



CORPORATE GOVERNANCE COMMITTEE CHARTER

This Corporate Governance Committee Charter (this “Charter”) sets out the purpose, membership and qualifications, structure and operations, duties and responsibilities of the Corporate Governance Committee (the “Committee”) of ARDCI Microfinance, Incorporated (ARDCI) (the “Organization”), and the procedures which guide the conduct of its functions.

1. PURPOSE

The Corporate Governance Committee (the “Committee”) has been established by the Board of Trustees of ARDCI to assist the Board in fulfilling its corporate governance responsibilities.

It shall likewise assist the Board in the following:

- a. Reviewing and evaluating the qualifications of all individuals nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees;
- b. Ensuring due observance of Corporate Governance principles and guidelines and, developing and recommending corporate governance principles applicable to the Organization;
- c. Oversight of ARDCI’s compliance with legal and regulatory requirements, its compliance function and the performance of the Compliance Officer;
- d. Reviewing and reporting to the Board on succession plan for the member of the Board and senior management;
- e. Leading the Board and its Committees in their annual assessments of their performance, including their supervisory oversight functions; and
- f. Reviewing ARDCI’s activities and practices regarding environmental, social, and governance (ESG) matters that are significant to the Organization.

2. MEMBERSHIP AND QUALIFICATIONS

2.1. COMPOSITION AND QUALIFICATION

The Corporate Governance Committee shall be appointed by the Board and shall be comprised of at least three (3) members of the Board of Trustees, at least two (2) of whom shall be Independent Trustees, including the Chairman.

The Compliance Officer will provide the Corporate Governance Committee with technical support.

2.2. APPOINTMENT

The Chairperson and the members of the Committee shall be appointed by a majority vote of the members of the Board present either during the Organizational Board Meeting of the Organization or, if there is a vacancy, during any meeting of the Board. Membership shall be reviewed every year after election of the Board by ARDCI's shareholders at their annual meeting, or earlier if the Board deems necessary.

2.3. RESIGNATION/REMOVAL

In the event that the Chairperson or any member of the Committee tenders his/her resignation from the Committee, such resignation shall become effective upon acceptance by the Board. The Chairperson of the Committee or any of its members may be removed from office by action of the Board.

3. STRUCTURE AND OPERATIONS

3.1. MEETINGS

The Corporate Governance Committee shall meet at least annually, or as circumstances require, at such times and places as it considers appropriate and as designated in the notice. The Chairperson of the Committee, any Committee member, or the Corporate Secretary of the Corporation may call a meeting of the Committee.

3.2. QUORUM

Attendance of at least a majority of all the Committee members shall constitute a quorum for the Committee to transact business in a meeting to be convened. The Committee shall act only on the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum. Without a meeting, the Committee may act by unanimous written consent of all members.

3.3. CHAIRPERSON

The Chairperson of the Committee shall preside in all meetings of the Committee. In the absence of the Chairperson, the Committee members present shall elect one of their members as chairperson of the meeting.

3.4. SECRETARY OF THE MEETING

The Corporation's Corporate Secretary shall be the secretary of the Committee.

3.5. NOTICE OF THE MEETING

A notice of each meeting setting out the date, time, venue, and agenda shall be sent to each member of the Committee at least two (2) working days prior to the date of the meeting.

3.6. RECORD OF MEETINGS

Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Notices, minutes, agenda and materials presented during meetings will be made available to any Committee member upon request to the Corporate Secretary.

3.7. OTHER ATTENDEES

As necessary, the Committee may invite any officer or employee of ARDCI to attend the Committee meetings to provide relevant information or data necessary for the matters for discussion during the Committee meeting. At the discretion of the Committee, separate meetings with any of the Organization's management may be held, whenever it is deemed appropriate by the Committee for the exercise of its functions.

3.8. ACCESS TO RESOURCES

The Committee shall have full access to management, personnel and records for the purpose of performance of its duties and responsibilities hereunder. The Committee may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions.

3.9. AUTHORITY

The Committee shall have the authority to conduct or order the investigation into any matter within its scope of responsibility and all trustees, officers and employees of ARDCI are enjoined to cooperate as requested by the Committee, without interference or censorship by management.

