



**TERMS OF REFERENCE  
COMPENSATION COMMITTEE  
BDO UNIBANK, INC.  
(as of July 29, 2023)**

**I. Constitution**

The Compensation Committee shall be established by the Board of Directors of BDO Unibank, Inc., for which it derives its authority.

**II. Objectives**

In compliance with relevant regulations issued by the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, such as, but not limited to, BSP Circular No. 969 Series of 2017 (Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions) and SEC Memorandum Circular No. 19, Series of 2016 (Code of Corporate Governance for Publicly-Listed Companies), as may be amended from time to time, the Compensation Committee shall provide oversight on directors' compensation and remuneration of senior management and other key personnel ensuring that compensation policies and practices are consistent with the corporation's culture, strategy and control environment as well as with peer institutions and designed to attract and retain qualified and competent individuals.

**III. Scope of Authority**

The Committee shall have oversight responsibility over the compensation and remuneration policies of Directors and Officers of BDO Unibank and its authority shall extend to all subsidiaries of the Bank.

**IV. Duties and Responsibilities**

- It shall review and recommend to the Board of Directors compensation policies for directors and board committee members.
- It shall review and recommend to the Board of Directors the compensation policies for senior management and other key personnel.
- It shall oversee the design, appropriateness and operations of the BDO Group's compensation and remuneration policies and ensure that such are aligned with the Group's strategic objectives and financial interest, promote good performance and behavior, and comply with laws and regulations.
- It shall monitor and review the remuneration and other incentives policy including plans, processes and outcomes to ensure that it operates and achieves the objectives as intended.
- It shall review the Terms of Reference annually or as necessary and submit any recommended changes thereto for approval of the Board of Directors.



**V. Membership**

The Compensation Committee shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, majority of whom should be independent. The Chairman of the Committee shall be an Independent Director.

**VI. Meetings**

The Compensation Committee shall convene at least twice annually or as may be required to perform its duties and responsibilities. Meetings may be in person, by telephone, web, or any other means acceptable to the Committee and allowed under existing government regulations. Compensation Committee matters may be acted on by verbal and/or written consent of the majority of the Committee members.

**VII. Secretary**

The Corporate Secretary, and/or the Assistant Corporate Secretary, and/or designated Secretary of the Meeting shall attend all meetings of the Committee.

**VIII. Reporting**

The Committee shall report its discussion to the Board by distributing the highlights thereof and where appropriate, by oral report of the Committee Chairman at the next Board meeting.

**IX. Disclosure**

The membership of the Committee and its activities shall be disclosed and published in the Annual Report of the Bank. The Terms of Reference shall be disclosed on the Bank's website.

**X. Committee Performance Evaluation**

On an annual basis, the Committee shall conduct a self-assessment of its performance in accordance with the following assessment criteria, as may be amended or supplemented from time to time:

1. The Committee structure and Terms of Reference provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.
2. The composition of the Committee is based on experience and credentials.



3. The number and length of Committee meetings are appropriate and in accordance with their charter.
4. The meetings are conducted in a manner that ensures open communication and meaningful participation.
5. The amount of information received is appropriate for discussion and decision making purposes.
6. The materials are received in advanced to adequately prepare for meetings.
7. The Committee regularly reviews its mandate and performance.
8. The Committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding at the Committee's rationale for its recommendations.
9. The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.

**XI. Tenure of Committee Members**

The Committee Members shall serve for a term of one (1) year from date of appointment or re-appointment unless sooner resigned or replaced.