



May 31, 2019

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.
37/F, Tower 1, The Enterprise Center
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

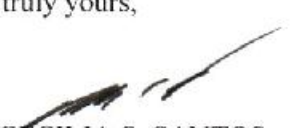
Attention: Atty. Joseph B. Evangelista
Head, Issuer Compliance and Disclosure Department

Ladies and Gentlemen:

We submit herewith the 2018 Integrated Annual Corporate Governance Report of BDO Unibank, Inc. duly received by the Securities and Exchange Commission on May 30, 2019.

Thank you.

Very truly yours,


MA. CECILIA S. SANTOS
First Vice President & Alternate
Corporate Information Officer

encl. a/s

BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue
Makati City 0726, Philippines
Swift Code BNORPHMM
Tel +63(2) 840 7000

www.bdo.com.ph

We find ways®

COVER SHEET

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S.E.C. Registration Number

[illegible][illegible]

(Company's Full Name)

[illegible]

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(Business Address: No. Street/ City/ Town/ Province)

**ATTY. ERICK ANTHONY J.
VALENCIA**

Contact Person

840-7000/LOC 33847

Company Telephone Number

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Month

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Day

Fiscal Year

2018 Integrated Annual Corporate Governance Report

FORM TYPE

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Annual Meeting

GSED

GSED

Secondary License Type, If Applicable

C	G	F	D
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Dept.
Requiring
this Doc.

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Amended Articles
Number/Section

Total Amount of Borrowings

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Domestic

Foreign

To be accompanied by SEC Personnel concerned

[illegible]

File Number

[illegible]

Document I.D.

STAMPS

STAMPS

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S. S.

SECRETARY'S CERTIFICATE

I, **ALVIN C. GO**, being the Assistant Corporate Secretary of **BDO UNIBANK, INC. (BDO Unibank)**, a universal bank organized and existing under and in accordance with the laws of the Republic of the Philippines, with offices at BDO Corporate Center, 7899 Makati Avenue, Makati City 0726, do hereby certify that –

1. In my capacity as Assistant Corporate Secretary of BDO Unibank, I have custody of the minutes book of BDO Unibank which contains the minutes of the meetings of the Board of Directors;

2. At the regular meeting of the Board of Directors of BDO Unibank held on May 25, 2019, at which meeting a quorum was present and acting throughout, the following resolution was unanimously adopted and approved:

Resolution No. 138-2019

“RESOLVED, That the Board of Directors of BDO Unibank, Inc. (BDO Unibank) approve and confirm, as it hereby approves and confirms, the 2018 Integrated Annual Corporate Governance Report of BDO Unibank, as approved and endorsed by BDO Unibank’s Corporate Governance Committee in its Resolution No. 2019-05-01 adopted on May 25, 2019, which reads as follows:

“RESOLVED, That the Corporate Governance Committee (the “Committee”) of BDO Unibank, Inc. (the “Bank”) approve and endorse, as it hereby approves and endorses to the Board of Directors for its approval, the Bank’s 2018 Integrated Annual Corporate Governance Report to be submitted to the Securities and Exchange Commission (SEC), a copy of which is attached as Annex “B” to the Minutes and made part of this Resolution.”

3. Vice Chairman Jesus A. Jacinto, Jr.; Director, President & CEO Nestor V. Tan; Independent Directors Jose F. Buenaventura, Jones M. Castro, Jr., Vicente S. Pérez, Jr., Dioscoro I. Ramos, and Gilberto C. Teodoro, Jr.; and Directors Christopher A. Bell-Knight and Josefina N. Tan attended said May 25, 2019 regular Board Meeting in person, while Chairperson Teresita T. Sy participated via teleconference, and unanimously adopted and approved the above said resolution. Independent Director George T. Barcelon was absent.

4. The above-quoted resolution has not been revoked or rescinded and continues to be in full force and effect.


5. I am executing this certificate for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 28 2019 day of May, 2019 at Makati City, Philippines.


ALVIN C. GO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 28 2019 day of May, 2019, at Makati City, Philippines, affiant exhibited to me his Tax Identification No. [REDACTED] and Social Security System No. [REDACTED]

NOTARY PUBLIC


Atty. REAGAN C. OLIVA
Appointment No. M-333

Notary Public until 31 December 2020

14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
KSL No. 43988

TBP No. 053368, 04 January 2019, Quezon City
PTR No. 7333878, 03 January 2019, Makati City

PACLE Compliance No. VI-0014522, 13 November 2018

Doc. No. 121
Page No. 26
Book No. J
Series of 2019.

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BDO Corporate Center
7899 Makati Avenue
Makati City 0726, Philippines
Swift Code BNORPHMM
Tel +63(2) 840 7000



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2018**
2. SEC Identification Number: **34001**
3. BIR Tax Identification No.: **000-708-174-000**
4. Exact name of issuer as specified in its charter: **BDO Unibank, Inc.**
5. Country of Incorporation: **Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **BDO Corporate Center, 7899 Makati Avenue, Makati City**
Address of principal office Postal Code
8. **(632) 840-7000/(632) 631-8000/(632) 702-6000**
Issuer's telephone number, including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	<p>The BDO Board has 11 members, 7 of whom are bankers with local and international banking experience, 3 are lawyers and 1 entrepreneur. See Profile of Directors on pages No. 49-54, of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p> <p>For the qualification standards, see Selection, Nomination and Election of Board Members on page 6 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	<p>The BDO Board has a diverse and balanced composition. See Board Snapshot on page 40 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
3. Directors remain qualified for their positions individually and collectively	COMPLIANT	There have been no changes in the personal circumstances of each director that would	

to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.		<p>otherwise disqualify them to remain as Directors. Their individual profile can be viewed on page 49-54 in the Board of Directors section of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	<p>As of December 31, 2018, the BDO Board is composed of 2 Executive Directors 4 Non-Executive Directors including the Chairperson and 5 Independent Directors. See Composition of the Board on page 41 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p> <p>As of April 22, 2019, the independent directors increased from 5 to 6 (54.5%) due to the replacement of 1 regular director. See page 7 of the 2019 Minutes of the ASM.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/April-22-2019-ASM-final.pdf</p>	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	<p>See Page 29, Section 8, Item-Governance Policies, Programs and Procedures (Director Orientation and Continuing Education Policy) in the Revised Corporate Governance Manual.</p> <p>BDO website:</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. Company has an orientation program for first time directors.	COMPLIANT	<p>Director Orientation and Continuing Education Policy is published in the corporate website and can be viewed using the following link:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Director%20Orientation%20Policy%202018.pdf</p>	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>All directors are required to participate in continuing education programs at BDO's expense to maintain a current and effective Board. In 2018, all directors of BDO Unibank complied with the four-hour mandatory training on corporate governance. The Annual Corporate Governance seminar of all directors is discussed in the Bank's 2018 Annual Report (Please see page 43).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p> <p>Board members of BDO and its subsidiaries attended the Bank-sponsored Seminar on Corporate Governance conducted by McKinsey & Company, the Audit – Master's Course given by the Institute of Corporate Directors, and the Corporate Governance Seminar conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. The Board also received regular economic briefings and briefings on new regulatory issuances. Please see pages 17 and 19 of the 2018 and 2019 DIS.</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>BDO has put in place a Board Diversity Policy which prescribes that a Nominations Committee will consider all aspects of diversity in order to maintain an appropriate balance of skills, background, experience, and knowledge of the Board.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BOARD%20DIVERSITY%20POLICY.pdf</p> <p>The BDO Board has 2 female and 9 male Directors. See Board Snapshot on page 40 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	<p>See Page 2, Section1, Item 4 – Board Governance Framework (Board Diversity) in the Revised Corporate Governance Manual.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf </p>	

