



CHARTER
BOARD OVERSIGHT RPT COMMITTEE (BORC)
May 2019

- **Mission**

The Board Oversight RPT Committee (BORC) is created, governed by a charter, to assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of shareholders, board members, management, and other stakeholders.

- **Composition of the Committee**

1. The Board Oversight RPT Committee shall be composed of at least three (3) *Non-Executive Directors*, two (2) of whom shall be independent directors, including the Chairperson. In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. The Chief Compliance Officer and Chief Audit Executive should sit as Non-Voting Members in the committee.
2. The Committee may invite any officer to provide management reports, to clarify matters and give information on relevant issues of the Committee and/or invite independent experts to offer professional advice to the Committee on the fairness of the transactions, as needed.
3. The presence of the majority of the members of the committee less 1 member shall constitute a quorum; but the vote of the majority of the quorum which in no case is less than 2 members is required to approve any act in all the meetings of the committee.
4. When there is a lack of quorum due to the absence of other members, an alternate member from among the Board Members may be appointed to attend a particular meeting and automatically sit as a voting member provided the alternate is an independent director or non-executive director.
5. Subject to Section 35 of the Corporation Code, the Board of Directors shall have the power, at any time, to change, to increase or decrease the membership of the Board Oversight RPT Committee (BORC) or to fill vacancies therein, and to determine from time to time, by resolution, the number of members to constitute a quorum.

- **Authority**

The BORC has the authority to:

1. Oversee the evaluation of related party transactions that present the risk of potential abuse and ensure that rules and regulations are considered to properly and effectively implement the bank's RPT policy guidelines;
2. Exercise sound and objective judgment on the related party transactions for the best interest of the bank and that the processes and approvals are conducted at arm's length basis; and
3. RPTs that are considered material based on Bank's internal policies shall be endorsed by the BORC to the Board for approval and/or notation.

- **Duties and Responsibilities**

The Board Oversight RPT Committee shall:

1. Committee -

- a) Review and approve policy guidelines and implementing procedures in handling RPTs by ensuring effective compliance with existing laws, rules and regulations, accounting standards and global best practices.

For Business Units' Operations Manuals and its amendments with specific section on RPT shall be reviewed/approved by the appropriate management/ Board committees and confirmed by the Board. The Manuals will likewise be presented to the BORC for notation.

- b) Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified; RPTs are monitored; and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.
- c) Evaluate all material RPTs to ensure that these are conducted in the normal course of business; not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the bank are misappropriated or misapplied; and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the BORC shall take into account the following:
 - Related party's relationship to the bank and interest in the transaction;
 - Material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - Benefits to the bank of the proposed RPT;
 - Availability of other sources of comparable products or services; and
 - 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.

- d) Report to the Board 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.
- e) Oversee the periodic independent review or audit of transactions with related parties, including write-off of exposures.

In the event that there are critical issues on RPTs, such findings either from IAG, Compliance Testing Review Division, External auditors, and examination results shall be presented to BORC.

- f) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.
- g) 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.

2. Committee Chairman -

- To call, convene and preside over all the committee meetings;
- Provide leadership to ensure effective functioning of the committee; and
- Ensure a sound decision making process

3. Committee Resource Persons: Any Officer and/or Independent Experts shall:

- Present Management Reports and clarify matters; and
- Provide information relevant to the decision making.

- **Frequency of Meeting**

The BORC shall conduct monthly meeting or whenever necessary to properly discharge its functions.

- **Secretariat**

The Chief Compliance Officer acts as the Committee Secretariat to handle the administrative requirements of the Committee.

- **Review of the Charter**

The Committee shall review and assess the adequacy of this Charter periodically and recommend any proposed changes for approval of the Board of Directors.