

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 Unibank, Inc. (BDO) Board has 11 members, 7 of whom are bankers with local and international banking experience, 2 are lawyers and 2 are entrepreneurs. See Profile of Directors on pages 40-47, of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p> <p>For the qualification standards, see Selection, Nomination and Election of Board Members on pages 6-7 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 33 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
3. Directors remain qualified for their positions individually and collectively to	COMPLIANT	<p>There have been no changes in the personal circumstances of each director that would otherwise disqualify them to remain as Directors. Their individual</p>	

enable them to fulfill their roles and responsibilities and respond to the needs of the organization.		profiles can be viewed on pages 40-47 in the Board of Directors section of the 2020 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	As of December 31, 2020, the BDO Board is composed of nine (9) out of eleven (11) Non-executive Directors that includes six (6) Independent Directors. Only two (2) are Executive Directors. See Composition of the Board on pages 33-34 of the 2020 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	See page 26-27, Section 8, Item-Governance Policies, Programs and Procedures (Director Orientation and Continuing Education Policy) in the Revised Corporate Governance Manual. BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. Company has an orientation program for first time directors.	COMPLIANT	Director Orientation and Continuing Education Policy is published in the corporate website and can be viewed using the following link: https://www.bdo.com.ph/sites/default/files/pdf/Director%20Orientation%20Policy%202018.pdf	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	All directors of BDO Unibank complied with the annual corporate governance training requirement of four (4) hours for 2020. They all attended the in-house corporate governance seminar last 06 March 2020 in Makati City. It concentrated on: a) powerful	

		<p>technology trends that are driving a new wave of digital disruption trends and challenges ahead of the ensuing technological innovation; and b) essential anti-money laundering trends. Please see pages 35-36 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p> <p>Some of the directors also attended 2-hour seminars on Best Practices to Manage Money Laundering (ML) / Terrorist Financing (TF) Risks Arising From Online Sexual Exploitation of Children Coursed Through Banks and MSBs and the BSP Supervisory Assessment Framework. Please see page 20 of the Definitive Information Statement.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/AS%20M-2021-Information-Statement.pdf</p>	
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 two (2) female and nine (9) male Directors. See Board Snapshot on page 33 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%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 pages 2-3, Section 1, 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 pages 33-34, Board Snapshot (Diverse and Balanced Composition) in the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202020%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 3, Section 1, Item - Board Governance Framework (Independent Officers) in the Revised Corporate Governance Manual for his duties and functions.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See page 48 of the 2020 Annual Report for his qualifications.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%202020%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 Annex A for the attached Certificate of Attendance of Atty. Edmundo L. Tan. He attended the 2020 BDO Corporate Governance Seminar held on 06 March 2020.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	See Annex B for the scanned copy of transmittal memo to a director on the distribution of board meeting materials within 5 business days before the scheduled meeting.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Bank has a dedicated independent Compliance Officer functionally reporting to the Board Audit Committee. He is Atty. Federico P. Tancongco. See page 4 of the Revised Corporate Governance Manual for his duties and functions and pages 24 and 25 of the 2020 and 2021 Definitive Information Statements, respectively, for his profile and qualifications.</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/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate	COMPLIANT	He is a Senior Vice President.	

stature and authority in the corporation.			
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 Annex C for the attached Certificate of Attendance of Atty. Federico P. Tancongco. He attended the 2020 BDO Corporate Governance Seminar last 06 March 2020.	

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

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	<p>In discharging their fiduciary duty, directors perform functions such as the review and guidance on corporate strategy, risk management policies and procedures, annual budgets and business plans and monitoring their implementation; the setting of financial objectives, monitoring implementation 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 2020, the Board of Directors approved the acts contained in pages 34 and 35 of the 2020 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/BD%20Unibank%202020%20Annual%20Report.pdf</p>	
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Recommendation 2.2

<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 9 – 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> <p>Strategic board meetings are held 3-4 times annually where senior management members are present to apprise the Board on updates / status of Bank's strategic plans in their areas of responsibilities. In 2020, three (3) strategic board meetings were held. In said meetings, Management updated the Board on the status of strategic projects / programs such as inclusion of more citizens into the banking system, customer experience improvement, technology upgrades and enhancement of security measures.</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Please find below dates of the Bank's Regular Meetings in 2020 when business objectives and strategies were discussed:</p> <ul style="list-style-type: none"> • January 4 – approved the Bank's 2020 Financial Budget and Capital Funding plan • February 1 – authorized the increase in the Bank's Peso Bond Program • February 27 – Noted the report on the comparison of the 2019 Results of BDO and Peer Banks; authorized the increase in the Bank's Medium-Term Note Program • February 27 (Special Meeting) – Discussed & noted the updates on the strategies of the Bank and its subsidiaries 	

		<ul style="list-style-type: none"> • March 28 – approved the updates on the Bank's 2020 Internal Capital Adequacy Assessment Process Document • May 30 – Noted the results of the COVID-19 impact review and approved the setting aside in June 2020 an additional Php 20 Billion in upfront provisions for probable losses, on top of the Php 2.1 Billion set aside in the first quarter of 2020 • June 27 – noted the Bank's new normal setup as a result of the COVID-19 situation • August 29 – Noted the business update outlining the current performance of the various business of the Bank as compared to pre-COVID-19 levels • September 2 (Special Meeting) – Discussed and noted the updates on the Bank's programs for information technology, customer journey, and cyber security • October 28 (Special Meeting) – Noted the update on target markets • December 5 – Noted the Bank's indicative budget for 2021 	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	<p>See page 4 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p> <p>These are reviewed every three (3) years.</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the	COMPLIANT	The strategy execution process is described in page 19 of the 2020 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.	

company's business environment, and culture.		https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%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 40 of the 2020 Annual Report for her profile and qualifications.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%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.</p> <p>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. 	

		<p>2. Hire externally if no suitable candidate is available.</p> <p>TRAINING To prepare identified officers who are potential candidates for higher positions, the Bank has the following talent development programs:</p> <p>1. Officers Development Program 2. Management Development Program 3. Talent Management Program – for senior officers</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<p>See Policy on Retirement of Directors.</p> <p>BDO Website: https://www.bdo.com.ph/sites/default/files/pdf/Policy%20on%20Retirement%20of%20directors.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 36 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	<p>All qualified employees may be entitled to an annual merit increase in salary, based on their performance for the immediately preceding year. This has a long-term and compounding effect to the fixed pay, which serves as basis for their retirement benefit. See page 36 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	The concerned 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 Annex D for the 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	<p>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.</p> <p>The remuneration framework for senior management includes fixed pay, bonus and the Employee Stock Option Plan (ESOP) as a long term incentive program. A claw back mechanism is in place, where the benefits and rights accruing from the ESOP can be revoked or forfeited, if the eligible employee is terminated from service for cause or in the event of imposition of an administrative or disciplinary sanction or penalty against the eligible employee at any time during and after the vesting period prior to exercise. It is linked to corporate and individual performance, based on an annual appraisal of senior management officers. See page 36 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	<p>The procedures for the nomination of directors are published in pages 18 to 19 and page 19 of the 2020 and 2021 Definitive Information Statements (DIS) while the election of directors is in page 2 thereof.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/AS-M-2021-Information-Statement.pdf</p> <p>The policy for the selection, nomination and election of directors could be found on <u>page 6 of the Revised Corporate Governance Manual</u> published in the BDO website.</p> <p>Please see page 31 Section 13 of the Revised Corporate Governance Manual – Promoting Shareholder Rights/Right to Nominate.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	<p>See page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and Election of Board Members), and <u>page 18, Section 3, Item – Board Committees (Nominations Committee), of the Revised Corporate Governance Manual.</u></p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
3. Board nomination and election policy	COMPLIANT	This is included in the procedure for nomination of directors on pages 18 to 19 and page 19 of the 2020	