		<p>See the Bank's Board Diversity Policy: https://www.bdo.com.ph/sites/default/files/pdf/BOARD%20DIVERSITY%20POLICY.pdf</p> <p>See page 40, Board Snapshot (Diverse and Balanced Composition) in the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>Atty. Edmundo L. Tan is the Corporate Secretary. See Page 2, Section 1, Item - Board Governance Framework (Independent Officers) in the Revised Corporate Governance Manual for his duties and functions. See page 55 of the 2018 Annual Report for his qualifications.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	He is a separate individual.	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	He is not a member of the Board.	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	See attached Certificate of Attendance of Atty. Edmundo L. Tan. He attended the 2018 Advance Corporate Governance Seminar held on August 08, 2018.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least	COMPLIANT	See scanned copy of transmittal memo to a director on the distribution of board meeting	

five business days before scheduled meeting.		materials within 5 business days before the scheduled meeting.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The Bank has a dedicated independent Compliance Officer functionally reporting to the Audit Committee. He is Atty. Federico P. Tancongo. See page 3-4 of the Revised Corporate Governance Manual for his duties and functions and pages 23 and 25 of the 2018 and 2019 Definitive Information Statement for his profile and qualifications. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	He is a Senior Vice President.	
3. Compliance Officer is not a member of the board.	COMPLIANT	He is not a member of the Board.	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	See attached Certificate of Attendance of Atty. Federico P. Tancongo. He attended the 2018 Fintech Corporate Governance Seminar last September 19, 2018.	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>In discharging their fiduciary duty, directors perform functions such as the review and guiding of corporate strategy, risk management policies and procedures, annual budgets and business plans, and monitoring their implementation; the setting financial objectives, monitoring implementation of and corporate performance; and approving the issuance of capital stock distribution of dividends, strategic plans, major capital expenditures, acquisitions, equity investments, fixed assets, mergers, joint ventures, divestments, and significant related party transactions.</p> <p>In 2018, the Board of Directors approved the acts contained in page 39 of the 2018 Annual Report. The acts of the Board pertaining to these items were properly and timely disclosed to the PSE after the Board meetings.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>As provided in the Bank's Revised Corporate Governance Manual (see page 12 – Item b (2) – Specific Duties and Responsibilities of the Board of Directors), the Bank's Board of Directors approve the Bank's strategic objectives and business plans.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	

		At last year's Special Board Meeting of the Bank held on August 31, the Board discussed the Bank Strategic Initiatives.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	<p>Please find below dates of the Bank's Regular Meetings in 2018 when business objectives and strategies were discussed:</p> <ul style="list-style-type: none"> • January 6 - Presentation on Treasury Group's adoption of PFRS 9, which took effect in 2018, in Bank's investment book • January 27 - Presentation of ONB financials before and after Bank's acquisition • February 24 - Update on ONB financials • March 24 - Update on ICAAP • June 30 - Employee Stock Option Plan • July 27 - Update and new initiatives of BDO Life and ONB • August 31- Establishment of a Peso Bond Program • September 29- Update on ONB 	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	<p>See page 7 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p> <p>These are reviewed every 3 years.</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	The strategy execution process is described in pages 20-23 of the 2018 Annual Report. It encompasses the focus areas of the Bank, its strategic initiatives and a diversified business model with products and services catering to the changing needs of Filipino customers.	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	<p>The Chairperson of the BDO Board of Directors is Ms. Teresita T. Sy since April 29, 1995. See page 49 of the 2018 Annual Report for her profile and qualifications</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	<p>The Bank's Succession Plan Framework was reviewed and noted by the Corporate Governance Committee on March 23, 2013. This was confirmed by the Board on May 25, 2013. It covers the succession management strategy created, developed and approved by the Board to manage the succession process that is aligned with the organizational objectives and needs of the Bank. In particular, the Bank may adopt the following when a top position vacancy will occur:</p> <p>STRUCTURE</p> <ol style="list-style-type: none"> 1. Promote qualified candidates from within who could immediately assume the position; 2. Split the group into smaller units; 3. Consolidate the business unit with another group <p>TALENT POOL</p>	

		<p>Every year, Human Resources Group identifies units of the Bank whose heads are due to retire in 1-2 years.</p> <ol style="list-style-type: none"> 1. Based on this information, sources of possible replacements will be identified from the BDO Unibank and its subsidiaries or the SM Group. 2. Hire externally if no suitable candidate is available. <p>TRAINING To prepare identified officers who are potential candidates for higher positions, the Bank has the following talent development programs:</p> <ol style="list-style-type: none"> 1. Officers Development Program 2. Management Development Program 3. Talent Management Program – for senior officers 	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<p>See attached Policy on Retirement of Directors.</p> <p>BDO Website: https://www.bdo.com.ph/sites/default/files/pdf/Director%20Orientation%20Policy%202018.pdf </p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>The Bank remuneration policy is geared towards attracting, retaining and motivating employees and members of the Board. See page 43 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	

2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	The remuneration framework for senior management includes fixed pay, bonus and for the long-term is the Employee Stock Option Plan. It is linked to corporate and individual performance, based on an annual appraisal of senior management officers. See page 43 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	The directors are required to recuse in the deliberation.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	There is a Board-approved remuneration policy for Senior Executives per Resolution No. 328-A-2012 dated June 30, 2012. See attached Secretary's Certificate.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	COMPLIANT	The measurable standard established by the Bank is the Key Result Areas Plan for each employee every year, which specifies the focus area of performance and the results expected that are aligned with the strategy of the Bank. The performance of these standards is the basis for the yearly appraisal rating of employees.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The procedures for the nomination of directors are published in pages 16-17 and 17-19 of the 2018 and 2019 Definitive Information (DIS) while the election of directors is in page 2 thereof.	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf The policy for the selection, nomination and election of directors could be found on page 6 of the Revised Corporate Governance Manual published in the BDO website. Please see page 34 Section 13 of the Revised Corporate Governance Manual – Promoting Shareholder Rights/Right to Nominate. BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	See Page 4, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors), and Page 21, Section 3, Item – Board Committees (Nomination Committee), of the Revised Corporate Governance Manual. BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	This is included in the procedure for nomination of directors on pages 16-17 and 17-19 of the 2018 and 2019 DIS. See Page 4, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors) in the Revised Corporate Governance Manual.	

		<p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p>	
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	<p>The short listing of candidates by the Nominations Committee is done by pre-screening and checking the qualifications of nominees from the pool of candidates versus the standard. See Page 4, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors in the Revised Corporate Governance Manual and pages 16-17 and 17-19 of the 2018 and 2019 Definitive Information Statement.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p>	
5. Board nomination and election policy includes an assessment of the	COMPLIANT	The Nominations Committee leads in the process of identifying and evaluating nominees for	

effectiveness of the Board's processes in the nomination, election or replacement of a director.		<p>directors. It evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the Bank. The result of the evaluation determines the role and key attributes than an incoming director should have. See Page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors), and Page 21, Section 3, Item – Board Committees (Nomination Committee), in the Revised Corporate Governance Manual and pages 40-41 of the 2018 Annual Report.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	<p>See Page 6, Selection, Nomination and Election of Board Members in the Revised Corporate Governance Manual. This is handled by the Nominations Committee.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching	COMPLIANT	We use the director database of the Institute of Corporate Directors as one of the sources when searching for candidates to the Board. For 2018, there was no change in the members of the Board, hence, this was not used. See page 6,	

for candidates to the board of directors.		<p>Selection, Nomination and Election of Board Members in the Revised Corporate Governance Manual.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf </p>	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	<p>See Pages 45-67, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual for the full version of the RPT policy.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf </p> <p>Approved RPT transactions are mostly credit accommodations, leases, purchase/disposal of assets, materials and supplies and outsourcing arrangements.</p> <p>Material RPT transactions are identified in the Quarterly Reports on Consolidated Material RPTs of the Bank & Affiliates, which are being submitted to the BSP.</p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	<p>The Related Party Transactions Committee composed of all independent directors including the Chairman handles the review of material RPTs. The Board approves all Related Party Transactions regardless of amount. See Pages 45-67, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual.</p>	

