



**TERMS OF REFERENCE  
TRUST COMMITTEE  
(as 26 July 2025)**

**I. Constitution**

The Trust Committee (Committee) shall be established by the Board of Directors (Board) of BDO Unibank, Inc. (BDO Unibank or Bank) pursuant to legal and regulatory requirements, as amended. It is an extension of the BDO Unibank's Board.

**II. Purpose**

The Committee is established to ensure sound governance and prudent management of the Bank's trust and fiduciary activities. It is responsible for reviewing and approving transactions involving trust and fiduciary accounts, overseeing the acceptance and closure of such accounts, and authorizing the investment, reinvestment, and disposition of assets. The Committee conducts periodic evaluations of account performance and risk, monitors the overall performance and industry standing of the Trust and Investments Group, and ensures alignment with regulatory and internal standards. It also approves new products and services, as well as the establishment and renewal of financial lines, limits, and counterparties.

**III. Scope of Authority**

The Committee is empowered to exercise decision-making authority over the Bank's fiduciary operations, including the approval of account-related actions and asset movements. It holds the discretion to assess and validate the performance and compliance of trust accounts, oversee the strategic direction of the Trust and Investments Group, and evaluate its market position and risk exposure. The Committee is also authorized to endorse new offerings, establish or renew financial arrangements with counterparties, and ensure that all fiduciary activities are conducted with integrity, prudence, and in alignment with institutional and regulatory standards.

**IV. Membership, Qualification and Tenure**

**A. Membership**

The Committee shall consist of at least five (5) members including the (1) President or any Senior Officer of the Bank and (2) Trust Officer.

The remaining Committee members, including the Chairperson, may be any of the following: (1) Non-executive directors or independent directors who are both not part of the Audit Committee; or (2) those considered as qualified "independent professionals", provided further, that, in case of more than five (5) Committee membership, majority shall be composed of qualified non-executive members.

A qualified "independent professional" shall refer to a person who —

- a.1 Is not a director / officer / employee of the bank during the last twelve (12) months counted from the date of committee membership;



- a.2 Is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any Executive Director or those involved in the day-to-day management of the institution's operations or officer of the Bank; and
- a.3 Is not engaged or does not engage in any transactions with the Bank whether by himself or with other persons or through a firm of which he is a partner, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.

An independent professional may be appointed as a Trust Committee member of other banks that belong to the same financial conglomerate.

The Board may appoint Advisors of the Committee. Their primary role is to provide independent and/or expert advice on matters that concern the Committee. The appointment of a Committee Advisor must consider competence (i.e., must have relevant education, competencies, skills, financial literacy, training, experience) that is relevant and will add value to the work of the Committee to which such Advisor is appointed. Advisors shall have no voting rights and shall inhibit from participating in discussions that may pose a potential conflict of interest.

#### B. Trust Committee Qualification

All Committee members should possess the necessary technical expertise and relevant experience in such business which may be indicated by any of the following:

- b.1 At least one (1) year of actual experience in Trust, other fiduciary business or investment management activities;
- b.2 At least three (3) years of professional experience in relevant field such as banking, finance, economics, law, and risk engagement;
- b.3 Completion of at least ninety (90) training hours on Trust, other fiduciary business, or investment management activities acceptable to BSP; or
- b.4 Completion of a relevant global or local professional certification program.

#### C. Trust Officer Qualification

The Trust Officer who shall be appointed shall possess any of the following:

- c.1 at least five (5) years of actual experience in Trust Operations;
- c.2 at least three (3) years of actual experience in Trust Operations and must have 1) completed at least ninety (90) training hours in Trust, other fiduciary business or investment management activities acceptable to the BSP or 2) completed a relevant global or local professional certification program; or
- c.3 at least five (5) years of actual experience as an officer of a bank / NBFIs and must have 1) completed at least ninety (90) training hours in Trust, other fiduciary business or



investment management activities acceptable to the BSP or 2) completed a relevant global or local professional certification program.

