

**JSC TBC Bank  
(the "Bank")**

**Corporate Governance and Nomination Committee ("Committee")**

**Terms of Reference**

These Terms of Reference define the Committee's role and responsibilities, authority delegated to the Committee by the Supervisory Board, as well as its structure, membership and procedural matters related to the Committee's activities.

**1 Role of the Committee**

The role of the Committee is to support the Supervisory Board in its decisions regarding:

- a) the composition of and succession plans for the Supervisory Board, its committees, the senior independent Supervisory Board member, and the Corporate Secretary;
- b) the appointment of and succession plans for the executive management board of the Bank;
- c) the structure, corporate governance and regulatory control environment of the Bank;
- d) the talent management process of the Bank.

**2 Detailed Responsibilities**

In carrying out its role, the Committee shall:

**2.1 Search for Supervisory Board Candidates, Nomination and Induction**

- (a) Establish and periodically review a procedure for appointments to the Supervisory Board and for induction of new Supervisory Board members;
- (b) Recommend for Supervisory Board approval candidates for Supervisory Board membership, the Chairman of the Supervisory Board, committee members and chairs, and the SID. The Committee shall lead the search process for candidates. An external search consultancy shall be used for the appointment of the Chairman of the Supervisory Board. The Committee work related to search of the Chairman of the Supervisory Board should be led by the SID or another independent Supervisory Board member, as decided by the Supervisory Board.

**2.2 Supervisory Board Composition and Succession Planning**

- (a) Regularly review and recommend any necessary changes to the Supervisory Board regarding the structure, size and composition of the Supervisory Board and its committees taking into account the regulatory requirements, best practice, diversity, independence, current competence of the Supervisory Board, future challenges facing the Bank as well as the Bank's strategy;
- (b) Regularly review the terms of reference of the committees, and recommend changes to the Supervisory Board for approval;
- (c) Set and regularly review succession plans for the Supervisory Board and its committees and make recommendations to the Supervisory Board, where appropriate;
- (d) Submit to the Supervisory Board for approval the Supervisory Board Diversity Policy and review it regularly in order to determine and recommend to the Supervisory Board whether any new or revised principles should be set for the Supervisory Board diversity;
- (e) Make recommendations to the Supervisory Board relating to the Supervisory Board members' actual, potential or perceived conflicts of interest.

### **2.3 Supervisory Board Effectiveness Evaluation**

- (a) Assist the Chairman of the Supervisory Board with the implementation of an annual evaluation process of the effectiveness of the Supervisory Board, its committees and the SID;
- (b) Review the results of the evaluation of effectiveness of the Supervisory Board and committees and propose action plan to the Supervisory Board for approval;
- (c) Regularly assess the training requirements of the Supervisory Board members.

### **2.4 CEO Appointment, Succession Planning and Evaluation**

- (a) Recommend for approval to the Supervisory Board the policy and procedure for the annual appraisal of the performance of the Chief Executive Officer of the Bank (“CEO”) and monitor its implementation;
- (b) Annually review the performance of the CEO;
- (c) Establish a process regarding contract extension/renewal for the CEO;
- (d) Set and regularly review the succession plans for the CEO and make recommendations to the Supervisory Board where appropriate;
- (e) Recommend for approval to the Supervisory Board the appointment and dismissal of the CEO. When searching candidates for the position of CEO an external professional executive search consultancy shall be used.

### **2.5 Senior Management<sup>1</sup> Appointment, Succession Planning and Evaluation**

- (a) Make recommendations to the Supervisory Board regarding proposed changes of the composition and structure of Senior Management;
- (b) Regularly review succession plans for Senior Management;
- (c) Review and submit for the Supervisory Board’s approval the procedure proposed by the CEO for evaluation of Senior Management, periodically review such procedure and monitor its implementation.

### **2.6 Corporate Secretary**

- (a) Recommend for approval to the Supervisory Board a suitable candidate for appointments to the position of the Corporate Secretary;
- (b) Regularly review succession plans for the Corporate Secretary and make recommendations to the Supervisory Board where appropriate.

### **2.7 Other Corporate Governance Issues**

- (a) Regularly review the effectiveness and adequacy of the Bank’s corporate governance framework and practices;
- (b) Monitor developing trends, initiatives or proposals in relation to legal and regulatory developments, Supervisory Board governance issues and best corporate governance practice in order to determine the extent to which these initiatives impact the Bank;
- (c) Review and approve any material information of the Bank made public or made available to any public body by the Bank relating to corporate governance.

### **2.8 Talent Management**

- (a) Regularly assess talent management strategy of the Bank, ensuring there is a sufficient pipeline of diverse talent available to achieve the Bank’s current strategy.

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<sup>1</sup> Senior Management includes members of the management board (except for the CEO), head of compliance and heads of other key functions of the Bank, as defined by the Supervisory Board.