		<p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See attached Related Party Transactions Policy, which can also be viewed through the following link:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	<p>It covers DOSRI, Subsidiaries, Affiliates, Close Family members and Other Related Parties. See Pages 45-67, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See attached Related Party Transactions (RPT) Policy, which can also be viewed through the following link:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that	COMPLIANT	<p>The RPT materiality thresholds for all types of RPTs are in the Related Party Transactions Policy on page 62 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	

<p>need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p>RPT transactions are mostly credit accommodations, leases, purchase and disposal of assets, materials and supplies and outsourcing arrangements.</p> <p>Material RPT transactions are identified in the Quarterly Reports on Consolidated Material RPTs of the Bank & Affiliates, which are being submitted to the BSP.</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>NON-COMPLIANT</p>		<p>During the Annual Stockholders' Meeting, material RPTs are presented together with the other acts of the Board for ratification by stockholders whereby effectively, the majority of non-related party shareholders are also included in the voting. Their corresponding votes will be counted and reflected in the voting tabulation. See page 6 of the minutes of the 2018 Annual Stockholders' minutes where all significant related party transactions were ratified by the shareholders.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/April-20-2018-ASM.pdf</p>
<p>Recommendation 2.8</p>			

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>See page 11 (specific Duties and Responsibilities of the Board of Directors) of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See pages 40-41 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>See page 13 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>The assessment process for senior management is part of the Board Performance Self-Assessment Form published in the corporate website under Company Policies. This is being done annually.</p> <p>For the independent control functions, this is being done through the yearly Appraisal Report, which is individually reviewed by the Audit Committee.</p>	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	The Key Result Areas Plan is the effective performance management framework adopted to ensure that individual performance is tracked versus standards set by Management and Board.	
2. Board establishes an effective performance management	COMPLIANT	Same for employees although the KRA focus areas are substantially different.	

framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.			
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	See Internal Control and Risk Management on page 11 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	Same	
3. Board approves the Internal Audit Charter.	COMPLIANT	See attached Board-approved Internal Audit Charter.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	See Internal Control and Risk Management on page 11 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	See Enterprise Risk Management Framework on page 31 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Recommendation 2.12			

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	See page 11 of the Revised Corporate Governance Manual. It is also published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	Yes	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	Yes https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf on Corporate Governance	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	See Personal Trading Policy published in the corporate website at: https://www.bdo.com.ph/sites/default/files/PERSONAL%20TRADING%20POLICY.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	This is covered in the Related Party Transactions Policy published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	The types of decision requiring board approval: • Corporate strategy, risk management policies and procedures, governance policies and practices, annual budgets and business plans, annual and interim financial statements, key	

		<p>operational initiatives, selection of CEO, the hiring, resignations and promotions of senior officers, succession planning, remuneration and nomination of directors.</p> <ul style="list-style-type: none"> • Issuance of capital stocks, distribution of dividends, strategic plans, major capital expenditures, amendments of Articles of Incorporation and By-Laws, acquisitions, equity investments, fixed assets, mergers, joint ventures, divestments, and significant related party transactions <p>See pages 12-18 Duties, Functions and Responsibilities of the Board in the Revised Corporate Governance Manual</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
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Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	<p>The Board has established 9 committees to assist in the performance of its roles and functions. See Establishing Board Committees pages 18-22 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	<p>See pages 19-20 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>YES. See External Audit on page 19 and Strengthening the External Auditor's Independence on page 30 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	<p>The Audit Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See page 60 of the 2018 Annual Report on the Audit Committee composition and pages 51-54 on the qualifications.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	<p>See page 60 of the 2018 Annual Report for the members of the Board Audit Committee and pages 51-54 of the 2018 Annual Report on their qualifications.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
4. The Chairman of the Audit Committee is not the Chairman of	COMPLIANT	<p>The Chairman of the Audit Committee is Atty. Jose F. Buenaventura, Independent Director. He is not a Chairman of any other Board</p>	

the Board or of any other committee.		Committees. See page 51 of the 2018 Annual Report and page 20 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	All services provided by the External Auditor are required to be approved by the Audit Committee. See External Audit on page 20 and Strengthening the External Auditor's Independence on page 30 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	This is being done in the Executive Session of the Independent and Non-Executive Directors without the presence of management. In 2018, there were 3 sessions of the INEDs with the External Auditor. See page 1 of the 2018 Compliance with Leading Practices in Corporate Governance: https://www.bdo.com.ph/sites/default/files/pdf/2018%20Compliance%20with%20Leading%20Practices%20on%20Corporate%20Governance.p df	
Optional: Recommendation 3.2			

1. Audit Committee meet at least four times during the year.	COMPLIANT	<p>In 2018, Audit Committee held 13 meetings with all the members in attendance. See page 60 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	<p>This is part of the Terms of Reference of the Audit Committee. See Internal Audit Division on page 19 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<p>See page 21 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>The function of identifying the quality of directors is vested on the Nominations Committee, which is a separate and distinct committee.</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	<p>The Corporate Governance Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See page 63 of the 2018 Annual Report on membership composition, pages 51-54 on the qualifications of the members.</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	<p>The Chairman of the Corporate Governance Committee is Atty. Gilberto C. Teodoro, Jr., Independent Director. See page 63 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meets at least twice during the year.	COMPLIANT	<p>In 2018, the Corporate Governance Committee held 6 meetings. See page 63 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	<p>See Risk Management Committee on page 21 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	<p>The Risk Management Committee is composed of 3 members, 2 of which are Independent Directors including the Chairman and 1 Executive Director. See page 64 of the 2018 Annual Report for the membership composition and pages 51-54 for the qualifications.</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of the Risk Management Committee is Mr. Jones M. Castro, Jr., Lead Independent Director. See page 64 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	See page 64 of the 2018 Annual Report for the members of the Risk Management Committee. All 3 members are bankers with extensive international banking experience. See pages 50-53 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	See Related Party Transactions Committee on page 22 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be	COMPLIANT	The Related Party Transactions Committee is composed of 3 members (with 1 alternate member) all of whom are Independent Directors including the Chairman. See page 68 of the	

independent, including the Chairman.		2018 Annual Report on the membership composition and pages 51-54 on the qualifications. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
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Recommendation 3.6

1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Each committee has its own Terms of Reference that clearly defines the composition, duties and responsibilities, which is approved by the Board. These are published in the Bank's website at https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Yes. This is included in the Terms of Reference of each committee.	
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Yes. These are published in the Bank's website at https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf	

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the	COMPLIANT	BDO follows procedures set by SEC and BSP on tele/videoconferencing of board and/or	
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Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.		<p>committee meetings. See attached Terms of Reference of BDO Committees.</p> <p>The Terms of Reference of BDO Committees can also be viewed through the following link:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf</p> <p>See attached disclosure on the attendance and participation of directors to Board meetings, which can also be viewed through:</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/Board%20of%20Directors%202018%20Meeting%20Attendance.pdf</p>	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	<p>The directors are expected to prepare diligently for the meetings to evaluate and add value to the items presented, actively participate and contribute meaningfully to the discussions of the Board. See Board and Committee meetings on page 22 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.		Excerpt of a board meeting with questions from directors is attached.	
Recommendation 4.2			

