



## TRUST COMMITTEE CHARTER

### I. INTRODUCTION

The cardinal principle common to all trust and other fiduciary relationships is fidelity. The policies predicated upon this principle are directed towards observance of prudent administration, undivided loyalty and utmost care, non-delegation of responsibilities, preserving and protecting the property entrusted, proper accounting and reporting thereon.

The Trust Committee Charter aims to define and establish the mission statement, composition, conduct of meetings and duties and responsibilities of the Trust Committee of the Bank.

### II. MISSION STATEMENT

To ensure that the trust and other fiduciary business, including investment management activities of the DBP Trust Banking Group, are conducted in the manner prescribed in the BSP Manual of Regulations for Banks and that the conduct of the trust business of the bank is carried out within the law, rules, public order and public policy as appointed stewards of funds and/or properties of the clients.

### III. COMPOSITION

The Trust Committee shall be composed of at least five (5) members including the President of the Bank and the Trust Officer. The remaining committee members, including the chairperson, may be any of the following: (a) non-executive directors or independent directors who are both not part of the audit committee; or (b) those considered as "qualified independent professionals".

A "qualified independent professional" shall refer to one who is: (a) not a director/officer/employee of the bank during the last twelve (12) months counted from the date of committee membership; (b) 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 (c) 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.

**The Trust Committee members shall, in addition to meeting the qualification standards prescribed for directors and officers of banks or for qualified "independent professionals", possess the necessary technical expertise and relevant experience in such business which may be indicated by any of the following:**

- e. At least one (1) year of actual experience in trust, other fiduciary business, or investment management activities;**
- f. At least three (3) years of professional experience in relevant field such as banking, finance, economics, law, and risk management;**

- f. Conduct regular meetings at least once every quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business;
- g. Review the operations of the trust business, including the assets placed under fiduciary management, investments of funds or property and the financials of the trust business;
- h. Review proposals for new investments, trust products and other development, trends in the trust industry or regulations issued that will impact on the conduct of the trust business;
- i. Review reports on audit examination of the trust business by the internal and external auditors and the Bangko Sentral ng Pilipinas and ensure that the audit exceptions cited are properly addressed in accordance with the recommendation within the timeline given; and
- j. Report regularly to the Board of Directors on matters arising from fiduciary activities.

#### **V. CONDUCT OF MEETINGS**

The Trust Committee shall meet at least once every quarter, or more frequently as necessary.

Meetings may be conducted through modern technologies, such as, but not limited to, teleconferencing and video conferencing, so long as the Trust Committee member who is taking part of in said meetings can actively participate in the deliberation of the matters taken up therein.

All matters submitted to the Trust Committee shall bear the notation of the Trust Officer. Matters taken up in the Trust Committee meetings shall be duly noted or approved by the Board of Directors when necessary.

#### **VI. MEETINGS & QUORUM REQUIREMENT**

The members of the Trust Committee should attend its regular or special meetings in person or through teleconferencing or video-conferencing. The presence of the majority of the members shall constitute quorum for the meeting. Other attendees/invitees (i.e., resource persons, etc.) to the Trust Committee meetings shall be cleared with the Trust Officer.

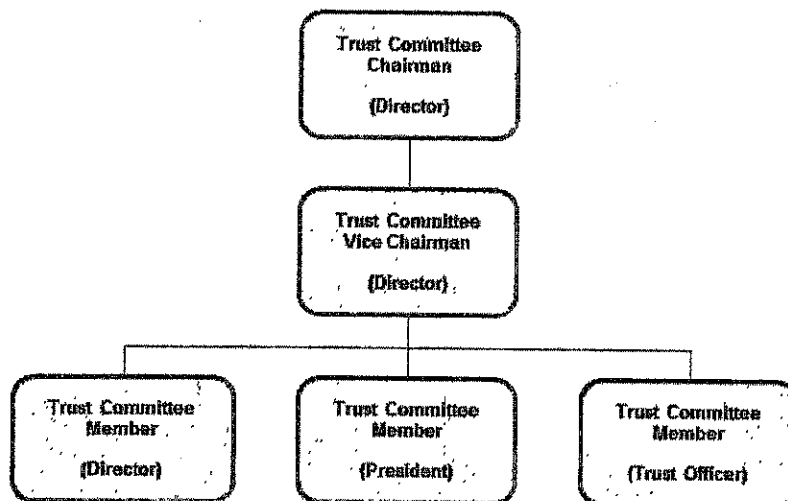
#### **VII. SELF-ASSESSMENT**

The Trust Committee may adopt an internal self-rating system that can measure the performance the Trust Committee members, in a collective and individual basis, in accordance with the criteria provided in this Charter.

**g. Completion of at least ninety (90) training hours on trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral na Pilipinas; or**

**h. Completion of relevant global or local professional certification program.**

**A Trust Committee member should be familiar with Philippine laws, rules and regulations on trust business, as well as uphold, at all times, ethical and good governance standards.**



#### **IV. DUTIES AND RESPONSIBILITIES**

The Trust Committee is a special committee which reports directly to the board of directors and is primarily responsible for overseeing the fiduciary activities of the bank. In discharging its functions, it shall:

- a. Ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices;
- b. Ensure that policies and procedures that translate the board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;
- c. Oversee the implementation of risk management framework and ensure that internal controls are in place relative to the fiduciary activities;
- d. Adopt an appropriate organizational structure / staffing pattern and operating budgets that shall enable the trust department to effectively carry out its functions. The organization shall be organizationally, operationally, administratively and functionally separate and distinct from the other departments and / or business of the institution;
- e. Oversee and evaluate performance of the Trust Officer;