includes how the company accepted nominations from minority shareholders.		<p>and 2021 DIS, respectively. See page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (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> <p>https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.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 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and Election of Board Members) in the Revised Corporate Governance Manual and page 18 to 19 and page 19 of the 2020 and 2021 DIS, respectively.</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/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	
5. Board nomination and election policy includes an	COMPLIANT	The Nominations Committee leads in the process of identifying and evaluating nominees for directors. It evaluates the balance of skills, knowledge and	

assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.		<p>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 Election of Board Members), and <u>page 18, Section 3, Item – Board Committees (Nominations Committee)</u>, in the Revised Corporate Governance Manual and page 59 of the 2020 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/BO%20Unibank%202020%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 for candidates to the board of directors.	COMPLIANT	<p>See page 6, 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> <p>The Bank, thru its Nominations Committee, uses to the extent possible, external search firms or external</p>	

		databases in selecting the pool of candidates for the new members of the Board.	
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>The Board has established policies and procedures on related party transactions (RPTs) in accordance with BSP and SEC regulations. These include definition of related parties, coverage of RPT policy, guidelines in ensuring arm's-length terms, identification and prevention of management potential or actual conflicts of interest, adoption of materiality thresholds, internal limits for individual and aggregate exposures, whistle-blowing mechanisms, and restitution of losses and other remedies for abusive RPTs. See the BDO Group's RPT Policy.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	<p>Material related party transactions (RPT) are vetted and approved by the RPT Committee, composed of all independent directors including the Chairman. RPT whose value meets or exceeds 10% of the Bank's total assets, require review of an external independent party to evaluate the fairness of its terms and conditions and approval of two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting affirmatively.</p> <p>See Related Party Transactions Policy, which can 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	COMPLIANT	It covers DOSRI, Subsidiaries, Affiliates, and Other Related Parties in compliance with BSP and SEC regulations.	

account their size, structure, risk profile and complexity of operations.		See Related Party Transactions (RPT) Policy, which can be viewed through the following link: https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf	
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 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.	COMPLIANT	<p>The revised RPT policy provides that transactions that amount to or exceed 10% of BDO Unibank's total assets (singly or aggregated within a 12-month period) are required to be reported to the Securities and Exchange Commission. This type of RPT must be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the proposed transaction. In case a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.</p> <p>The Bank also defined a materiality threshold of PHP500 million for credit transactions and PHP50 million for non-credit transactions. This type of material RPTs need to be endorsed by the Related Party Transactions Committee before it can be approved by the Board of Directors.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
2. Board establishes a voting system whereby a majority of non-related party	NON-COMPLIANT		During the Annual Stockholders' Meeting, material RPTs are presented together with the other acts of the Board for ratification by stockholders

shareholders approve specific types of related party transactions during shareholders' meetings.			<p>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 2020 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/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf</p>
Recommendation 2.8			
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 10, Item c. (Specific Duties and Responsibilities of the Board Functions) 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 34 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDQ%20Unibank%202020%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	COMPLIANT	<p>See page 10 of the Revised Corporate Governance Manual.</p> <p>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</p>	

functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).		<p>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 respective board-level committees.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Board%20Evaluation%20Forms.pdf</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 (KRA) 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 framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	All employees are similarly assessed using the pre-defined KRA, which considers the employees' functions.	

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	<p>See Internal Control and Risk Management on page 8 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>The Board Audit Committee (BAC) also ensures that a review of the effectiveness of the Bank's internal control, including financial, operational and compliance controls and risk management is conducted annually. The result of the BAC's annual assessment is validated by the Bank's Corporate Governance Committee.</p> <p>https://www.bdo.com.ph/corporate-governance/board-committees-and-memberships</p> <p>SEC Form 17-A (BDO – Annual Report) https://edge.pse.com.ph/openDiscViewer.do?edge_no=11be5ce4a12818ab5d542af6f1e997b9</p> <p>SEC Form 17-C (BDO – 2020 BAC Assessment) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4829029cd7cd04f65d542af6f1e997b9</p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	<p>See page 9 (Item a.(1), Specific Duties and Responsibilities of the Board of Directors) of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
3. Board approves the Internal Audit Charter.	COMPLIANT	See Annex E for the 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	<p>See Internal Control and Risk Management on page 28 (Section 12, Strengthening the Internal Control System and Enterprise Risk Management Framework) of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf</p> <p>The Risk Management Committee of the Board, as part of its duties and responsibilities, approves the enterprise risk management framework and written risk management plan developed by management, defining the policies, limits, and strategies for managing and controlling major risks of BDO. See Section III of its Terms of Reference.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/TOR-Risk-Management-Committee.pdf</p>	
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	<p>See page 30, Section 12 of the Revised Corporate Governance Manual – Strengthening the Internal Control System and Enterprise Risk Management Framework designed to enhance risk management through a holistic and integrated framework so that all material risks faced by the Bank are identified, measured, evaluated, mitigated, monitored and appropriately managed.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf</p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in	COMPLIANT	<p>See page 9 of the Revised Corporate Governance Manual. It is also published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf</p>	

carrying out its fiduciary role.		https://www.bdo.com.ph/sites/default/files/pdf/BOARD%20CHARTER.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/BOARD%20CHARTER.pdf	
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 The policy includes a trading black-out period imposed on directors and employees of the Bank when price-sensitive information is disclosed to the public. In 2020, eight (8) trading blackout notices were issued.	
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	<p>The types of decision requiring board approval:</p> <ul style="list-style-type: none"> • Corporate strategy, risk management policies and procedures, governance policies and practices, annual budgets and business plans, annual and interim financial statements, key operational initiatives, selection of CEO, the hiring, resignations and promotions of senior officers, succession planning, remuneration and nomination of directors. • 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 9-14 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 nine (9) committees to assist in the performance of its roles and functions. See Establishing Board Committees pages 15-19 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 16-17 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 17 of the Revised Corporate Governance Manual;</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>and Strengthening the External Auditor's Independence on page 27 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 three (3) members all of whom are Independent Directors including the Chairman. See page 52 of the 2020 Annual Report on the Audit Committee composition and pages 42 and 44 to 45 on their qualifications.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%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 52 of the 2020 Annual Report for the members of the Board Audit Committee and pages 42 and 44 to 45 of the 2020 Annual Report on their qualifications.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	<p>The Chairman of the Audit Committee is Atty. Jose F. Buenaventura, Independent Director. He is not a Chairman of any other Board Committees. See page 44 of the 2020 Annual Report and pages 16-17 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf</p>	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	<p>All services provided by the External Auditor are required to be approved by the Audit Committee. See External Audit and Strengthening the External Auditor's Independence on pages 17 and 27, respectively, of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf</p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	<p>This is being done in the Executive Session of the Independent and Non-Executive Directors (INED) without the presence of management or any bank executive. In 2020, there were three (3) sessions of the INEDs with the External Auditor. See page 56 of the 2020 Annual Report:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	<p>In 2020, Audit Committee held eleven (11) meetings. See page 52 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%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 Board Audit Committee. See Internal Audit Division on page 16 of the Revised Corporate Governance Manual.</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/TOR-Board-Audit-Committee.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 pages 17-18 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. The Board also constituted a Compensation Committee, which performs oversight on the remuneration policies of the BDO Group.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/TOR-Nominations-Committee.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/TOR-Compensation-Committee.pdf</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be	COMPLIANT	The Corporate Governance Committee is composed of three (3) members all of whom are Independent Directors including the Chairman. See page 55 of the 2020 Annual Report on membership composition, pages 42, 45 and 47 on the qualifications of the members.	