4. DUTIES AND RESPONSIBILITIES

4.1. OVERSEE THE CORPORATE GOVERNANCE FRAMEWORK

- a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Organization's VMSFGG and strategy, as well as its regulatory environment.

- b. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.
- c. Develop and recommend amendments to the Articles of Incorporation and By-Laws.

4.2. OVERSEE THE NOMINATION PROCESS FOR MEMBER OF THE BOARD OF TRUSTEES AND FOR POSITIONS APPOINTED BY THE BOARD OF TRUSTEES

- a. Review and evaluate the qualifications of all individuals nominated to the Board of Trustees as well as those nominated to other positions requiring appointment by the Board.
- b. Recommend to the Board of Trustees matters pertaining to the assignment to board committees, as well as succession plan for the members of the Board of Trustees and senior management.
- c. Determines the nomination and election process for the Organization's trustees and has the special duty of defining the general profile of Board members that the Organization may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board.

4.3. OVERSEE THE CONTINUING EDUCATION PROGRAM FOR THE BOARD OF TRUSTEES

- a. Ensure allocation of sufficient time, budget, and other resources for the continuing education of Trustees.
- b. Establish and ensure effective implementation of policy for on-boarding/orientation program for first time Trustees and annual continuing education for all Trustees.
- c. Recommends continuing education/training programs for Trustees.
- d. Proposes and plans relevant trainings for the members of the Board.

4.4. OVERSEE THE PERFORMANCE EVALUATION PROCESS

- a. Oversees the periodic performance evaluation of the Board, its committee, and management, and conducts an annual self-evaluation of its performance.
- b. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.

4.5. OVERSEE THE DESIGN AND OPERATION OF THE REMUNERATION AND OTHER INCENTIVES POLICY

- a. Ensures that the remuneration and other incentives policy is aligned with operating risk culture as well as with the strategic and financial interest of ARDCI, promotes good performance and conveys acceptable risk-taking behaviour defined under its Code of

Conduct and Ethics and determine that the management has established a system to enforce this Code, and complies with legal and regulatory requirements.

- b. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of management that is consistent with the Organization's culture and strategy as well as VMSFGG.
- c. Review the existing Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

4.6. OVERSEE THE COMPLIANCE SYSTEM

- a. Review and monitoring of the effectiveness of the Compliance Function.
- b. Approval and monitoring of the Annual Compliance Program.
- c. Approval of any revisions/updates to the Compliance Policies Procedures Manual.
- d. Approves the Whistle Blower System prepared by management.

5. REPORTING PROCESS

5.1. REPORT OF MEETINGS CONVENED

The Chairperson of the Committee, or in his absence, the chairperson of the meeting, shall report to the Board on the decisions and recommendations made by the Committee during the meeting it has convened in the next scheduled Board meeting.

5.2. OTHER REPORTS

The Committee shall prepare such reports as may be necessary to document the activities of the Committee in the performance of its functions and duties. Such reports shall be included in the Organization's annual report and other corporate disclosures as may be required by the Securities and Exchange Commission and/or the Microfinance NGO Regulatory Council (MNRC).

6. PERFORMANCE EVALUATION

6.1. PERIODIC ASSESSMENT

The Committee shall assess its effectiveness periodically, with the end in view of ensuring that its performance accords with best practice. Such assessment must compare its performance with the requirements of this Charter and the Amended Manual, which shall be the basis of its formulation

of objectives and plans to improve its performance, including any recommendations for amendments to this Charter for approval by the Board.

The Committee shall assess its performance through a self-assessment (the “Assessment”) worksheet that substantially adopts the pertinent and relevant guidelines of the SEC and MNRC.

The Assessment shall be accomplished by the Committee on an annual basis or in such shorter intervals as may be set by the Board. The results of the Assessment shall be validated by the Compliance Officer.

A feedback mechanism shall be in place to receive comments from management, the internal audit function, the general counsel and external auditor. This should facilitate dialogue within the organization about possible ways to improve its performance.

The entire assessment process shall be documented and shall form part of the records of the Organization that may be examined by the SEC and/or the MNRC, where appropriate, from time to time.

6.2. ANNUAL REVIEW

This Charter shall be reviewed annually, updated as required, and copies of this Charter shall be made available to any requesting party upon written request to the Corporate Secretary.

7. AMENDMENT

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

Adopted by the Board of Trustees on XXXXXXXX XXX, 2018.