

## **PNOB Board Committees**

### **Duties and Functions**

#### EXECUTIVE COMMITTEE

In accordance with the authority granted by the Board, or during the absence of the Board, the Executive Committee shall act by a vote of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the Executive Committee in accordance with the corporation's Charter or by-laws EXCEPT WITH RESPECT TO:

1. Approval of any action for which shareholders' approval is also required;
2. The filling of vacancies on the board or in the Executive Committee;
3. The amendment or repeal of by-laws or the adoption of new by-laws;
4. The amendment or repeal of any resolution of the Board which by express terms is not so amendable or repealed;
5. The distribution of cash dividends; and
6. The exercise of powers delegated by the Board exclusively to other committees, if any.

#### AUDIT COMMITTEE

- (1) Overseeing, monitoring and evaluating the adequacy and effectiveness of the GOCC's internal control system, engage and provide oversight of the GOCC's internal and external auditors and coordinate with the COA;
- (2) Reviewing and approving audit scope and frequency, the annual internal audit plan, quarterly and semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;
- (3) Receiving and reviewing reports of internal and external auditors and regulatory agencies, and ensuring that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- (4) Ensuring that internal auditors have free and full access to all the GOCC's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results; and
- (5) Developing a transparent financial management system that will ensure the integrity of internal control activities throughout the GOCC through a procedures and policies handbook that will be used by the entire organization.

#### RISK AND FINANCE COMMITTEE

- (1) Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the GOCC, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
- (2) Developing the Risk Management Policy of the GOCC, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of the GOCC, especially at the Board and Management level; and
- (3) Providing quarterly reporting and updating the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals.

#### NOMINATION AND REMUNERATIONS COMMITTEE

- (1) Installing and maintaining a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;
- (2) Reviewing and evaluating the qualifications of all persons nominated to the positions in the PNOC and subsidiaries which require appointment by the Board;
- (3) Recommending to the Governance Commission nominees for the shortlist in line with the GOCC's and its subsidiaries Board composition and succession plan; and
- (4) Developing recommendations to the Governance Commission for updating the Compensation Position and Classification System (CPCS) and ensuring that the same continues to be consistent with PNOC's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.

#### GOVERNANCE COMMITTEE

- (1) Overseeing the periodic performance evaluation of the board and its committees and management; and shall also conduct an annual self-evaluation of its performance;
- (2) Decide whether or not a Director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when directors serve on multiple boards;
- (3) Recommending to the Board regarding the continuing education of directors, assignment to board committees, succession plan Executive Officers and, and their remuneration commensurate with corporate and individual performance;

- (4) Recommending the manner by which the Board's performance may be evaluated and proposing an objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board will enhance long-term shareholder value.