1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	<p>See Multiple Board Seats on page 23 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See page 49-55 of the 2018 Annual Report for the list of directorships in PLCs and non-PLCs of the members of the BDO Board. As stated in page 40 of the Bank's 2018 Annual Report, no director serves as such in more than 5 PLCs.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>This is part of the Multiple Board Seats Policy on page 23 of the Revised Corporate Governance Manual, which was approved by the Board.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	<p>Yes. Nestor V. Tan/President & CEO, sits only in the BDO Group's board. Jesus A. Jacinto Jr./Vice Chairman sits as a director in a non-PLC listed company. They have no directorships in a listed company outside of the group.</p> <p>See their profiles in pages 49 and 50 of the 2018 Annual Report.</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	<p>Schedule of regular board meetings for the coming year is set in advance before the start of the new calendar year and published in the Board Calendar of Activities for the information and guidance of all directors and advisers. See Board Meetings-Frequency on page 22 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
3. Board of directors meets at least six times during the year.	COMPLIANT	<p>In 2018, the BDO Board met 14 times. See Board of Directors Meetings on page 40 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NON-COMPLIANT		Existing quorum requirement of simple majority complies with Corporation Law. However, BDO Board meetings have always been attended by more than 2/3 of the members deciding on any matter for approval by the Board. In actual practice, the requirement of at least 2/3 minimum quorum for board

			<p>decisions has been consistently complied with. See meeting attendance of directors, on page 40 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	<p>The Bank's Revised Corporate Governance Manual requires that the Bank's Board shall have at least 5 Independent Directors. As of the end of 2018, the 5 Independent Directors constitute 45% of the full Board. See Independent Directors on page 23 of the Revised Corporate Governance Manual and Composition on page 40 of the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p> <p>As of April 20, 2019, the Bank's Independent Directors have increased to 6 or 54.5% of the Board.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/April-22-2019-ASM-final.pdf</p>	
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	See Profiles of the Independent Directors on pages 51-54 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	The Bank has no voting trust agreements and restrictions in the By-Laws that constrain the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	See Tenure/Term Limits of Independent Directors on page 24 of the Revised Corporate Governance and page 48 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	See Tenure/Term Limits of Independent Directors on page 24 of the Revised Corporate Governance. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	

3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	<p>This is part of the Tenure/Term Limits of Independent Directors Policy. However, this is not yet invoked since the incumbent Independent Directors' tenures are still within the prescribed limit, i.e. reckoned from 2012.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Term%20limit%20of%20Independent%20Director.pdf</p>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The Chairperson of the Board is Ms. Teresita T. Sy while the President & CEO is Nestor V. Tan.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<p>Their roles are separate and distinct from each other to achieve a balance of authority, clear accountability, and better capacity for independent decision making. See Chairperson of the Board and Chief Executive Officer on page 25-26 of the Revised Corporate Governance Manual.</p> <p>The Chairman and CEO have no family relationship.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	The Chairperson of the Board is a Non-Executive Director as prescribed by the BSP. The Bank has a Lead Independent Director who was appointed by the Board from amongst the	

		Independent Directors. See his functions on page 26 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	See excerpts from minutes of the Board meeting on RPTs.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	In 2018, there were 3 executive sessions with the External Auditor, Chief Risk Officer, Chief Compliance Officer and Internal Auditor without the presence of management. See Corporate Governance Committee on page 63 of the 2018 Annual Report and Compliance with Leading Practices on Corporate Governance. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf https://www.bdo.com.ph/sites/default/files/pdf/2018%20Compliance%20with%20Leading%20Practices%20on%20Corporate%20Governance.pdf	
2. The meetings are chaired by the lead independent director.	COMPLIANT	Mr. Jones M. Castro, Jr, Lead Independent Director chaired these meetings. See Corporate Governance Committee on page 63 of the 2018 Annual Report.	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	The Bank's CEO for the last 2 years until now is Mr. Nestor V. Tan.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	This was done from January to March 2018 and spearheaded by the Corporate Governance Committee. See Improving Board Effectiveness / Board Performance on page 42 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	Yes, this is part of the yearly Board Self-Assessment.	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT	Yes, this is part of the yearly Board Self-Assessment.	
4. Each committee conducts a self-assessment of its performance.	COMPLIANT	Yes, this is part of the yearly Board Self-Assessment.	
5. Every three years, the assessments are supported by an external facilitator.	NOT APPLICABLE	For 2018 self-assessment, no external facilitator was used yet. This requirement will take effect in the 2019 assessment, which will be conducted in 2020.	

Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	The Board Evaluation Self-Assessment Form is published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/Board%20Evaluation%20Forms.pdf	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	The result of the yearly self-assessment is published in the Annual Report which is distributed to the shareholders and hence, they could comment on the information published. See Improving Board Effectiveness on page 42 of the 2018 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	The Revised Code of Business Conduct and Ethics is published in the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The Human Resources Group and the Office of the Corporate Secretary are responsible for overseeing the implementation of this Code across the BDO Unibank Group. For the employees, this was disseminated bankwide	

		<p>through the eNewsgram. All directors and employees were required to sign the Acknowledgment Receipt Form to document that they have read and understand the provisions of the Code. See page 7 of the Code – Responsibility for Implementation.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf</p>	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	<p>The Revised Code of Business Conduct and Ethics is published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf</p>	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	<p>See page 3 # 6 Acceptance/Solicitation of Gifts, Bribery and Corruption under Observance of Standards of Conduct for Individuals of the Revised Code of Business Conduct and Ethics. Likewise, the institution commits to comply with anti-corruption and bribery laws in all jurisdictions it operates.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf</p>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	<p>All directors and employees are required to acknowledge that they have read and understood the Code stipulating their compliance with the standards and policies set forth therein.</p>	

		<p>The Code applies at all times to all members of the Board of Directors and BDO Unibank Group employees in their dealings with clients, business partners and service providers. See page 1 of the Code – Applicability of the Code and Commitment to the Code.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf</p>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<p>See page 7 of the Code – Responsibility for Implementation, and Approval and Disclosure</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf</p>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	<p>See page 28 Section 8. Enhancing Company Disclosure Policies and Procedures of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within	COMPLIANT	<p>As a policy, audited financial statements are released not later than 60 days after the close of the financial year. The 2018 Audited Financial Statements was disclosed to the PSE on 28 February 2019, which is 59 days from Dec. 31, 2018.</p>	