independent directors.		https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%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 55 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meets at least twice during the year.	COMPLIANT	<p>In 2020, the Corporate Governance Committee held seven (7) meetings. See page 55 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%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 18 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	COMPLIANT	<p>The Risk Management Committee is composed of three (3) members, two (2) of which are Independent Directors including the Chairman and one (1) Executive Director. See page 57 of the 2020 Annual Report for the membership composition and pages 41-42 and 46 for the qualifications.</p>	

directors, including the Chairman.		https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf	
3. The Chairman of the BROC 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 57 of the 2020 Annual Report. Mr. Castro is not the Chairman of the Board or any other board-level committee. https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	See page 57 of the 2020 Annual Report for the members of the Risk Management Committee. All three (3) members are bankers with extensive international banking experience. See pages 41-42 and 46 of the 2020 Annual Report for their qualifications. https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%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 19 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 independent, including the Chairman.	COMPLIANT	The Related Party Transactions Committee is composed of three (3) members all of whom are Independent Directors including the Chairman. See page 61 of the 2020 Annual Report on the membership composition and pages 42 to 44 and 47 on their qualifications. https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf	

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/corporate-governance/board-committees-and-memberships	
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/corporate-governance/board-committees-and-memberships	
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 Board, Committees and shareholders in person or through tele-/videoconferencing conducted in	COMPLIANT	See disclosure on the attendance and participation of directors to Board meetings, which can be viewed through: BDO website: https://www.bdo.com.ph/sites/default/files/pdf/2020%20Board%20Attendance.pdf The attendance of the directors in the Board-level Committee meetings may be found in pages 51-61 of	

<p>accordance with the rules and regulations of the Commission.</p>		<p>the 2020 Annual Report, while their attendance to shareholders' meetings can be seen in the Minutes.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf</p> <p>BDO follows procedures set by SEC and BSP on tele/videoconferencing of board and/or committee meetings.</p> <p>The Terms of Reference of BDO Committees can be viewed through the following link:</p> <p>https://www.bdo.com.ph/corporate-governance/board-committees-and-memberships</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Materials for Board meetings are sent out to the directors five (5) days ahead of the meeting to enable the directors 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. Materials on significant events occurring after the initial release of board materials are distributed prior to the meeting to accommodate client requirements and to fully inform the relevant Board Committees and Board of such events. See Board and Committee meetings on page 20 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.	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 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>	
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 20 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See pages 40-47 of the 2020 Annual Report for the list of directorships in PLCs and non-PLCs of the members of the BDO Board. No director serves as such in more than five (5) PLCs.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%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 20 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	COMPLIANT	<p>Yes. Jesus A. Jacinto Jr. (Vice Chairman of the Board) and Nestor V. Tan (President & CEO) are the Bank's executive directors. They have no</p>	

more than two boards of listed companies outside of the group.		<p>directorships in listed companies outside the BDO Group.</p> <p>See their profiles in pages 40 and 41 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
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 19 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 2020, the BDO Board met sixteen (16) times. See Board of Directors Meetings on page 33 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	<p>In 2019, the Board approved the amendments to the Bank's By-Laws which increased the quorum requirement for meetings of the Board from a simple majority to two-thirds (2/3). Every decision made during such meetings shall also require two-thirds (2/3) of such quorum in order to pass a valid corporate act. The revised articles and by-laws was approved by the Stockholders in the 2020 Annual Stockholders' Meeting last 16 June 2020.</p>	

		<p>See pages 12-17 of the Minutes of 2020 ASM which shows approval of the shareholders to amend the relevant section of the by-laws.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf</p>	
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 five (5) Independent Directors. As of the end of 2020, the six (6) Independent Directors constitute majority of the Board (54.50%). See Independent Directors on page 21 of the Revised Corporate Governance Manual and Composition on page 34 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOR%20Unibank%202020%20Annual%20Report.pdf</p>	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	<p>See Profiles of the Independent Directors on pages 42-47 of the 2019 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOR%20Unibank%202020%20Annual%20Report.pdf</p>	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other	COMPLIANT	<p>The Bank has no voting trust agreements and restrictions in the By-Laws that constrain the directors' ability to vote independently.</p>	

arrangements 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 22 of the Revised Corporate Governance and page 39 of the 2020 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%202020%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 22 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	This is part of the Tenure/Term Limits of Independent Directors Policy. As of 2020, all independent directors of the Bank have not served in such capacity for more than nine (9) years. https://www.bdo.com.ph/sites/default/files/pdf/Term%20limit%20of%20Independent%20Director.pdf	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief	COMPLIANT	The Chairperson of the Board is Ms. Teresita T. Sy while the President & CEO is Mr. Nestor V. Tan.	

Executive Officer are held by separate individuals.			
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 pages 22-23 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	<p>The Chairperson of the Board is a Non-Executive Director as prescribed by the BSP. The Bank has a Lead Independent Director (Mr. Jones M. Castro, Jr.) who was appointed by the Board from amongst the Independent Directors. See his functions on page 24 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
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	<p>The Related Party Transactions Policy of the Bank requires any member of the reviewing committee or the Board who has a potential interest in any proposed related party transaction to abstain from the discussion or deliberation. Please refer to Annex F.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have	COMPLIANT	In 2020, there were three (3) sessions of Independent and Non-Executive Directors with the External	

separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.		<p>Auditor, Chief Risk Officer, Chief Compliance Officer and the Chief Internal Auditor without the presence of management or any bank executive. See Corporate Governance Committee on page 56 of the 2020 Annual Report and page 2 of the 2020 Compliance with Leading Practices on Corporate Governance.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2019%20Compliance%20with%20Leading%20Practices%20on%20Corporate%20Governance.pdf</p>	
2. The meetings are chaired by the lead independent director.	COMPLIANT	<p>Mr. Jones M. Castro, Jr, Lead Independent Director chaired these meetings. See Corporate Governance Committee on page 56 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	
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.	
<p>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.</p>			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	A yearly self-assessment is conducted focusing on the performance of the Board, Directors, Committees and senior management, through the Corporate Governance Committee, using an approved set of questionnaires. For 2020, the Bank appointed Isla Lipana & Co./PwC Philippines (PwC) as external facilitator for the Board Effectiveness Evaluation.	

