BDO

TERMS OF REFERENCE
INFORMATION TECHNOLOGY STEERING COMMITTEE
(December 7, 2024)

The Bank hereby sets forth these Terms of Reference to prescribe the formal status of the Information Technology (IT) Steering Committee function in BDO Unibank, Inc. (BDO) that defines, among others, the committee's role and authority. The Terms of Reference are in consonance with the requirements of Monetary Board Resolution No. 1286, dated 01 August 2013, as implemented by BSP Circular No. 808, dated 22 August 2013, SEC Memo Circular 19 Series of 2016 (Code of Corporate Governance for Publicly-Listed Companies), and BSP Circular No. 969 Series of 2017 (Enhanced Corporate Governance Guidelines for BSP - Supervised Financial Institutions), as may be amended from time to time.

I. Authority

The Information Technology Steering Committee (ITSC) is a committee of the Board of Directors of BDO from which it derives its authority and reports to regularly. The primary role of the ITSC is to exercise oversight and governance over the Bank's IT function.

II. Duties and Responsibilities of the IT Steering Committee (ITSC)

Accountability is a key concern of IT governance and this may be achieved via an organizational structure that has well-defined roles for the responsibility of information, business processes, applications, and IT infrastructure.

The IT Steering Committee is responsible for the following:

a. Understanding technology risks that confront the Bank and its subsidiaries, and ensuring that they are properly managed and mitigated.

b. Monitoring IT performance and recommending appropriate actions to ensure achievement of desired results. Such as;

   i. Providing the Board with adequate information on IT performance, status of major IT projects or other significant issues, to enable the Board to make well-informed decisions on the Bank's IT operations.

   ii. Review, regular monitoring, and recommending revisions to the Board, of the Bank's IT Strategic Plan in the context of the Bank's business strategy.

c. Compliance oversight

d. Review and assessment of the adequacy of the Terms of Reference at least annually or updating whenever there are significant changes therein, and ensuring that subsequent changes are approved by the Board of Directors.

III. Committee Composition

The ITSC, as a minimum, will have as members a non-executive Board director who oversees the institution's IT function, the head of the IT Group, and the President. The head of control groups should participate in ITSC meetings in advisory capacity only.

The Board of Directors may appoint Advisors of the ITSC. Their primary role is to provide independent and/or expert advice on matters that concern the ITSC. 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 ITSC 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.

IV. Frequency of Meetings

The Committee shall meet at least quarterly, with additional meetings held at the discretion of the Committee Chair. Meetings may be in person, by telephone, web, or any other means acceptable to the Committee and allowed under existing government regulations. ITSC matters may be acted on by verbal and/or written consent of the majority of the Committee members.

V. Objective of Committee Meetings

The objective of ITSC meetings is to regularly inform and update committee members of both internal and external IT-related developments and activities, potential challenges and risks, progress versus strategic objectives, and to establish a forum where IT-related best practices, strategic plans, new initiatives, and other matters requiring board involvement may be discussed with or by the ITSC, and then forwarded to the Board for approval or notation. Presentations to the ITSC shall be primarily aimed at information sharing and to assist the Committee in relation to its duties and responsibilities. Suggestions and inputs to the ITSC to enhance the IT organization, systems and processes are expected.

VI. Meeting Agenda

The list of agenda matters which may be taken up during ITSC meetings and their corresponding presenters may include the following topics:

a. Board / ITSC Updates
b. Major IT Projects Status Updates, including related financial / business reviews
c. Strategic Plan progress updates
d. Compliance and Security issues
e. New IT Initiatives
f. Other Matters requiring Board Knowledge or Approval

VII. Committee Secretary

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

VIII. Minutes of Meeting

The Corporate Secretary, and/or the Assistant Corporate Secretary, and/or a designated secretary, shall take the formal minutes of all Committee meetings to document all discussions and decisions. The minutes shall then be presented for confirmation of the Committee at its next meeting. The minutes of meeting shall also include the names of all those present at the meeting.

IX. Reporting

The Committee will report its discussions to the Board of Directors by distributing the highlights and the minutes of meeting thereof, and where appropriate, by oral report of the Committee Chairman.

X. 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.

XI.   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.

XII.   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.