<p>ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>		<p>The interim reports for 1st, 2nd and 3rd quarter of 2018 were disclosed to the PSE 24 (24 April 2018), 32 (01 August 2018), and 30 (30 October 2018) days, respectively after the end of the quarter.</p> <p>http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>COMPLIANT</p>	<p>1. The principal risk to minority shareholders could arise from Related Party Transactions. However, because all RPTs are done on an arms' length basis and are compliant with BSP regulations, this risk is properly managed and controlled. For material RPTs, the Related Party Transactions Committee reviews the transaction to ensure that there is no preferential treatment and that it is done at arm's length before these are endorsed to the Board for approval. See the accomplishments of the Related Party Transactions Committee in the 2018 Annual Report (page 68).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p> <p>2. See pages 38-43, Section 2.3 of BDO's Notes to Financial Statements in the 2018 Annual Report Volume</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report%20Financial%20Supplements.pdf</p> <p>3. No imbalances exist. See Page 3, Section 7 of the Amended Articles of Incorporation, which can also be viewed through the following link:</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Amended%20Articles%20of%20Incorporation%202018.pdf See Page 34, Section 13, Item 2 (Voting Rights), of the attached BDO's Corporate Governance Manual, which can also be viewed through: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	See page 1 Applicability of the Personal Trading Policy to all directors, officers and employees of BDO Unibank, Inc. and its subsidiaries which is published in the corporate website at: https://www.bdo.com.ph/sites/default/files/PERSONAL%20TRADING%20POLICY.pdf	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Actual dealings of shares are disclosed in PSE Edge within 3 days after transaction date. The disclosures are published in the corporate website at: https://www.bdo.com.ph/company-disclosures	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the	COMPLIANT	See attached quarterly disclosure to PSE of BDO's Public Ownership Report and List of BDO's Top 100 stockholders for 2018, which can also be viewed through the following links: PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260	

market (e.g. share buy-back program).		<p>BDO website: https://www.bdo.com.ph/company-disclosures/ownership</p> <p>BDO's Conglomerate Map can be viewed at BDO's website through the following link: https://www.bdo.com.ph/about-bdo/board-management-organizational-structure</p>	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	<p>See pages 48-54 Board of Directors of the 2018 Annual Report. The share ownership of directors is in page 48 the report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	<p>See pages 10-19 of the 2018 and 2019 Definitive Information Statement. The security ownership of management is in pages 6-10 of the report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p>	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	<p>See Page 6, Section 27 (Directors' Fees and Other Remuneration) of the Amended By-Laws, which can also be viewed in BDO's website through the following link:</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	See page 5-6 Remuneration and Other Incentives of Directors and Senior Management of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		<p>On the disclosure of remuneration on an individual basis for Board members and Executive Officers, the Board has serious concerns given the possible adverse security issues and poaching of talents by competitors in the industry. Hence, it has decided it will not be to the best interest of the Bank to do so at this time. It will disclose the remuneration figures on a consolidated basis only. See page 30 of the Revised Corporate Governance Manual as stated.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>In light of the Revised Corporation Code (R.A. 11232), the Bank shall await guidance</p>

			from the Securities and Exchange Commission, by way of a Memorandum Circular, with regard to the disclosure of the remuneration of directors on an individual basis.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>See pages 45-64, Annex A (Related Party Transactions Policy) of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See attached sample of Directors' Certificate on the approval of related party transactions being submitted to BSP.</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	See Report on Material Related Party Transactions, which is submitted to BSP within 20 calendar days after the end of the quarter for details.	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	See Conflicts of Interest Policy wherein directors and employees are required that any financial and personal interest or benefit in any transaction involving BDO must be disclosed. When presented with a situation involving a potential conflict of interest, it is necessary to disclose the possible conflict in writing to the Supervising Officer, in case of officer or employee, or to the Board of Directors, in case	

		<p>of Directors. This is documented through the Conflict of Interest (COI) Form.</p> <p>This policy is published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Conflict%20of%20Interest%20Policy.pdf</p>	
Optional : Recommendation 8.5			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	COMPLIANT	<p>The process of ensuring that RPTs are conducted in a fair and at arms' length manner could be found in page 5 - 6. Review and Approval of Related Party Transactions of the Revised Related Party Transactions Policy wherein a general approval matrix shall be observed to ensure proper review and approval of transactions between the Bank and a Related Party. In 2018, the Bank did not engage in any related party transaction that will reach the threshold set by SEC Memorandum Circular No. 10 (Series of 2019).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
Recommendation 8.6			
<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	COMPLIANT	<p>Material fact or events are disclosed to PSE EDGE under "Company Disclosures". See below link to said section of PSE EDGE:</p> <p>http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260</p> <p>Company disclosures are also available in BDO's website and can be viewed using the following link:</p>	

		https://www.bdo.com.ph/company-disclosures	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	BDO has an inherent in-house expertise in evaluating the fairness of the transaction price for deals entered into by the Bank because this is one of the functions of our BDO Capital and Investment Corp. When dealing with significant transactions, it is a practice to engage an independent party to evaluate the price for asset acquisitions or disposals that are equivalent to five percent (5%) or more of the Bank's total assets.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	<p>See pages 4 and 6 of the 2019 and 2018 Definitive Information Statement particularly NOTE on Security Ownership of certain record/beneficial owners wherein the Bank disclosed that there are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with BDO nor has there been any change in control of BDO. BDO is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of BDO.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p>	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures	COMPLIANT	https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	

are contained in its Manual on Corporate Governance (MCG).			
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	The latest version of the Corporate Governance Manual was submitted to the SEC on November 06, 2018. It can be viewed in our website at: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
3. Company's MCG is posted on its company website.	COMPLIANT	https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	The latest version of the Corporate Governance Manual was submitted to the SEC on November 06, 2018. It can be viewed in our website at: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	See pages 10-14 of the 2018 Annual Report re: Q&A with Nestor V. Tan, President and Chief Executive Officer https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
b. Financial performance indicators	COMPLIANT	See page 7 of the 2018 BDO Annual Report Financial Supplements re: Financial & Operating Highlights- Financial Performance Indicators	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
c. Non-financial performance indicators	COMPLIANT	These are published in the 2018 Sustainability Report of BDO at https://www.bdo.com.ph/company-disclosures/sustainability-report	
d. Dividend Policy	COMPLIANT	https://www.bdo.com.ph/sites/default/files/BDO%20DIVIDEND%20POLICY%20STATEMENT.pdf	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT	See pages 49-54 of the 2019 Annual Report https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT	See pages 40 and 59-68 of the 2018 Annual Report for the attendance of Board meetings and committee meetings, respectively. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
g. Total remuneration of each member of the board of directors	COMPLIANT	The total remuneration is disclosed on a consolidated basis for reason of security and possible poaching of talents by competitors in the industry. https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	See pages 71-72 of the 2018 Annual Report re: Compliance with the SEC Code of Corporate Governance https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	See page 60 paragraphs 2, 3 and 5 of the Audit Committee report in the 2018 Annual Report https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT	See page 62 last paragraph of the Audit Committee report in the 2018 Annual Report https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	See pages 81-117 of the 2018 Annual Report Notes to the Financial Statements. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report%20Financial%20Supplements.pdf	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	See page 30 Section 9. Strengthening the External Auditor's Independence and Improving Audit Quality of the Revised Corporate Governance Manual on the Audit Committee Oversight Function on the External Auditor. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	Of the total votes cast of 3,793,456,205, votes in favor for the reappointment of the external auditor was 3,773,443,523 or 99.47%. See Item VIII (Appointment of External Auditor) in the Minutes of the 2018 ASM, which can be also be viewed in BDO's website through: https://www.bdo.com.ph/sites/default/files/pdf/April-20-2018-ASM.pdf	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	No such removal or change has happened to date.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	See Pages 27 and 29, Item 7 (Independent Public Accountants) of the 2018 and 2019 Definitive Information Statement, which could also be viewed at: BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf	

		https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	See Terms of Reference of the Audit Committee published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	See Terms of Reference of the Audit Committee published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party	COMPLIANT	See Terms of Reference of the Audit Committee published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf	

transactions, its counterparties, and valuations of such transactions.			
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	See Terms of Reference of the Audit Committee published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	There were no non-audit services performed by Punongbayan & Araullo. See Pages 27 and 29, Item 7 (Independent Public Accountants) of the 2018 and 2019 Definitive Information Statement, which could also be viewed at: BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	To avoid conflict of interest and impairment of independence, the Audit Committee has in place the list of non-audit services, which may not be provided by the External Auditor. See page 30 last paragraph of Audit Committee Oversight Function in the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	

Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	<p>Audit fees paid in 2018 amounted to Php 12,126,753.15. No other fees were paid to Punongbayan & Araullo. Please see pages 91-92 of BDO's SEC Form 17-A:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Inc%20%20-%202018%20Annual%20Report%20(Part%201%20of%202).pdf</p>	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	<p>Mr. Leonardo D. Cuaresma, Jr.</p> <p>0002-FR-5 JANUARY 3, 2019 March 26, 2021</p> <p>Punongbayan & Araullo Grant Thornton 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave, Makati, 1200</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	<ol style="list-style-type: none"> 1. Sept. 3-14, 2018 2. Punongbayan and Araullo 3. Engagement Partner: Renan A. Piamonte; Engagement Manager: Niccolo Ian Unera 	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis	COMPLIANT	The Bank's Sustainability Report is compliant with the globally recognized standard in reporting	

on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.		sustainability and non-financial issue. The report can be accessed at: https://www.bdo.com.ph/company-disclosures/sustainability-report	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	See BDO's Sustainability Report of 2018. BDO's reporting standard is based on GRI. The report can be accessed at: https://www.bdo.com.ph/company-disclosures/sustainability-report	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	See page 31 Section 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information in the Revised Corporate Governance Manual. See Analyst Briefing published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Investor%20Presentation%20Website_2_Q18_Sep2018.pdf	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	COMPLIANT	See SEC 17Q Reports at https://www.bdo.com.ph/company-disclosures/sec-filings	

b. Materials provided in briefings to analysts and media	COMPLIANT	See Analyst Briefing 2Q18 at https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Investor%20Presentation%20Website_2_Q18_Sep2018.pdf	
c. Downloadable annual report	COMPLIANT	See Annual Reports at https://www.bdo.com.ph/company-disclosures/financial-report	
d. Notice of ASM and/or SSM	COMPLIANT	See Annual Stockholder Meeting (DIS) at https://www.bdo.com.ph/company-disclosures/sec-filings	
e. Minutes of ASM and/or SSM	COMPLIANT	See Minutes of the 2018 Annual Stockholders Meeting at: https://www.bdo.com.ph/sites/default/files/pdf/April-20-2018-ASM.pdf	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	See BDO Amended Articles of Incorporation and By-Laws at https://www.bdo.com.ph/about-bdo/business-operation	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	Yes. The company website structure is compliant with SEC mandated format.	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	The BDO internal audit function adheres to the International Standard for the Professional Practice of Internal Auditing (ISPPA) set forth by the Institute of Internal Auditors (IIA), the Internal Auditing definition and the IIA Code of Conduct.	

		<p>It observes the COSO integrated Internal Control Framework.</p> <p>The BDO Internal Audit has 5,143 audit engagements for the year 2018 covering the more than 1,000 branches (average 3.5 times visit a year per branch), the IT application systems (both development and operations), and the various head office units and subsidiaries (both domestic and foreign). These are a mix of regular and targeted audits. In 2018, it also conducted 289 investigations with completed reports or cases referred by the Bank's Cases Review Committee.</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>See page 23 Risk Management of the 2018 Annual Report for the discussion of the Risk Management Framework, risk management procedures and processes, major risks of the Bank and how these are adequately and consistently evaluated, managed, controlled and monitored, and risk governance structure.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and	COMPLIANT	<p>See attached BDO Unibank Regulatory Compliance Manual (Condensed version)</p> <p>Yearly, by the Audit Committee.</p>	

compliance with the said issuances.			
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	<p>The Bank has put in place an effective IT governance process that covers structure, principles and processes. On top of the IT governance structure is the Board of Directors that provides oversight and strategic direction in the development and implementation of the IT governance process thru the Information Technology Steering Committee (ITSC). The IT governance principles define the role that IT will play within and across the organization. These principles are defined in the context of business strategy. In BDO where there are multiple business units, these principles are geared towards supporting the needs of each business entity including IT security and business continuity requirements and how IT will support them, collectively on a shared-service basis or individually. The end-to-end processes define the necessary series of steps with defined inputs, activities, deliverables, roles and associated responsibilities and authority. Results are then submitted to the ITSC for review and reporting to the Board. See page 67 of the 2018 Annual Report at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and	COMPLIANT	BDO Internal Audit is in-house.	

objective assurance, and consulting services designed to add value and improve the company's operations.			
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	The Chief Audit Executive is Ms. Estrellita V. Ong. See Role of Chief Internal Auditor on page 32 of the Revised Corporate Governance Manual for her responsibilities. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	This is part of her responsibilities.	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	This is not applicable since BDO Internal Audit is in-house.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	See page 32 Independent Risk Management Function of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Supplement to Recommendation 12.4			

1. Company seeks external technical support in risk management when such competence is not available internally.		In 2018, the Risk Management Group did not avail of external technical support.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	<p>The Chief Risk Officer is Ms. Evelyn L. Villanueva. See pages 21 and 23 of the Definitive Information Statement of 2018 and 2019 for her qualifications and page 32 Role of the Chief Risk Officer of the Revised Corporate Governance Manual for her responsibilities.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	The Chief Risk Officer has a rank of Executive Vice President. She is appointed by the Board of Directors and reports directly to the Risk Management Committee. She is the Head of the Risk Management Group composed of risk management professionals who are experts in their own field.	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and	COMPLIANT	The attestation that a sound independent control system is in place and functioning well is part of the 2018 Internal Audit Closing Report dated January 15, 2019 which was submitted to	

compliance system is in place and working effectively.		the Audit Committee and the Chairperson. Please see attached report.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	See Section 13. Promoting Shareholders Rights page 34-35 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	The Revised Corporate Governance Manual is published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	Yes. This is expressly stated in the voting Rights of shareholders in Article IV Section 13 of the Amended By-Laws and on page 34 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	The equitable treatment of shareholders is enshrined in Article IV Section 13 of Amended By-Laws and page 34 of the Revised Corporate Governance Manual. Our CG principle of FAIRNESS essentially applies among others, to the equal treatment and protection of shareholder rights as stated. Rights available to the majority shareholders are also available to the minority shareholders. There are 2 types of BDO shares, namely:	

		<p>Common Shares and Series A Preferred Shares with 1 vote per share, except in the election of directors where one share is entitled to as many votes as there are directors to be elected.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf</p>	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	<p>BDO has been using poll voting. Cumulative Voting is allowed in the election of directors. This method is discussed in detail on page 4 of the 2018 Definitive Information Statement item © Election of Directors and Voting Rights (Cumulative Voting).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	NON-COMPLIANT		<p>The Bank affirms the voting rights given to the minority shareholders relative to certain major corporate acts that require the approval of at least 2/3 of the shareholders, which effectively include already the "majority of the minority" shareholders. In accordance with law, the Bank recognizes also the appraisal right of any shareholder in case of dissenting</p>