		<p>PwC facilitated a peer and self-evaluation process on the Board, Board Committees, and individual directors. The results thereof were supplemented by interviews with the individual directors. Feedback from Board Advisors and nominated members of BDO Senior Management was also obtained through interviews. See page 35 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	<p>Yes, this is part of the yearly Board Self-Assessment.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Boa%20rd%20Evaluation%20Forms.pdf</p>	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT	<p>Yes, this is part of the yearly Board Self-Assessment.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Boa%20rd%20Evaluation%20Forms.pdf</p>	
4. Each committee conducts a self-assessment of its performance.	COMPLIANT	<p>Yes, this is part of the yearly Board Self-Assessment.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Boa%20rd%20Evaluation%20Forms.pdf</p>	
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	<p>The Bank appointed Isla Lipana & Co./PwC Philippines (PwC) as external facilitator for the Board Effectiveness Evaluation. PwC facilitated a peer and self-evaluation process on the Board, Board Committees, and individual directors. The results thereof were supplemented by interviews with the individual directors. Feedback from Board Advisors and nominated members of BDO senior management was also obtained through interviews.</p> <p>The Bank commissioned PwC Philippines to conduct the Board Effectiveness Evaluation for a two—year</p>	

		<p>period i.e. 2019 and 2020. The results thereof were released in 2021.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20O%20Unibank%202020%20Annual%20Report.pdf</p>	
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	<p>The Board recognizes the importance and benefits of conducting annual self-assessment to determine its effectiveness. The Board, through the Corporate Governance Committee, undertakes the evaluation of its performance as a collective body, its Committees including the performance of the Chairperson to determine whether they are functioning effectively, pinpoint areas for improvement and assess whether it possesses the right mix of backgrounds and competencies. The Corporate Governance Committee reports the results of the self-assessment to the Board.</p> <p>A Director Peer Evaluation is also conducted annually. Each director is requested to rate his/her colleagues on the Board using a prescribed questionnaire.</p>	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	<p>The result of the yearly self-assessment is published either in the Annual Report which is distributed to the shareholders or in the Bank's website hence, they could comment on the information published.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20O%20Unibank%202020%20Annual%20Report.pdf</p>	
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	COMPLIANT	The Revised Code of Business Conduct and Ethics is published in the corporate website at:	

standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.		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	<p>The Office of the Human Resources is responsible for overseeing the implementation of this Code by directors and employees across the BDO Unibank Group. All directors and employees were required to sign the Acknowledgment Receipt Form to document that they have read and understood 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, number 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	COMPLIANT	<p>See page 25 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>	

complete picture of a company's financial condition, results and business operations.			
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 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.	COMPLIANT	<p>As a policy, audited financial statements are released not later than sixty (60) days after the close of the financial year. The 2020 Audited Financial Statements was disclosed to the PSE on 26 February 2021, which is fifty-seven (57) days from 31 December 2020.</p> <p>The interim reports for 1st, 2nd and 3rd quarter of 2020 were disclosed to the PSE 28 (28 April 2020), 27 (27 July 2020), and 26 (26 October 2020) days, respectively after the end of the quarter.</p> <p>https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260</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	COMPLIANT	<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 page 61 for the accomplishments of the Related Party Transactions Committee in the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	

shareholders' voting power and overall equity position in the company.		<p>2. See page 39 of the 2020 Annual Report showing the company's major stockholders.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p> <p>3. See pages 33 to 38, Section 2.3 of BDO's Notes to Financial Statements in the 2020 Annual Report Volume 2.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report%20Financial%20Supplements.pdf</p> <p>4. No imbalances exist.</p>	
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	<p>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:</p> <p>https://www.bdo.com.ph/sites/default/files/PERSONAL%20TRADING%20POLICY.pdf</p> <p>The policy includes a trading black-out period imposed on directors and employees of the Bank when price-sensitive information is disclosed to the public. In 2020, eight (8) trading blackout notices were issued.</p>	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares	COMPLIANT	<p>Actual dealings of shares are disclosed in PSE Edge within 3 days after transaction date. The disclosures are published in the corporate website at:</p> <p>https://www.bdo.com.ph/company-disclosures</p>	

within three business days.			
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 market (e.g. share buy-back program).	COMPLIANT	<p>See quarterly disclosure to PSE of BDO's Public Ownership Report and List of BDO's Top 100 stockholders for 2020, which can be viewed through the following links:</p> <p>PSE EDGE: https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260</p> <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 40-47 of the 2020 Annual Report for the Board of Directors. The share ownership of directors is in page 39.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
2. Board fully discloses all relevant and material information on key executives to	COMPLIANT	See pages 20-26 of the 2020 and 2021 Definitive Information Statement. The security ownership of management is in pages 6 to 10 and 6 to 12 of the same report, respectively.	

evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.		https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf https://www.bdo.com.ph/sites/default/files/pdf/AS-M-2021-Information-Statement.pdf	
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> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf</p> <p>See also pages 5-6 Remuneration and Other Incentives of Directors and Senior Management of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	<p>See pages 5-6 Remuneration and Other Incentives of Directors and Senior Management of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
3. Company discloses the remuneration on an individual basis, including termination	COMPLIANT	The remuneration of each member of the Board of Directors for 2020 is presented in the 2021 Definitive Information Statement.	

and retirement provisions.		https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDU Unibank 2020 Annual Report.pdf	
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 45-60, Annex B (Policy on Related Party Transactions) of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>The updated Related Party Transaction Policy of the BDO was enhanced in order to conform with the requirement of SEC Memorandum Circular No. 10 (Series of 2019).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>On top of the Advisement Report that must be submitted to the SEC, the Bank's RPT policy requires public disclosure of material RPTs that meet or exceed 10% of the Bank's total assets by including a summary thereof in the Integrated-Annual Corporate Governance Report. In 2020, no transaction qualified under the materiality threshold as defined in SEC Memorandum Circular No. 10 (Series of 2019).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in	COMPLIANT	See Conflicts of Interest Policy wherein directors and employees are required that any financial and personal interest or benefit in any transaction	

transactions or any other conflict of interests.		<p>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 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			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	<p>The process of ensuring that RPTs are conducted in a fair and at arms' length manner could be found in – the Related Party Transactions Policy. The Revised Related Party Transactions Policy provides a general approval matrix to be observed to ensure proper review and approval of transactions between the Bank and a Related Party. In 2020, 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			
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	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>https://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>	

adversely affect the viability or the interest of its shareholders and other stakeholders.		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	<p>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 its subsidiary Investment House, 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.</p> <p>Further, the Bank's Related Party Transactions Policy requires that related party transactions, whose values meet or exceed 10% of the Bank's total assets, require review of an external independent party to evaluate the fairness of its terms and conditions and approval of two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting affirmatively.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other	COMPLIANT	See pages 4 to 6 and pages 5 to 6 of the 2020 and 2021 Definitive Information Statement, respectively, particularly the 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	

agreements that may impact on the control, ownership, and strategic direction of the company.		and/or third parties, which may result in change in control of BDO. https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf	
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 and PSE on October 2020 (Annex G). It can be viewed in our website at: https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-CORGOV-MANUAL.pdf	
3. Company's MCG is posted on its company website.	COMPLIANT	https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-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	COMPLIANT	The latest version of the Corporate Governance Manual was submitted to the SEC and PSE on October 2020 (Annex G). It can be viewed in our website at:	

