8. Reviewing the structures and procedures of the Supervisory Board and its relationship with the management to ensure it can function independently;
- 4.9. Reviewing the frequency and scheduling of the Supervisory Board meetings and relevant agendas and materials presented to the Supervisory Board members.

##### Nomination

- 4.10. Recommending the Chair persons and members of the Board Committees;

- 4.11. Evaluating the current balance of the skills, knowledge and experience within the Supervisory Board and the Management Board members;
- 4.12. Considering and making recommendations to the Board on the Composition of the Supervisory Board and the Management Board; Advising the Supervisory Board and the General Meeting of Shareholders, where necessary, on any recommended changes in this regard;
- 4.13. Developing recommendations about creation and abolishment of the Bank's Supervisory Board Committees, their quality and quantity structure;
- 4.14. Considering and making recommendations, as necessary, on the removal and resignation of the Supervisory Board members and the Management Board members;
- 4.15. Recommending policies outlining the criteria for tenure of the Management Board and the Supervisory Board membership;
- 4.16. Reviewing and recommending candidates for potential election as the Supervisory Board members and appointment as the CEO (as per the restrictions on nominating Supervisory Board members, set forth in the Shareholders Agreement of the Bank);
- 4.17. Reviewing candidates for potential appointment as the Management Board members and recommending them to the Supervisory Board as per CEO's suggestion;
- 4.18. Preparing description of the role and responsibilities required for a particular appointment;
- 4.19. Overseeing the orientation program for new members of the Supervisory Board and the Management Board with respect to their Board responsibilities and role, as well as the contribution individual members are expected to make;
- 4.20. Making recommendations to the Supervisory Board on succession planning for the Supervisory Board and the Management Board over the longer term in order to maintain an appropriate balance of skills and experience and to ensure progressive refreshing;
- 4.21. Considering and authorizing, subject to ratification at the next Supervisory Board meeting, a situation in which a Supervisory Board member has, or could have, a direct or indirect interest, that conflicts, or possibly may conflict, with the interests of the Bank.

## 5. Committee Structure and Meetings

- 5.1. **Meetings** - Committee meetings shall be held at least once a quarter. All Committee members are expected to attend the meetings, in person or via telephone or video conference. The Chairman of the Committee, Chairman of the Supervisory Board or the Chief Executive Officer of the Bank may each convene the Committee meeting at any time, usually at one week's notice, to consider any matters falling within the competence of the Committee. Committee meeting agenda will be prepared and provided in advance to the members, along with appropriate material.
- 5.2. **Quorum** – Quorum for the Committee meeting shall be three. Each member shall have one vote. The Chairman of the Committee shall have a casting vote.
- 5.3. **Chairman** – one of the independent members from among the Committee members shall be elected by the Supervisory Board as the Committee Chairman. Chairman of the Committee shall report to the Supervisory Board. In the absence of the Chairman of the Committee, the remaining members present shall elect one of themselves to chair the meeting.
- 5.4. **Secretary** – Company Secretary shall act as Secretary of the Committee and shall attend the Committee meetings. The Secretary shall ensure that the committee receives all necessary information in a timely manner.
- 5.5. **Attendees** – only the members of the Committee and other independent 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 Committee Chairman to attend the meeting, if appropriate.

- 5.6. **Support** – The Bank shall provide necessary support to the Committee’s activity, including the financial support, if applicable.
- 5.7. **Minutes** – Secretary to the Committee shall minute the proceedings and the decisions of all meetings of the Committee, including recording the names of those present, absent and in attendance. Secretary to the Committee 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 Committee Chairman. To all Supervisory Board members unlimited access to all the minutes of the Committee meetings must be granted in any time. Committee Secretary is the key responsible person to provide such an access.

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

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 this Policy document) and report any conclusions and recommendations to the Supervisory Board not later than in three months period from the end of the relevant year.

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

The committee shall each year prepare a Report which should be presented to the Supervisory Board for approval and be published per the Bank’s disclosure policy. Committee information, including the membership of the Committee and the description of the Committee’s duties and activities during the year, shall be disclosed on the Bank’s web-site.

## **8. Concluding Remarks**

- 8.1. **Amendments** – This Policy document may be amended by the Supervisory Board at its sole discretion without prior notification.
- 8.2. **Inconsistency with Georgian Law and Bank’s Charter** – Where this Policy document is inconsistent with Georgian law, other applicable Georgian regulation or the Bank’s Charter, the latter shall prevail. Where this Policy document is consistent with the Bank’s Charter but inconsistent with Georgian law or other applicable Georgian regulation, the latter shall prevail.