



**TERMS OF REFERENCE
TRUST COMMITTEE
(May 30, 2022)**

I. Constitution

The Trust Committee shall be established by the Board of Directors (Board) of BDO Unibank, Inc. (BDO Unibank or Bank). It is an extension of the BDO Unibank's Board.

II. Duties and Responsibilities

A. Trust Committee

The Trust 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 Review and assess the adequacy of the Terms of Reference at least annually or update whenever there are significant changes therein, and ensure that subsequent changes are approved by the Board of Directors.

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 83 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 Trust Committee as approved by the Board;
- b.5 Report regularly to the Trust 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.

III. Reporting Hierarchy

The Trust Committee shall report to the Board the minutes of its meeting. The minutes shall be noted by the Corporate Secretary and shall include recording of names of those present during the meeting.

IV. Membership / Qualification

A. Membership

The Trust 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) Trust 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 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.

B. Trust Committee Qualification

All Trust 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 / NBF 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.

V. Meetings

The Trust Committee shall convene at least once every quarter or as often 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. Trust Committee matters may be acted on by verbal and/or written consent of the majority of the Committee members.

VI. Secretary

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

VII. Disclosure

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

VIII. Committee Performance Evaluation

On an annual basis, the Trust 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 Trust 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 Trust Committee is based on experience and credentials;
3. The number and length of Trust Committee meetings are appropriate and in accordance with its 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 advance to adequately prepare for the meetings;

7. The Trust Committee regularly reviews its mandate and performance;
8. The Trust 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
9. The Trust Committee has access to sufficient resources, both internal and outside advisers, to function effectively.

IX. Tenure of Committee Members

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