



**BANK CORPORATE GOVERNANCE SCORECARD**  
(Self-Assessment)

**INSTRUCTION:** Please go over each guide question carefully and assign a number from 1 – 10 ( the lowest being *not observed* and the highest being *largely observed*) which reflects your personal view of the degree of your bank's compliance to the following corporate governance mechanisms.

**1. Guide Questions on The Board.**

- a) Does the Board have an explicit commitment in a written Policy Document to:
- i) Promote long-term shareholder value? \_\_\_\_\_
  - ii) Safeguard and respect all other stakeholder interests? \_\_\_\_\_
- (1) A policy on full and faithful compliance with laws, regulations, BSP circulars? \_\_\_\_\_
- (2) A quarterly compliance statement from the Compliance Officer, reporting directly to the Board? \_\_\_\_\_
- (3) A semi-annual compliance statement from the President, and an annual statement from the Chairman? \_\_\_\_\_
- (4) A policy on human resource development and personnel development system based on accountability, checks and balances, and a corporate Code of Ethics? \_\_\_\_\_
- (5) A policy, with appropriately updated Guidelines, to promote the good reputation of the bank in dealings with depositors, borrowers, and other parties that transact business with the bank? \_\_\_\_\_
- (6) A sustained program of corporate social responsibility that enhances the good image of the bank before the general public? \_\_\_\_\_
- b) Does the Board set---and periodically review as well as update---the bank's corporate philosophy and mission? \_\_\_\_\_
- c) Does the Board set and review annually the bank's strategic and business plans? \_\_\_\_\_
- d) Does the Board set and review the bank's financial objectives, plans and actions? \_\_\_\_\_
- e) Does the Board regularly monitor corporate performance against the strategic and business plans, and against annual financial objectives and operating plans/targets? \_\_\_\_\_

- f) Does the Board include non-financial aspects in its monitoring functions? \_\_\_\_\_
- g) Does the Board have a performance evaluation system in place? Does it work in a manner that includes evaluation of Board performance itself? Is this system used to evaluate the performance of top management, and to select, monitor and compensate the CEO and other senior officers? \_\_\_\_\_
- h) Does the Board have a succession plan for the Board and senior management? \_\_\_\_\_
- i) Does the Board review and approve all material transactions not in the ordinary course of business? \_\_\_\_\_
- j) Does the Board have a formal mechanism to search for and invite independent directors? What policy direction is the Board setting to increase the percentage of independent directors in the Board? \_\_\_\_\_
- k) Is the Board working towards a proper mix of directors with varied and diverse backgrounds to ensure a high caliber of directors. \_\_\_\_\_
- l) Is the Board committed to have a working Board of Directors, whose size and composition would be conducive to active participation of all members? \_\_\_\_\_
- m) Does the Board have clear guidelines on the amount of time directors spend on board matters? Would these guidelines include limiting the number of directorships in other corporations that members may accept? \_\_\_\_\_
- n) Does the Board spend much of its time on routine matters, which are taken up on a pro forma basis, without need for deliberation? \_\_\_\_\_

## 2. Guide Questions on The Chairman.

- a) Does the Board have a Code of Corporate Governance? \_\_\_\_\_
- b) Does the Code clearly indicate the main responsibility of the Chairman as being focused on the proper governance of the bank through the Board of Directors? \_\_\_\_\_
- c) Does the Chairman ensure an efficient, effective functioning of the Board? \_\_\_\_\_
- d) Does the Chairman ensure active participation and sufficiently deep professional involvement of all members of the Board? \_\_\_\_\_
- e) Does the Chairman encourage and actively solicit views and opinions of other members of the Board in the process of arriving at a decision? \_\_\_\_\_
- f) Does the Chairman ensure that all members of the Board are given sufficient information on time to enable them to study issues carefully and responsibly that come up to the Board? Does the Chairman allow for, and even encourage, the expression of independent views that may be different from those proposed by top management? \_\_\_\_\_