governance practices.		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 9-11 of the 2020 Annual Report re: Q&A with Nestor V. Tan, President and Chief Executive Officer. https://www.bdo.com.ph/sites/default/files/pdf/BDQ%20Unibank%202020%20Annual%20Report.pdf	
b. Financial performance indicators	COMPLIANT	See page 14-15 of the 2020 BDO Annual Report Financial Supplements re: Financial & Operating Highlights- Financial Performance Indicators. https://www.bdo.com.ph/sites/default/files/pdf/BDQ%20Unibank%202020%20Annual%20Report.pdf	
c. Non-financial performance indicators	COMPLIANT	These are published in the 2020 Sustainability Report of BDO at: https://www.bdo.com.ph/sites/default/files/pdf/BDQ-2020-Sustainability-Report.pdf	
d. Dividend Policy	COMPLIANT	https://www.bdo.com.ph/sites/default/files/BDQ%20DIVIDEND%20POLICY%20STATEMENT.pdf	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant	COMPLIANT	See pages 40-47 of the 2020 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDQ%20Unibank%202020%20Annual%20Report.pdf	

experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT	See pages 33 and 51-61 of the 2020 Annual Report for the attendance of Board meetings and committee meetings, respectively. https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf	
g. Total remuneration of each member of the board of directors	COMPLIANT	The remuneration of each member of the Board of Directors for 2020 is presented in the 2021 Definitive Information Statement and page 125 of SEC Form 17-A: Annual Report for 2020. https://www.bdo.com.ph/sites/default/files/pdf/AS%20M-2021-Information-Statement.pdf https://edge.pse.com.ph/openDiscViewer.do?edge_no=11be5ce4a12818ab5d542af6f1e997b9	
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 64-66 of the 2020 Annual Report re: Compliance with the SEC Code of Corporate Governance. https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf	
3. The Annual Report/Annual CG	COMPLIANT	See the Board Audit Committee report in pages 52-55 of the 2020 Annual Report.	

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.		https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%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 55 (first paragraph) of the Board Audit Committee report in the 2020 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%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 72-120 of the 2020 Annual Report Notes to the Financial Statements. https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%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	COMPLIANT	See page 27 Section 9. Strengthening the External Auditor's Independence and Improving Audit Quality	

approving and recommending the appointment, reappointment, removal, and fees of the external auditors.		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	<p>The Board Audit Committee recommends to the Board the appointment, reappointment, and/or change of external audit. See its Term of Reference.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/TOR-Board-Audit-Committee.pdf</p> <p>Of the total shareholder votes cast of 3,790,136,549, votes in favor for the reappointment of the external auditor was 3,778,779,891 or 99.70%. See Item IX, Appointment of External Auditor in the Minutes of the 2020 ASM, which can be also be viewed in BDO's website through:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf</p>	
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			

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>COMPLIANT</p>	<p>See pages 29 to 30 and pages 32 to 33, Item 7 (Independent Public Accountants) of the 2020 and 2021 Definitive Information Statement, respectively, which could also be viewed at:</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <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 	<p>COMPLIANT</p>	<p>See Terms of Reference of the Board Audit Committee published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/TOR-Board-Audit-Committee.pdf</p>	

effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.			
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 Board Audit Committee published in the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/TOR-Board-Audit-Committee.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 transactions, its counterparties, and valuations of such transactions.	COMPLIANT	See Terms of Reference of the Board Audit Committee published in the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/TOR-Board-Audit-Committee.pdf	
2. Audit Committee ensures that the	COMPLIANT	See Terms of Reference of the Audit Committee published in the corporate website at:	

external auditor has adequate quality control procedures.		https://www.bdo.com.ph/sites/default/files/pdf/TOR-Board-Audit-Committee.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	See page 103-104, Item 8 (Audit, Audit-Related and Non-Audit Fees) of the SEC Annual Report (SEC Form 17-A), which could also be viewed at: https://edge.pse.com.ph/openDiscViewer.do?edge_no=11be5ce4a12818ab5d542af6f1e997b9	
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 Board Audit Committee has in place the list of non-audit services, which may not be provided by the External Auditor. See page 28 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	Fees paid in 2020 amounted to Php 14,059,783.54 which includes audit and non-audit services. The non-audit fee paid to P&A does not outweigh the audit fees. Please see pages 103-104 of BDO's SEC Form 17-A for 2020: https://edge.pse.com.ph/openDiscViewer.do?edge_no=11be5ce4a12818ab5d542af6f1e997b9	
Additional Recommendation to Principle 9			

1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Mr. Romualdo V. Murcia III No. 0002 November 24, 2020 December 31, 2024 Punongbayan & Araullo Grant Thornton 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave, Makati, 1200	
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	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 on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	The Bank's Sustainability Report contains disclosure of the Bank's management of EESG issues and is compliant with the globally recognized standard in reporting sustainability and non-financial issue. The report can be accessed at: https://www.bdo.com.ph/sites/default/files/pdf/BD O-2020-Sustainability-Report.pdf	
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2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	See BDO's Sustainability Report of 2020. BDO's reporting standard is based on GRI reporting standards. The report can be accessed at: https://www.bdo.com.ph/sites/default/files/pdf/BDQ-2020-Sustainability-Report.pdf	
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 28 Section 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information in the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf See Analyst Briefing published in the corporate website at: https://www.bdo.com.ph/investor-relations/analyst-briefing	
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 17-Q Reports at: https://www.bdo.com.ph/company-disclosures/sec-filings	
b. Materials provided in briefings to analysts and media	COMPLIANT	See Analyst Briefing at: https://www.bdo.com.ph/investor-relations/analyst-briefing	

c. Downloadable annual report	COMPLIANT	See Annual Reports at: https://www.bdo.com.ph/company-disclosures/annual-reports	
d. Notice of ASM and/or SSM	COMPLIANT	See Notice and Agenda of the 2020 Annual Stockholders' Meeting at: https://www.bdo.com.ph/sites/default/files/pdf/Notice%20and%20Agenda%20of%202020%20ASM%20posted%20on%20May%2019,%202020.pdf	
e. Minutes of ASM and/or SSM	COMPLIANT	See Minutes of the 2020 Annual Stockholders Meeting at: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.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/sites/default/files/pdf/BDO%20Unibank%20Amended%20Articles%20of%20Incorporation%202018.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf	
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	<p>The BDO internal audit function adheres to the governing regulations, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Code of Ethics and certain leading practices and guidance. In assessing controls, BDO Internal Audit employs the COSO Internal Control - Integrated Framework and the Control Objectives for Information and Related Technology. For Year 2020, BDO Internal Audit completed 3,935 audit engagements covering the key risk areas of the Bank, subsidiaries and other offices (domestic and foreign).</p> <p>The internal control system is reviewed by Internal Audit annually, in accordance with the BDO Risk-based Audit Methodology. The annual assessments of the control, risk management and governance processes, including compliance with certain laws and regulations are summarized in the Annual Internal Audit Closing Report submitted to the Board Audit Committee and the Board of Directors.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	See pages 19 to 21 (Risk Management) of the 2020 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.	