For the purpose of this subsection, actual experience refers to exposures in Trust operations either as officer of a Trust entity or member of a Trust Committee.

#### **D. Tenure**

The Committee members shall serve for a term of one (1) year from the date of appointment or reappointment unless resigned or replaced.

### **V. Meetings**

1. The Committee shall convene at least once every quarter or as often as may be required to perform its duties and responsibilities.
2. Meetings may be in person. Committee members who are unable to attend or vote in person can participate remotely via videoconferencing, teleconferencing, or other suitable platforms acceptable to the Committee that provide reasonable opportunity for participation and as allowed under existing government regulations.
3. The presence of a majority of the Committee members shall constitute a quorum. Every decision made by a majority of Committee members present at a meeting with a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations. Members participating via remote communication shall be considered present for quorum purposes.
4. The designated Secretary of the Meeting shall attend all Committee meetings and shall ensure that appropriate records (e.g., minutes of meetings or summary of matters reviewed, and decisions taken) of Committee deliberations / decisions are maintained.
5. The Committee members and meeting attendees shall be furnished with copies of the minutes of each meeting.

### **VI. Duties and Responsibilities**

#### **A. The Committee**

The Committee is a special committee which reports directly to the Board and is primarily responsible for overseeing the fiduciary activities of the Bank. In discharging its function, it shall:

- a.1 Ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practice;
- a.2 Ensure that policies and procedures that translate the Board's objective and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;
- a.3 Oversee the implementation of the Risk Management Framework and ensure that internal controls are in place relative to the fiduciary activities;



- a.4 Adopt an appropriate organizational structure / staffing pattern and operating budgets that shall enable the Trust Department to effectively carry out its functions;
- a.5 Oversee and evaluate the performance of the Trust Officer;
- a.6 Conduct regular meetings at least once every quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business;
- a.7 Report regularly to the Board on matters arising from fiduciary activities;
- a.8 On an annual basis, the Committee shall conduct a self-assessment of its performance in accordance with the following criteria, as may be amended or supplemented from time to time to ensure that it is operating at maximum effectiveness and to recommend any changes it considers necessary to the Board, for approval:
  - i The Committee structure and Terms of Reference provide an appropriate framework for the Committee's responsibilities and are in accordance with regulatory requirements.
  - ii The Committee members have the appropriate qualifications, experience and credentials.
  - iii The number and length of Committee meetings are appropriate and in accordance with its charter.
  - iv The meetings are conducted in a manner that ensures open communication and meaningful participation.
  - v The amount of information received is appropriate for Committee discussions and decision making.
  - vi The materials are furnished to each Committee member in advance to allow them to adequately prepare for meetings.
  - vii The Committee regularly reviews its mandate and performance.
  - viii 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 of the Committee's rationale for its recommendations; and
  - ix The Committee, to properly execute its mandate, is provided with sufficient resources and access to both internal and external advisers, as necessary.
- a.9 Perform any other duties and responsibilities expressly delegated by the Board to the Committee from time to time.

#### B. Trust Officer

The management of day-to-day fiduciary activities of the Trust Department shall be vested in the Trust Officer. In this regard, the Trust Officer shall:

- b.1 Ensure adherence to the basic standards in the administration of Trust, Other Fiduciary and Investment Management Accounts pursuant to the Appendix 86 of the MORB;
- b.2 Develop and implement relevant policies and procedures on fiduciary activities;



- b.3 Observe sound risk management practices and maintain necessary controls to protect assets under custody and held in Trust or other fiduciary capacity;
- b.4 Carry out investment and other fiduciary activities in accordance with agreements with clients and parameters set by the Committee as approved by the Board;
- b.5 Report regularly to the Committee on business performance and other matters requiring its attention;
- b.6 Maintain adequate books, records and files for each Trust or Other Fiduciary Account and provide timely and regularly disclosure to clients on the status of their accounts; and
- b.7 Submit periodic reports to regulatory agencies on the conduct of the trust operations.

## **VII. Reporting**

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

## **VIII. Disclosure**

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