### 3. Guide Questions on Members of the Board.

- a) Are Directors fully aware that their primary loyalty as a member of the Board is to the bank, as a whole, an institution with several shareholders as well as other shareholders? \_\_\_\_\_
- b) Do Directors know that as members of the Board they represent no other interests except those of the bank itself, an institution with a juridical personality separate and independent of its different shareholders (whether majority or minority) and stakeholders? Do they act accordingly? \_\_\_\_\_
- c) Do Directors know that their position is one of trust, with serious fiduciary duties to all shareholders (without distinction between majority and minority)? \_\_\_\_\_
- d) Do Directors know that their duty of loyalty to the bank demands that they always act honestly and in good faith, lawfully and avoiding conflicts of interest? \_\_\_\_\_
- e) Do Directors spend enough time on board matters? Do they devote reasonable diligence to these matters? Do they attend Board meetings and related activities regularly? Do they actively participate, after due and diligent preparation, in Board meetings and other deliberative activities of the Board? \_\_\_\_\_
- f) Do Directors observe confidentiality and the duty of proper and responsible disclosure? \_\_\_\_\_
- g) Do Directors insist on getting the proper information and background materials to enable them to carry out their duties diligently and professionally? \_\_\_\_\_
- h) Do Directors take an active interest in corporate governance practices so as to align the bank's practices with best practices? Do Directors take advantage of training opportunities provided for them? \_\_\_\_\_
- i) Do Directors draw the line between Board and management responsibilities, not getting involved in management and operational issues, but exercising diligent oversight over, and regular monitoring of, operations? \_\_\_\_\_
- j) Do the President and other executive directors (i.e. directors with management responsibilities in the bank) recognize the dual role they play, and that in the board, as directors, they are to express their views and make decisions with integrity and independence, including a degree of independence from their executive functions? \_\_\_\_\_

### 4. Guide Questions on Board Meetings.

- a) Does the Board meet regularly? \_\_\_\_\_
- b) Does the Board meet to consider strategic and long-term positioning issues of the bank at least once a year? \_\_\_\_\_
- c) Does the Board meet to consider various aspects of the annual business plan, focusing on a few aspects once a quarter until all aspects are covered within a

- year? Does the Board relate these aspects of the business plan with the strategic plan? \_\_\_\_\_
- d) Does the Board monitor performance and relate actual performance with both the business plan and targets as well as with the strategic plan? \_\_\_\_\_
  - e) Does the Board assess the risk of the portfolio the bank carries? \_\_\_\_\_
  - f) Does the Board oversee the risk management process, ensuring that operating officers generally stay within limits authorized for them? Are corrective reports and actions automatically triggered once those limits are breached? \_\_\_\_\_
  - g) Are Board decisions truly collegial, and are they arrived at after independent views from several directors have been freely expressed? \_\_\_\_\_
  - h) Does the Board have an occasion to meet, at least once a year, without the President present? \_\_\_\_\_
  - i) Does the Board have a performance evaluation system, which enables it to assess its own governance mechanism and performance? \_\_\_\_\_
  - j) Does the Board have a performance evaluation system, connected with its remuneration system, for all senior officers that it appoints? \_\_\_\_\_
  - k) Does the Board exercise due diligence and care in looking at, and acting upon, the audit reports, submitted through its audit committee by the internal auditors, the external auditors, and the BSP? \_\_\_\_\_

##### **5. Guide Questions on Board Committees and Board Issues.**

- a) Does the Board have a fully functioning Audit Committee, made up mostly of independent directors? Are all the members of the Audit Committee financially literate? \_\_\_\_\_
- b) Does the Audit Committee and other Board committees have written terms of reference approved by the full Board? \_\_\_\_\_
- c) Does the internal auditor report directly to the Board? \_\_\_\_\_
- d) Does the Audit Committee meet at least once a quarter? \_\_\_\_\_
- e) Is there a system of checks and balance in the Executive Committee? \_\_\_\_\_
- f) Is the President a member of the Executive Committee? \_\_\_\_\_
- g) Does the bank have a Governance Committee, tasked with performance evaluation, nomination, remuneration, and corporate governance? \_\_\_\_\_
- h) Is the compensation structure of directors fair and adequate in view of the duties and responsibilities assigned to the Board? Does it attract and retain qualified independent directors? \_\_\_\_\_

- i) Does the compensation of directors include both equity and cash, and is this fully revealed to the regulatory authorities? \_\_\_\_\_
- j) Does the bank disclose the philosophy and process used in determining director compensation in its annual statement to all shareholders? \_\_\_\_\_
- k) Is the Board fully committed to accurate and timely disclosure on all material matters, including the financial situation, performance (both financial and non-financial), ownership changes and governance of the bank? \_\_\_\_\_
- l) Does the Board insist on high quality standards of auditing and compliance? \_\_\_\_\_
- m) Does the Board have a clear, written policy on transparency and disclosure to the regulatory authorities and the general public? \_\_\_\_\_
- n) Does the Board insist on open channels of communication with the regulatory authorities? \_\_\_\_\_
- o) Does the Board insist on strict adherence to the bank's Code of Ethics, which should guide all relations with the bank's different other stakeholders and with the general public? \_\_\_\_\_

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