		https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf	
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 compliance with the said issuances.	COMPLIANT	See Annex H for the attached BDO Unibank Regulatory Compliance Manual (condensed version), which is reviewed annually and changes are approved by the Board Audit Committee.	
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	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	

		<p>the needs of each business entity including IT and information security, business continuity requirements, new trends in technology such as cloud deployment, and data privacy 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 60 of the 2020 Annual Report at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%202020%20Annual%20Report.pdf</p>	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	<p>As provided under the BDO Internal Audit Policy Statement (Internal Audit Charter) reviewed and approved annually by the Board Audit Committee:</p> <ul style="list-style-type: none"> – The purpose of BDO Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve BDO and subsidiaries operations. – The BDO Internal Audit Head reports functionally to the Board Audit Committee. – The BDO Internal Audit is independent of the activities audited and from the day to day internal control processes, and is free to report audit results, findings, opinions, appraisals and other information through clear reporting line. – The Internal auditors are expected to have impartial and unbiased attitude in performing audits and to avoid conflict of interest. 	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE)	COMPLIANT	The Chief Internal Auditor (CIA) is Ms. Estrellita V. Ong. See Role of Chief Internal Auditor on pages 29-30 of the Revised Corporate Governance Manual for her responsibilities.	

appointed by the Board.		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 the CIA's responsibilities as described in the Revised Corporate Governance Manual (page 29). https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
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.	NOT APPLICABLE	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 30 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	NOT APPLICABLE	In 2020, the Risk Management Group did not avail of external technical support.	

such competence is not available internally.			
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 page 23 of the Definitive Information Statement of 2020 and 2021, respectively, for her qualifications and page 30 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/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISSED-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 compliance system is	COMPLIANT	<p>The Chief Internal Auditor (CIA) attests annually to the Board Audit Committee and to the Chairperson of the Board that a sound independent control system is in place and functioning well, as part of the 2020 Internal Audit Closing Report. The Chief Internal Auditor (CIA) functionally reports to the Audit Committee.</p> <p>The Chief Compliance Officer (CCO) reports the status of the Bank's compliance with laws, rules, and</p>	

in place and working effectively.		<p>regulations to the Audit Committee on a monthly basis. He also functionally reports to the Audit Committee.</p> <p>As the CIA and CCO are considered independent officers reporting to the Board Audit Committee, their respective reports are made, and should be made, directly to the Audit Committee of the Board and to the Chairperson of the Board. They do not functionally report to the President & Chief Executive Officer.</p>	
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	<p>See Section 13. Promoting Shareholders Rights pages 31-34 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	<p>See Section 13. Promoting Shareholders Rights pages 31-34 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	<p>Yes. This is expressly stated in the voting Rights of shareholders in Article IV Section 13 of the Amended By-Laws and on page 31 of the Revised Corporate Governance Manual.</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf 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	<p>The equitable treatment of shareholders is enshrined in Article IV Section 13 of Amended By-Laws and page 31 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.</p> <p>There are 2 types of BDO shares, namely: 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/BD%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 2020 and 2021 Definitive Information Statement item 4 (c) Election of Directors and Voting Rights (Cumulative Voting).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf	
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		<ul style="list-style-type: none"> • The Bank affirms the voting rights given to the minority shareholders relative to certain major corporate acts that require the approval of at least two-thirds (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 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 where trading black-out is imposed on directors and employees of the Bank when price-sensitive information is disclosed to the public. • In 2020, eight (8) trading blackout notices were issued and Whistle Blower to provide a channel for reporting of illegal practices, abuse of authority and fraudulent activity, etc. without fear of reprisal.

			<ul style="list-style-type: none"> • Related party transactions are reviewed by the Related Party Transactions Committee consisting of Independent and Non-Executive Directors. • 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.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	<p>BDO Amended By-Laws allows this. Please see Article IV Section 15 Amended By-Laws – Special Meetings which states that:</p> <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>To date, there has been no special shareholders' meeting called.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD O%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 and where trading black-out is imposed on directors and employees of the Bank when a price-sensitive information is disclosed to the public. In 2020, eight (8) trading blackout notices were issued. Please see page 31 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:</p> <p>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. Since 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</p>	

		<p>the distribution of additional special dividends to all shareholders normally announced at the Annual Stockholders' Meeting."</p> <p>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	<p>The Bank's external auditor, Punongbayan & Araullo Grant Thornton (P&A), is tasked to count and validate the votes at the Annual Shareholders' Meeting. See page 2 of the Minutes of the 2020 Annual Meeting of the Stockholders.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf</p>	

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 May 19, 2020 (28 days before the ASM).</p> <p>See Notice disclosed on PSE Edge: https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260</p> <p>See also 2020 and 2021 Definitive Information Statement for the relevant information provided to shareholders: https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.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%20and%20Agenda%20of%202020%20ASM%20posted%20on%20May%2019,%202020.pdf	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	<p>See pages 12-16 of the 2020 and 2021 Definitive Information Statement which is attached to the Notice of the Annual Stockholders Meeting, at:</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	

b. Auditors seeking appointment/re-appointment	COMPLIANT	<p>See Item 7. Independent Public Accountants on page 29-30 and 32-33 of the 2020 and 2021 Definitive Information Statement at:</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	
c. Proxy documents	COMPLIANT	<p>The Notice of Annual Stockholders' Meeting contains a link where the proxy documents can be downloaded from.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2020-sample-proxy-forms.pdf</p>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	<p>See Agenda Details and Rationale at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p>	
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	COMPLIANT	<p>Disclosed to the PSE within 10 minutes after end of ASM and posted in BDO website:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/PSE%20-%20Results%20of%20ASM.pdf</p>	

available the next working day.			
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	<p>See BDO's Minutes of the 2020 ASM, which was posted on June 23, 2020, which is 5 business days from the end of the meeting on June 16, 2020, at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf</p> <p>Complete voting results are included in the Minutes of the ASM.</p> <p>Voting of resolutions was done by poll.</p> <p>Yes. The Open Forum portion of the ASM Minutes includes the questions from the shareholders and answers of Nestor V. Tan/President & CEO.</p>	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	<p>See Pages 1-2 of the Minutes of the 2020 ASM at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf</p> <p>Minutes of ASM states that P&A had been appointed to count and validate all votes with voting procedures provided in DIS. DIS states that: Stock Transfer Service, Inc., BDO's stock transfer agent, in conjunction with Punongbayan & Araullo, Grant Thornton, BDO's external auditor, both independent parties, are tasked to count votes on any matter properly brought to the vote of the shareholders, including the election of directors.</p>	

		https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%20the%202020%20Annual%20Stockholders%20Meetingrev.pdf	
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 pages 61-62 Annex C Alternative Dispute Resolution (ADR) of the Revised Manual of Corporate Governance for the complete details of the ADR. https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	See pages 61-62 Annex C 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: +63 (2) 8840-7000 local 36069 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. Please refer to the minutes of past ASMs: https://www.bdo.com.ph/company-disclosures/stockholders-meetings	
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	<p>BDO Amended By-Laws do not contain anti-takeover provisions, no issuance of "poison pill" preferred stocks, no standstill agreement, premium stock repurchases, etc.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf</p>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	<p>As of December 31, 2020, public float was 44.14%, per BDO's Public Ownership Report submitted to PSE.</p> <p>PSE EDGE: https://edge.pse.com.ph/openDiscViewer.do?edge_no=48bdad1cbc8ca45a5d542af6f1e997b9</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BD%20Public-ownership-Report-ao31December2020.pdf</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 28 Section 11. Promoting a Comprehensive And Cost-Efficient Access to Relevant Information; page 34 Shareholder Relations; page 35 Investors and page 36 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.	COMPLIANT	<p>During the 2020 ASM, shareholders were allowed to attend via proxy and remote communication, and to vote in absentia.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=9302cb812c5ebb6c0de8473cebbd6407</p>	