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

- 3.1 The Committee shall comprise a minimum of three members, including the Committee Chair, a majority of whom shall be independent non-executive directors, as determined by the Board. The Chairman of the Board can be a member of the Committee, if he was independent on appointment.
- 3.2 One of the independent non-executive Supervisory Board members shall be appointed by the Supervisory Board as the Chair of the Committee (the "**Committee Chair**"). In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Supervisory Board shall not chair the Committee when the Committee is dealing with the appointment of his or her own successor.
- 3.3 Committee members should have the appropriate balance of skills, experience, independence to enable them to discharge their respective duties and responsibilities effectively.
- 3.4 Committee members are appointed for a term of one year, subject to annual re-election at the Annual General Meeting of the Bank's parent company, TBC Bank Group PLC. Reappointment is allowed without any restriction if a member still meets the criteria for the Committee membership.
- 3.5 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 Bank's officers, 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;
  - (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 to improve Committee activities;
  - (f) to place matters on the agenda of the Committee meeting and to vote on any matters 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 relevant policies within the Committee's scope for the consideration of the Supervisory Board;
  - (h) on giving reasonable notice, to resign from the Committee;
  - (i) Where there is disagreement between the Committee and the Supervisory Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement.; and
  - (j) to have sufficient resources in order to carry out the Committee's duties including access to the Corporate Secretary professional advice.
- 3.6 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 regulations and these Terms of Reference whilst carrying out his or her activities;
- (e) to act in the best interests of the Bank for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:
  - (i) the likely consequences of any decision in the long term;
  - (ii) the interests of the Bank's employees;
  - (iii) the need to foster the Bank's business relationships with suppliers, customers and others;
  - (iv) the impact of the Bank's operations on the community and the environment;
  - (v) the desirability of the Bank maintaining a reputation for high standards of business conduct; and
  - (vi) the need to act fairly as between members of the Bank.

#### **4. Committee Meetings**

- 4.1 **Notice of the Meetings** - Meetings of the Committee shall be called by the Corporate Secretary at the request of the Committee Chair or any of its members at any time, to consider any matters falling within the competence of the Committee. In special circumstances, the Committee meetings can be called by the Corporate Secretary at the request of the CEO or Chairman of the Supervisory Board if they consider it necessary. Unless the Committee otherwise agrees, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be provided to each member of the Committee and any other person required to attend, no later than five calendar days before the date of the meeting or in case of matters of urgency – no later than 24 hours before the date of the meeting.
- 4.2 **Meetings** - Committee shall meet as often as it deems necessary and at least four times a year. All Committee members are expected to attend the meetings, in person or via telephone or video conference. The Committee meeting agenda will be prepared and provided in advance of the meeting to the members, along with appropriate materials. Outside of the formal meetings, the Committee Chair will maintain a dialogue with key individuals involved in the Bank's governance, including the Supervisory Board Chairman and the CEO.
- 4.3 **Attendees** – only the members of the Committee have the right to attend Committee meetings, other persons may be invited by the Committee Chair to attend the meeting, if and when appropriate. The Corporate Secretary shall attend all Committee meetings.
- 4.4 **Quorum** – the quorum for the Committee meeting shall be two.
- 4.5 **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 Committee Chair shall have a

casting vote.

- 4.6 **Secretary** – the Corporate Secretary shall act as the secretary of the Committee. The Committee is supported by the Corporate Secretary on all matters, including assisting the Committee Chair in planning the Committee’s work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support. The Corporate Secretary ensures that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 4.7 **Professional Advice** – the Committee and the Committee Chair shall have access to the advice and services of the Legal Counsel and the external (local and/or international) legal counsel on regulatory and legal matters.
- 4.8 **Minutes** – the Secretary shall minute the proceedings and the decisions of all meetings of the Committee, including recording the names of those 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 signed by the Chair. 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 and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be noted at the next meeting of the Committee.

## 5. **Committee Professional Development, Self-Assessment, Reporting and Disclosure**

- 5.1 The Committee will undertake appropriate and timely professional development, including an induction programme for new members and on an ongoing basis for all members. The professional development shall include, but not be limited to, an understanding of the principles of and developments in governance-related matters.
- 5.2 The Committee shall, with the support of the Corporate Secretary, conduct an annual self-assessment (including the evaluation of the Committee’s compliance with the Terms of Reference) and report any conclusions and recommendations to the Supervisory Board not later than in the two month period from the end of the relevant year.
- 5.3 The Committee shall annually review 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.
- 5.4 The Committee Chair shall report to the Supervisory Board on its proceedings at the following Supervisory Board meeting on all matters within its duties and responsibilities. The Committee Chair shall inform the Chairman of the Supervisory Board as soon as possible on matters that the Committee has deemed as urgent.
- 5.5 The Committee can make recommendations to the Supervisory Board it deems appropriate on any area within its remit where action or improvement is needed.
- 5.6 The Committee shall annually produce a report on its activities, which shall be presented to the Supervisory Board. The Committee Report shall comply with all applicable requirements of the National Bank of Georgia, where relevant.

5.7 Committee information, including the Terms of Reference, membership of the Committee and the description of the Committee's duties and activities during the year, shall be disclosed on the Bank's website.

**6. Other Matters**

6.1 **Amendments** – these Terms of Reference may be amended by the Supervisory Board at its sole discretion without prior notification.

6.2 **Inconsistency with Georgian Law**– where these Terms of Reference are inconsistent with Georgian law or other applicable Georgian regulations, the latter shall prevail.