			<p>vote on any approved major corporate actions. As additional mechanisms to protect minority shareholders, the Bank has in place policies on Related Party Transactions to protect against improper conflict of interest, Personal Trading Policy to prevent insider trading and Whistle Blower to provide a channel for reporting of illegal practices, abuse of authority and fraudulent activity, etc. without fear of reprisal. Related party transactions are reviewed by the Related Party Transactions Committee consisting of Independent and Non-Executive Directors.</p> <p>In the Notice of the Annual Stockholders' Meeting (ASM), the Bank is reminding all shareholders including minority shareholders to vote during the ASM to reinforce their participation in the affairs of the company.</p>
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration	COMPLIANT	BDO Amended By-Laws allows this. Please see Article IV Section 15 Amended By-Laws – Special Meetings which states that:	

or agenda item at the AGM or special meeting.		<p>"Special meetings of the stockholders may be called for any purpose by the President or by the Chairman at the instance of the Board of Directors or upon written request of stockholders holding at least one third (1/3) of subscribed common stock."</p> <p>However, there has been no special shareholders' meeting called.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	<p>The Bank recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the Amended By-Laws of the Bank provide that all shares in each class should carry the same rights and any changes in the voting rights to be approved by them.</p> <p>Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors, access to any information relating to matters for which the management is accountable, propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>Policies and procedures have been put in place as well to protect the interests of minority shareholders such as the Related Party Transactions Policy to manage potential conflicts of interests arising from related party transactions and the Personal Trading Policy that prohibits insider trading. Please see page 34-35</p>	

		<p>Section 13 for the rights of the shareholders in the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
7. Company has a transparent and specific dividend policy.	COMPLIANT	<p>See BDO Dividend Policy Statement at https://www.bdo.com.ph/sites/default/files/BDO%20DIVIDEND%20POLICY%20STATEMENT.pdf</p> <p>“BDO recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. As of December 2013, the Bank has been paying regular cash dividends of Php 0.30 per quarter, or an annual equivalent of Php1.20 per share and will endeavor to do so while maintaining financial flexibility. The Board of Directors may, at its discretion and depending on the business results for the year and capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders normally announced at the Annual Stockholders' Meeting.”</p> <p>Yes. Dividends are processed and paid based on PSE and SEC Rules as follows:</p> <p>Payment date should not be more than 18 trading days from the record date, and disclosure of record date must not be less than 10 trading days from said date.</p>	

		<p>For scrip/scripless Stock Dividends offered in 2012, these were processed and paid as follows:</p> <p>Board Approval - March 22, 2012 Stockholders' Approval - April 20, 2012 Record Date - May 25, 2012 Issuance Date - June 8, 2012</p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	Punongbayan & Araullo Grant Thornton (P&A)	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	<p>Notice and Agenda including Rationale were released on February 26, 2018 (33 days before the ASM). Remuneration was included in the agenda meeting as part of the Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their term of office.</p> <p>See 2018 and 2019 Definitive Information Statement: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p>	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		https://www.bdo.com.ph/sites/default/files/pdf/Notice-of-ASM-and-Agenda-2018.pdf	

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	See pages 11-14 and 12-15 of the 2018 and 2019 Definitive Information Statement at BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	
b. Auditors seeking appointment/re-appointment	COMPLIANT	See Item 7. Independent Public Accountants on pages 27 and 29 of the 2018 and 2019 Definitive Information Statement at: BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	
c. Proxy documents	COMPLIANT	Proxy documents could be downloaded from the corporate website at https://www.bdo.com.ph/corporate-governance/ownership	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	See Agenda Details and Rationale Annex A of the 2018 Definitive Information Statement at: https://www.bdo.com.ph/sites/default/files/pdf/Notice-of-ASM-and-Agenda-2018.pdf BDO website:	

		https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	See disclosure to PSE on the results of the BDO's 2018 ASM which was done at the day following the 2018 Annual Stockholders' Meeting: http://edge.pse.com.ph/openDiscViewer.do?edge_no=44d40f404beb104c43ca035510b6ec2b	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	See BDO's Minutes of the 2018 ASM, which was posted on April 27, 2018, which is 5 business days from the end of the meeting, at: https://www.bdo.com.ph/sites/default/files/pdf/April-20-2018-ASM.pdf	
	COMPLIANT	Complete voting results are included in the Minutes of the ASM.	
	COMPLIANT	Voting of resolutions was done by poll.	
	COMPLIANT	Yes. The Open Forum portion of the ASM Minutes includes the questions from the shareholders and answers of Nestor V. Tan/President & CEO.	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer	COMPLIANT	See Pages 1-2 of the Minutes of the 2018 ASM at: https://www.bdo.com.ph/sites/default/files/pdf/April-20-2018-ASM.pdf	

shareholders questions during the ASM and SSM.			
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	See page 96-97 Annex B Alternative Dispute Resolution for the complete details of the ADR.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	See pages 96-97 Annex B of the Revised Manual of Corporate Governance at https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	NAME: Mr. Luis S. Reyes/EVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: (632) 840-7000 locals 6069, 4809 and 3581 EMAIL ADDRESS: irandcorplan@bdo.com.ph	
2. IRO is present at every shareholder's meeting.	COMPLIANT	Yes. He has always been present in all ASMs.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	BDO Amended By-Laws do not contain anti-takeover provisions, no issuance of "poison pill" preferred stocks, no standstill agreement, premium stock repurchases, etc. https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	As of December 31, 2018, public float was 44.99%, per attached BDO's Public Ownership Report submitted to PSE.	

		<p>PSE EDGE: http://edge.pse.com.ph/openDiscViewer.do?edg_no=48bdad1cbc8ca45aefdfc15ec263a54d</p> <p>BDO website: https://www.bdo.com.ph/company-disclosures/ownership</p>	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	<p>See page 35 Section 11. Promoting a Comprehensive And Cost-Efficient Access to Relevant Information; page 40 Shareholder Relations; page 41 Investors and page 42 Stakeholders' Engagement of the Revised Corporate Governance Manual. These contain the policies and practices to actively engage the shareholders anytime for a better appreciation of market sentiment towards the Bank.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT		The Bank opted not to use this system because it is costly and will not support effective shareholder participation in an economical, safe, and efficient manner.
Duties to Stakeholders			

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>The Bank's stakeholders are the shareholders, customers, employees, creditors, suppliers, service providers, counterparties, government, regulators, competitors, and communities in which the Bank operates. See pages 37-38 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>See pages 37-38 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	<p>1. For Shareholders:</p> <p>NAME: Mr. Luis S. Reyes/EVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: (632) 840-7000 locals 6069, 4809 and 3581 EMAIL ADDRESS: irandcorplan@bdo.com.ph</p> <p>2. For Customers and Other Stakeholders</p>	
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	COMPLIANT	NAME: Ms. Gina Marie C. Galita/SVP- Head BDO Customer Contact Center TEL. NUMBER: (632) 631-8000 EMAIL ADDRESS: callcenter@bdo.com.ph See Policy on Disclosure of Sensitive / Confidential Matters to Management at: https://www.bdo.com.ph/sites/default/files/pdf/Policy-on-Disclosure-of-Sensitive-or-Confidential-Matters-to-Management.pdf	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	See pages 96-97 Annex B of the Revised Corporate Governance Manual for the full details of Alternative Dispute Resolution Policy. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	BDO has not requested any exemption from SEC, PSE and BSP related to corporate governance. In fact, the Bank has continued to follow, where appropriate, the international best practices of corporate governance issued by globally recognized standards setting bodies such as the Organization of Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard which serve as essential points of reference.	
2. Company respects intellectual property rights.	COMPLIANT	The Bank does not infringe on the intellectual property rights of others. As an example, it uses	

		only licensed software in its banking applications. Proprietary protection of Intellectual Property Rights is a standard provision in the Software Licensing Agreement.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	See Employees' Welfare on page 1 Responsibilities for the Work Place of the Revised Code of Conduct and Business Ethics at www.bdo.com.ph/CorporateGovernance/Company'sPolicies/RevisedCodeofConductandBusinessEthics	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	<p>The Bank adopts strict standard and procedures on the selection, qualification, accreditation and supervision of its suppliers/contractors. The Bank's General Procurement Guidelines cover this. These include, among others, the following:</p> <p>A. Sourcing of Vendors / Suppliers / Contractors</p> <p>1. As a general rule, vendors, suppliers, and contractors shall be sourced through research via trade organizations, publications (including the internet), professional bodies, and other external entities, and through market consultation.</p> <p>2. The Bank's Procurement unit, the Procurement and Supply Management Division (PSMD), shall accept walk-in vendors/suppliers/contractors and entertain referral from units as possible sources of goods or services.</p> <p>B. Vendor Accreditation</p> <p>Criteria shall include the following items:</p> <p>a. financial, credit, and technical capability</p>	