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 34-35 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>	
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 34-35 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>	
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	COMPLIANT	<p>1. For Shareholders:</p> <p>NAME: Mr. Luis S. Reyes/EVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: +63 (2) 8840-7000 local 36069 EMAIL ADDRESS: irandcorplan@bdo.com.ph</p> <p>2. For Customers and Other Stakeholders</p>	

violation of their rights.		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/corporate_governance/Revised%20WHISTLE%20BLOWE R%20POLICY%20-%20Revised%206.24.16.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 61-62 Annex C 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	COMPLIANT	The Bank has continued to follow, where appropriate, the regulations of the SEC, PSE and BSP and 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.	

applicable law, rule or regulation.			
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	<p>The Board of Directors approved on August 29, 2015, the BDO Group's Guiding Principles on Consumer Protection which serves as BDO's framework for defining its Consumer Protection Risk Management System (CPRMS). As specified in the CPRMS, consumer protection practices are embedded in the banking operations, and considered in the development and implementation of products and services.</p> <p>See page 63 of the 2020 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
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</p>	

		<p>walk-in vendors/suppliers/contractors and entertain referral from units as possible sources of goods or services.</p> <p>B. Vendor Accreditation Criteria shall include the following items:</p> <ul style="list-style-type: none"> a. financial, credit, and technical capability b. track record / reputation in the industry c. availability of capacity /network d. cost competitiveness e. business reciprocity with the Bank <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 36 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	COMPLIANT	The Employee Stock Option Plan has been in place since 2005. Please see pages 219 and 204-205 of the	
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accounts for the performance of the company beyond short-term financial measures.		<p>2020 and 2021 of the Definitive Information Statement – Executive Stock Option Plan (ESOP), respectively.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	<p>See pages 142-143 and 135-136 of Employees in the 2020 and 2021 Definitive Information Statement, respectively, which details the policies and programs related to Employee Welfare, Health & Safety including pertinent data in 2020.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>See pages 141-142 and 134-135 b. Training and Development of the 2020 and 2021 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/2020-DIS-FINAL1.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/ASM-2021-Information-Statement.pdf</p>	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-	COMPLIANT	<p>This is embodied in the Revised Code of Conduct and Business Ethics on Conduct Relating to Customers and External Constituencies and Acceptance /</p>	

corruption policy and program in its Code of Conduct.		Solicitation of Gifts, Bribery and Corruption. See page 1 and 3 of the Code. https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	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 bank-wide in the e-Newsgam. 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.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	See page 7 Sanctions & Penalties of the Revised Code of Conduct and Business Ethics at: https://www.bdo.com.ph/sites/default/files/pdf/Code-of-Conduct-and-Business-Ethics.pdf which we quote: "Failure to comply with the requirements of the Code may lead to disciplinary measures commensurate to the violations. 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. 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."	
Recommendation 15.3			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	<p>See Policy on Disclosure of Sensitive or Confidential Matters to Management at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Revised%20WHISTLE%20BLOWER%20POLICY%20-%20Revised%206.24.16.pdf</p> <p>This is clearly stated in the section on Protecting the Whistle Blower.</p> <p>Reporting Process:</p> <p>Reporting may be done thru any available means such as but not limited to SMS text (e.g. BDO Watch), letter, email or phone call directly to the Office of the President (OP) or the appropriate Head of the Unit concerned. For concerns directly involving the President and the other Executive Directors, the report should be addressed to the Board of Directors thru the Office of the Chairperson. For RPT-related concerns, the report should be addressed to the Chairman, Related Party Transactions Committee.</p>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	See Reporting Process above.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	This is delegated to the Legal and Compliance Unit of the Bank that is responsible for overseeing the implementation of this policy and compliance across the BDO Unibank Group. The Head of the Cases Review Committee Secretariat will submit a monthly	

		<p>report to the Chief Compliance 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.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Revised%20WHISTLE%20BLOWER%20POLICY%20-%20Revised%206.24.16.pdf</p>	
<p>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.</p>			
<p>Recommendation 16.1</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>See pages 67-75 Corporate Social Responsibility of BDO in the 2020 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/BO%20Unibank%202020%20Annual%20Report.pdf</p>	
<p>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is</p>	<p>COMPLIANT</p>	<p>See BDO's sustainable development programs published in the 2020 Sustainability Report at:</p>	

environmentally friendly or is consistent with promoting sustainable development		https://www.bdo.com.ph/sites/default/files/pdf/BD O-2020-Sustainability-Report.pdf	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	<p>See page 37 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 2020 Sustainability Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD O-2020-Sustainability-Report.pdf</p>	



Certificate of Attendance

This certificate is given to

ATTY. EDMUNDO L. TAN

Corporate Secretary


for having attended the

2020 Corporate Governance Seminar

Topics:

*Navigating a World of Digital Disruption in Banking
Understanding the Key Anti-Money Laundering Trends and Challenges Ahead*

*Given this 6th day of March, 2020
at the Manila Room, Makati Shangri-La Hotel, Makati City*


Atty. Federico P. Tancongo
Chief Compliance Officer
BDO Unibank, Inc.



{In Archive} BDO Board Meeting Materials for December 5, 2020 (Part 1 of 3)

Pearl Bautista to: [REDACTED] 11/27/2020 04:33 PM

Cc: [REDACTED]

History: This message has been forwarded.
Archive: This message is being viewed in an archive.

Dear Sir/Ma'am:

Please find attached the scanned copy of the materials (*in three parts*) for the Bank's Regular **Board Meeting on December 5, 2020, Saturday, 10:00 o'clock a.m.**, at the Board Room, BDO Corporate Center, Makati City.

The password to access the attached file will be sent to you shortly by Ms. [REDACTED] Fabella.

For those who will be participating through **Cisco Webex**, kindly take note of the following meeting details:

Meeting: **BDO Board Meeting Dec. 5, 2020**

Meeting link: [REDACTED]

Meeting number: 17 [REDACTED] 53

Meeting password: [REDACTED]

Thanks,

Pearl

[REDACTED]
Office of the Corporate Secretary
14/F, North Tower, BDO Corporate Center
Tel. [REDACTED]



BDO Board 12.5.20 materials (1 of 3).zip



{In Archive} BDO Board Meeting Materials for July 25, 2020 (Part 1 of 2)

Pearl Bautista to: [REDACTED] 07/20/2020 03:55 PM

Cc: [REDACTED]

Archive: This message is being viewed in an archive.

Dear Sir/Ma'am:

Please find attached the scanned copy of the materials (in two parts) for the Bank's Regular **Board Meeting on July 25, 2020, Saturday, 10:00 o'clock a.m.**, at the Board Room, BDO Corporate Center, Makati City.

