

## **NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE**

### **JSC LIBERTY BANK**

These terms of reference define the main principles, goals, objectives, functions, rights and responsibilities of Nominations and Corporate Governance Committee (the “**Committee**”) of JSC Liberty Bank (the “**Bank**”) and the authority delegated to the Committee by the Supervisory Board (the “**Supervisory Board**”) to monitor the composition, appointments, succession and effectiveness of the Supervisory Board and the Management Board (the “**Management Board**”) and oversee the corporate governance of the Bank.

#### **1. Membership**

- 1.1. The Committee is an independent structural unit, it reports to the Supervisory Board of the Bank and shall consist of at least 3 (three) members, which shall be members of the Supervisory Board;
- 1.2. The Chairman of the Committee (the “**Chairman**”) at the same time shall not be the chairman of the Supervisory Board and/or any other committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting;
- 1.3. Only members of the Committee have the right to attend the Committee meetings, however, other individuals may also be invited to attend all or part of any meeting, as and when appropriate and necessary with the agreement of the Committee Chairman;
- 1.4. Where the business of the Committee meeting includes the review of actual or potential conflicts of interest of the Committee member, such affected member shall not participate in the review or discussions or decisions of the Committee which relate to that member and therefore shall not be counted in the quorum of the meeting for any such discussions or decisions.

#### **2. Committee meeting and voting**

- 2.1. Meetings of the Committee shall be held at least twice per year and in certain cases such meetings may be called by the Supervisory Board at any time;
- 2.2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise its authorities. The quorum necessary for the transaction of business shall be more than a half of the total number of the Committee members. The Committee makes decisions by majority of votes and in the event of an equality of votes, the Committee Chairman shall have a casting vote;
- 2.3. The meeting shall be convened by the secretary of the meeting (the “**Secretary**”) at the request of any of Committee members or at the request of the Management Board of the Bank;
- 2.4. Unless otherwise agreed, the notice of each meeting shall be sent to each member of the Committee no less than three working days prior to the date of the actual meeting;
- 2.5. Notices, agendas and any other supporting documents may be sent in electronic form;

2.6. The minutes of the meeting shall be drawn by the Secretary and signed by the Chairman of the Meeting together with the Secretary. In case of any conflict of interest or any other reasonable grounds, the signature of the minutes may be delegated to any other member of the Committee;

### **3. Functions and responsibilities of the Committee**

#### **3.1. Nominations**

- 3.1.1. The Committee will regularly review the structure, size and composition of the Supervisory Board and the Management Board and of its committees in consultation with the committee chairmen, taking into account the results of the Supervisory Board and/or Management Board performance evaluation process;
- 3.1.2. In making recommendations on the composition of the Supervisory Board committees, the Committee shall consider the benefits of cross membership on Supervisory Board committees and the benefits of refreshing of the committees to promote fresh perspectives;
- 3.1.3. The Committee shall be responsible to the Supervisory Board for leading the process for appointments in the Supervisory Board and the Management Board for identifying and nominating candidates for approval;
- 3.1.4. At the request of the chairman of the Supervisory Board, the Committee will evaluate the balance of skills, experience, independence, knowledge and diversity of the Supervisory Board and prepare a description of the role and capabilities required for a particular appointment;
- 3.1.5. The Committee shall give full consideration to succession planning for members of the Supervisory Board and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Bank and the skills and expertise needed in the future;
- 3.1.6. The Committee shall set the criteria for the objective performance review of each member of the Supervisory Board and the Management Board; ensure that performance evaluation is conducted and recommendations arising from these evaluations are reported to the Supervisory Board;

#### **3.2. Corporate Governance**

##### **3.2.1. The Committee shall:**

- i. Review and approve changes to the corporate governance guidelines of the Bank, monitor the Bank's compliance with such guidelines and recommend to the Supervisory Board such changes or additional action as it deems necessary;
- ii. Monitor developing trends, initiatives or proposals in relation to legal developments, governance issues and best corporate governance practice in order to determine the extent to which these initiatives impact the Bank and provide relevant periodic updates;
- iii. Periodically review the Supervisory Board related policies and policies related to business conduct and ethics and recommend to the Supervisory Board such changes as it considers appropriate;
- iv. Discuss and review the appeals in relation to internal inspection and/or investigation activities conducted by Compliance or other structural unit having similar duties and authorities (the **"Internal Unit"**) utilizing the authorization in identification and/or prevention of breach of the Bank's code of conduct and ethics as well as the disciplinary measure or other type of sanction applied vis-à-vis such breach;

- v. As a result of discussion of abovementioned appeal, take one of the following decisions:
  - Refer the relevant case to the respective Internal Unit of the Bank and request re-inspection/re-investigation;
  - Change the disciplinary measure used by the Internal Unit with another one;
  - Remain the disciplinary measure used by the Internal Unit unchanged;
  - Annul the disciplinary measure used by the Internal Unit;
  - Make other types of decision within its competence as the case may be, subject to the requirements of the Bank’s internal policies as well as the code of conduct and ethics and other respective regulations issued by the National Bank of Georgia.
- vi. Periodically report before the Supervisory Board on the activities done within the competence determined under previous paragraph and evaluate the fulfillment of rights and obligations conferred upon the Committee with that regard;
- vii. Assess whether the Supervisory Board has access to all the information it requires from the Management Board;
- viii. Engage at its discretion professional advisers and/or independent counsels at the expense of the Bank and invite them to attend meetings;
- ix. Consider any other matter properly referred to the Committee by the Supervisory Board and/or the Management Board for review or recommendations;
- x. Review and approve any material information of the Bank made public or made available to any public body by the Bank relating to the corporate governance;
- xi. In its decision making, give due regard to any relevant legal or regulatory requirements, and associated best practice guidance, as well as to the risk and risk management implications of its decisions;

### 3.3. Conflicts of interest

- 3.3.1. The Committee shall review any interests the administrators of the Bank may have which conflict or may conflict with the interests of the Bank as per regulations of the National Bank of Georgia;
- 3.3.2. Make recommendations to the Supervisory Board as to whether any such conflict should be authorized and, if so, as to the terms and conditions on which any such authorization should be given by the Supervisory Board.

### 3.4. Reporting

- 3.4.1. The Chairman of the Committee shall report to the Supervisory Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 3.4.2. The Committee may make any recommendation to the Supervisory Board it deems appropriate on any area within its remit where action or improvement is needed;
- 3.4.3. If required, the Committee shall produce a report to be included in the Bank’s annual report about its activities and the corporate governance issues of the Bank, which shall also include a description of the Supervisory Board’s policy on diversity, including gender, any measurable objectives that it has set for implementing the policy and progress on achieving such objectives.

## 4. **Other matters**

- 4.1. The Committee shall report formally to the Supervisory Board and make relevant recommendations it deems appropriate on any area within its functions where certain action or improvement is needed;
- 4.2. The Committee shall have access to sufficient resources in order to carry out its duties and oversee any investigation of activities which are within its terms of reference;
- 4.3. The Committee shall arrange for periodic reviews of its own performance;
- 4.4. The Committee is authorized by the Supervisory Board to (a) seek and request any information it requires from any employee of the Bank in order to perform its duties, (b) consult, at the Bank's expense, such persons as it deems appropriate in the performance of its obligations, including to obtain outside legal or other professional advice on any matter it believes necessary to do so, (c) call any employee to be questioned at a meeting of the Committee as and when required, (d) to delegate any or all of its powers and authorities and may establish other sub-committees at its discretion;