		<p>b. track record / reputation in the industry c. availability of capacity /network d. cost competitiveness e. business reciprocity with the Bank</p> <p>C. Competitive Processes Canvassing/Bidding The Bank invites a certain number of vendors/suppliers. They have to meet certain criteria before they can bid for work or a supply contract. The Bank awards the Contract to the one who offers the most advantageous commercial terms and who can demonstrate cost effectiveness, competence, and reliability.</p>	
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	<p>See page 39 Section 15. Encouraging Employees Participation of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
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Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	COMPLIANT	<p>The Employee Stock Option Plan has been in place since 2005. Please see pages 186 and 202 of the 2018 and 2019 of the Definitive Information Statement – Executive Stock Option Plan (ESOP)</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p>	
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		https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	<p>See pages 116-119 and 122-125 of Employees in the 2018 Definitive Information Statement which details the policies and programs related to Employee Welfare, Health & Safety including pertinent data in 2018.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p>	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>See pages 117 and 123 b. Training and Development of the 2018 and 2019 Definitive Information Statements, which detail the various in-house and external training programs, conducted and related data on training hours.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%20DIS%202018_opt_0.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019-DIS-B.pdf</p>	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	<p>This is embodied in the Revised Code of Conduct and Business Ethics on Conduct Relating to Customers and External Constituencies and Acceptance / Solicitation of Gifts, Bribery and Corruption. See page 1 and 3 of the Code.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf</p>	

<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>The Revised Code of Conduct and Business Ethics is published in the Bank's website and intranet to be accessible to all covered individuals. The implementation of the Code was announced bankwide in the e-Newsgram. Covered individuals were required to sign an Acknowledgment Receipt Form signifying that they have read and understood the policies and programs enunciated in the Code.</p>	
<p>Supplement to Recommendation 15.2</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>See page 7 Sanctions & Penalties of the Revised Code of Conduct and Business Ethics at www.bdo.com.ph/CorporateGovernance/RevisedCodeofConductandBusinessEthics which we quote:</p> <p>"Failure to comply with the requirements of the Code may lead to disciplinary measures commensurate to the violations.</p> <p>The Bank will use principles of fair accountability and due process in investigating and making decisions on all matters pertaining to failure to abide by the Code.</p> <p>BDO reserves the right to impose corresponding sanctions and/or penalties for violation of the Code, which includes dismissal from service or from the Board of Directors, as the case may be, without prejudice to further legal, administrative or criminal charges depending on the offense."</p>	
<p>Recommendation 15.3</p>			

		Officer, Cases Review Committee and the Audit Committee covering the number of reports received, actions taken and its latest status. The Audit Committee, at its discretion, may periodically report the whistle blower cases to the Board of Directors.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	<p>See page 73-84 Corporate Social Responsibility of BDO in the 2018 Annual Report for its community involvement. On environment-related programs, BDO has in place a Social and Environmental Management Systems Policy (SEMS Policy) to ensure that environmental and social consciousness are incorporated in the day-to-day operations of the Bank for the benefit of all its stakeholders, employees, and the community in which it operates. It has also a provision that will limit the Bank's exposure to certain industries that have an adverse impact on the environment and this is included in the evaluation of credit proposals. The Bank also introduced the "Go Green Program" to raise awareness on environmental issues, promote good environmental practices in the workplace.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202018%20Annual%20Report.pdf</p>	
Optional: Principle 16			

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>See BDO's sustainable development programs published in the 2018 Sustainability Report at https://www.bdo.com.ph/sites/default/files/pdf/2018-BDO-Sustainability-Report.pdf</p> <p>https://www.bdo.com.ph/corporate-governance/sustainability</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>See page 39-40 Section 16. Encouraging Sustainability and Social Responsibility wherein the Bank has instituted socio-civic programs centered on Disaster Response Advocacy, Environmental Initiatives, Sustainability, Climate Change and Wildlife Protection.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>The BDO Group interacts positively with the communities in which it operates through our corporate social responsibility arm, BDO Foundation, Inc. BDO Group's efforts on social responsibility can be found in the 2018 Sustainability Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2018-BDO-Sustainability-Report.pdf</p>	

BDO Unibank, Inc.
2018 Integrated Annual Corporate Governance Report

IN WITNESS WHEREOF, we have hereunto set our hands at Makati City, Philippines,
on MAY 29 2019 day of May 2019.

TERESITA T. SY *

Chairperson



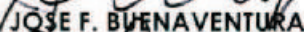
NESTOR V. TAN

President & Chief Executive Officer



JONES M. CASTRO, JR.

Lead Independent Director



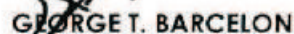
JOSE F. BUENAVENTURA

Independent Director



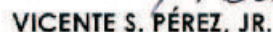
DIOSCORO I. RAMOS

Independent Director



GEORGE T. BARCELON

Independent Director



VICENTE S. PÉREZ, JR.

Independent Director



GILBERTO C. TEODORO, JR.

Independent Director



FEDERICO P. TANCONGCO

Chief Compliance Officer



EDMUNDO L. TAN

Corporate Secretary

*Out of the country ; approved via teleconference

SUBSCRIBED AND SWORN TO before me this MAY 29 2019 day of May, 2019, affiants exhibited to me their respective Competent Evidence of Identity as shown below:

Name

Competent Evidence of Identity

Nestor V. Tan

George T. Barcelon

Jose F. Buenaventura

Jones M. Castro, Jr.

Vicente S. Pérez, Jr.

Dioscoro I. Ramos

Gilberto C. Teodoro, Jr.

Edmundo L. Tan

Federico P. Tancongco

Passport No. [REDACTED] /DFA-Manila/Apr. 18, 2021, and TIN No. [REDACTED]

Passport No. [REDACTED] /DFA-Manila/Sept. 02, 2021, and Senior Citizen ID No. [REDACTED]

Passport No. [REDACTED] /DFA-Manila/July 08, 2018, and TIN No. [REDACTED]

Passport No. [REDACTED] /PCG San Francisco/ May 7, 2020, and TIN No. [REDACTED]

Passport No. [REDACTED] /DFA-Manila/Feb. 06, 2021, and Drivers License No. [REDACTED]

Passport No. [REDACTED] /PCG Hong Kong/Mar. 27, 2022, and TIN No. [REDACTED]

Passport No. [REDACTED] /DFA-Manila/Mar. 16, 2022, and TIN No. [REDACTED]

Passport No. [REDACTED] /DFA-Manila/ Oct. 2, 2022, and TIN No. [REDACTED]

Passport No. [REDACTED] /DFA-NCR Northeast/Dec. 21, 2021 and TIN No. [REDACTED]

NOTARY PUBLIC



Atty. ALEJANDRO M. TUPAS III

Appointment No. M-145

Notary Public until 31 December 2019

14/F BDO North Tower, BDO Corporate Center

7699 Makati Avenue, Makati City

Roll No. 55349

IBM Lifetime Member No. 013125, Quezon City

PTR No. 6619594, 03 January 2019, Makati City

MCLE Compliance No. VI - 0014833, 11/13/2018

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