

**JMH MICROFINANCE, INC.
GOVERNANCE COMMITTEE CHARTER**

PURPOSE

The purpose of the Governance Committee is to recommend trustee members for appointment to Board committees; review, evaluate and recommend changes to the organization's Board Charter; to advise the Board with respect to Board composition, remuneration; develop and recommend to the Board set of corporate governance guidelines applicable to the JMH; review the JMH's policies and programs that relate to matters of corporate responsibility, and oversee the evaluation of the Board; including public issues of significance to the organization and its partners.

DUTIES AND RESPONSIBILITIES

Subject to the provisions of the Board Charter, the principal responsibilities and functions of the Governance Committee are as follows:

Nomination

1. Present to the Board a list of qualified individuals recommended for nomination for election to the Board at the annual meeting of members, and for appointment to the Board committees (including this Committee). Review and consider members' recommended candidates for nomination to the Board.
2. Before recommending an incumbent, replacement, or additional trustee, review his or her qualifications, including integrity, competence, experience, availability to serve, conflicts of interest, and other relevant factors.
3. Assist the Board in identifying, interviewing, and recruiting candidates for the Board.

Evaluation

1. Annually evaluate the performance and effectiveness of the Board and report the results of the evaluation to the Board.
2. Annually review the composition of each Board Committee and present recommendations for committee memberships to the Board as needed.
3. Perform an annual evaluation of the Governance Committee's performance and make applicable recommendations.
4. Assist the Chairman of the Board in leading the Board's annual review of the President/Chief Executive Officer's performance.

Corporate Governance Matters

1. Develop and periodically review and recommend to the Board appropriate revisions to the JMH's Board Charter.

2. Monitor compliance with the Board Charter.
3. Regularly review and make recommendations about changes to the charter of the Governance Committee.
4. Regularly review and make recommendations about changes to the charters of other Board committees after consultation with the respective committee chairs.
5. Annually review JMH policies and programs that relate to corporate responsibility.

ORGANIZATION

Membership

The Governance Committee shall consist of at least three members. Each member shall meet the independent requirements established by the Board and applicable laws, regulations, and listing requirements.

Appointment and Term

The Board appoints the members of the Committee and the Chairperson. The Committee Chair and members shall serve for a term of three years. The Board may remove any member from the Committee at any time with or without cause.

Duties of Chair

The Chair shall preside at all meetings of the Governance Committee and perform any duties as may be assigned by the Board from time to time.

Secretary of Committee

The Secretary of the Governance Committee shall come from the Board Secretariat. The Secretary is not required to be a member of the Board, but if he or she is not, such Secretary must be an employee of JMH or any of its subsidiaries.

Resignation

Any member of the Governance Committee may resign, effective upon approval of the Chairman of the Board unless the approval specifies a later time for the effectivity of the resignation.

Vacancies

Any vacancy in the Governance Committee, other than by expiration of term, shall be filled by appointment of any of the Board members. The member of the Governance Committee as appointed to fill a vacancy shall serve only the unexpired term of his/her predecessor.

Meetings

The Committee shall meet at least twice a year. The Committee may meet in executive session without the JMH management present. The Committee is governed by the same rules regarding meetings, action without meetings, notice, waiver or notice, and quorum and voting requirements as are applicable to the Board.

Minutes

The Secretary of the Committee shall maintain minutes and other relevant records of the meetings and activities of the Committee. The minutes shall be available for review by the Board and any regulatory institution having jurisdiction over the affairs of JMH. In the event of any meeting in Executive Session or otherwise, where the Secretary is not present, the Chair shall act as or designate an acting Secretary for the purpose of recording the minutes of actions taken at the meeting or Executive Session thereof.

Authority

1. The Committee will have the resources and authority necessary to discharge its duties and responsibilities consistent with any provision of the Board Charter or the laws of the Philippines.
2. The Committee has the authority to:
 - a) retain and terminate external counsel,
 - b) seek the services of an agency to identify and recommend to the Board, candidate for Chief Executive Officer/President and Directors and consultants, as it deems appropriate and,
 - c) approve agency service consultancy fee and other retainer fees and terms subject to the approval of the President in consultation with the Board
3. Any communication between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of JMH and the Committee will take all necessary steps to preserve the privileged nature of those communications.
4. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.

Assessing the Committee's Performance

The Governance Committee shall annually evaluate its own performance using a Board-approved performance evaluation tool and report such assessment to the Board.