The password to access the attached file will be sent to you shortly by Ms. [REDACTED] Fabella.

For those who will be participating through Cisco Webex, kindly take note of the following meeting details:

Meeting Room: **BDO Board Meeting July 25, 2020**

Meeting Link: [REDACTED]

Meeting Number: 18 [REDACTED] 9

Meeting Password: [REDACTED]

Thank you.

Regards,

Pearl

[REDACTED]
Office of the Corporate Secretary
14/F, North Tower, BDO Corporate Center
Tel. [REDACTED]



July 25, 2020 Board materials (Part 1 of 2).zip



Certificate of Attendance

This certificate is given to

ATTY. FEDERICO P. TANCONGCO

SVP / Chief Compliance Officer

for having attended the

2020 Corporate Governance Seminar

Topics:

*Navigating a World of Digital Disruption in Banking
Understanding the Key Anti-Money Laundering Trends and Challenges Ahead*

*Given this 6th day of March, 2020
at the Manila Room, Makati Shangri-La Hotel, Makati City*


Maria Carmela M. Guerrero
Corporate Governance Officer
BDO Unibank, Inc.



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

SECRETARY'S CERTIFICATE

I, **EDMUNDO L. TAN**, being the 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 Corporate Secretary of BDO Unibank, I have custody of the minutes book of the 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 June 30, 2012, at which meeting a quorum was present and acting throughout, the following resolution was unanimously adopted and approved:

Resolution No. 328-A-2012

"RESOLVED, That the Board approve, as it hereby approves, Resolution No. 2012-04-02 of the Compensation Committee adopted on April 23, 2012 which reads as follows:

"RESOLVED, That the Compensation Committee of BDO Unibank, Inc. (BDO Unibank) approve, as it hereby approves, the BDO Compensation Policy Guidelines, copy of which is attached as Annex "B" to the Minutes and made part of this Resolution."

3. The above-quoted resolution has not been revoked or rescinded and continues to be in full force and effect.
4. I am executing this certificate for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 28 2018 day of May, 2018 at Makati City, Philippines.

EDMUNDO L. TAN
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 28 2018 day of May, 2018, at Makati City, Philippines, affiant exhibited to me his Community Tax Certificate No. 078-11-112-112 issued on January 18, 2018 in Pasig City, and Passport No. with validity up to October 2, 2022, issued at DFA-Manila.

NOTARY PUBLIC

Doc. No. 14
Page No. 5
Book No. 11
Series of 2018.

Atty. REGAN C. OLIVA
Appointment No. M-288
Notary Public until 31 December 2018
1417 2703 North Shore Blvd., Suite 202 Center
Hialeah, FL 33012, Hialeah City
JSP No. 0121
JPS No. 0019
MCLE Commission exp. 02/04/2016

BDO Unibank, Inc.
BDO Corporate Center
7889 Makati Avenue
Makati City 0726, Philippines
Swift Code BDOUPHMM
Tel +63(2) 840 7000

BDO COMPENSATION POLICY GUIDELINES

POLICY AND GUIDELINES:

The policies on Compensation and Salary Administration covers the maintenance of a viable compensation plan for employees which achieves equity in pay for jobs of similar responsibilities and consistency in the pay differentials between jobs.

BDO's Compensation Philosophy has guided our pay practices. Built on the principles of external competitiveness and pay for performance, the Bank continues to invest resources to attract, retain, and motivate our workforce necessary to achieve the Bank's short and long term business goals.

Salary Administration

- **Hiring Rate:** Hiring rates of employees are based on the existing job salary structure of the Bank consistent with the government policies and compliant to statutory requirements.
- **Salary Structure:** The Bank maintains the standard salary of employees in accordance with the job level that is competitive with those of peer banks.
- **Performance Appraisal:** The Bank reviews the performance of employees every end of the year. A mid-year review is in place to ensure tracking against year end goals/targets. Consistent with "pay for performance", employees are given salary increases based on their annual performance rating in accordance with standard Bank policies.

Employee Performance Review

The Performance Management System of the Bank recognizes and rewards superior performance of competent employees. It is a systematic process of tracking employees' performance against set objectives through an annual review to identify opportunities for improvement in order to achieve a consistently high level of productivity.

Employees' year end performance and significant contributions in the organization are recognized following BDO's Merit Increase/ Promotions Program.

Employees who exhibit readiness to assume higher responsibilities and consistently perform within the Bank's standards are recognized through Promotion, Merit Increase, or participation in the Bank's Career Development Program such as Officers' Development Program (ODP) and Management Development Program (MDP).

Salient features of BDO's Performance Management System Cycle are as follows:

1. Planning work and setting expectations
 - KRA (Key Result Areas) are defined at the beginning of the rating period
2. Providing annual rating performance
3. Rewarding good performance
 - Promotion and Merit Increase

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

SECRETARY'S CERTIFICATE

1. 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 June 29, 2019, at which meeting a quorum was present and acting throughout, the following resolution was unanimously adopted and approved:

Resolution No. 152-B-2019

"RESOLVED, That the Board of Directors of BDO Unibank, Inc. (BDO Unibank) approve and confirm, as it hereby approves and confirms, the 2019 Updated Internal Audit Policy Statement (Internal Audit Charter) of BDO Unibank, as approved and endorsed by BDO Unibank's Board Audit Committee in its Resolution No. 2019-06-04 adopted on June 19, 2019, which reads as follows:

"RESOLVED, That the Board Audit Committee of BDO Unibank, Inc. (BDO Unibank), approve and endorse, as it hereby approves and endorses for approval of the Board, the Updated 2019 Internal Audit Policy Statement (Internal Audit Charter) of BDO Unibank, a copy of which is attached as Annex "H" to the Minutes and made an integral part of this Resolution."

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

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

IN WITNESS WHEREOF, I have hereunto affixed my signature 05 JUL 2019 July, 2019 at Makati City, Philippines.


ALVIN C. GO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 05 JUL 2019 day of July, 2019, at Makati City, Philippines, affiant exhibited to me his Tax Identification No. Social Security System No.

NOTARY PUBLIC

Doc. No. 4
Page No. 9
Book No. 1
Series of 2019.


Atty. MARIA FELICIA T. ZANTUA
Appointment No. M-364
Notary Public until 31 December 2020
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Bul. No. 58016
IBP Lifetime Member No. 12574, Laguna
PTR No. 7333887, 03 January 2019, Makati City

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

www.bdo.com.ph

We find ways.



Annex 1

INTERNAL AUDIT POLICY STATEMENT BDO INTERNAL AUDIT

Mission

The mission of BDO Internal Audit is to enhance and protect the organizational value by providing risk-based and objective assurance, advice, and insight.

I. Purpose, Stature, Authority and Responsibilities of the Internal Audit Function

The purpose of BDO Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve BDO and its subsidiaries' operations. The Internal Audit helps: 1) BDO and its subsidiaries accomplish the set objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes, and 2) the Management and Board of Directors in protecting the Bank and its subsidiaries and their reputation. An effective and efficient internal audit function constitutes the third line of defense in the system of internal control. The internal audit function shall both assess and complement the operational management, risk management, compliance and other control functions.

The BDO Internal Audit is under the direct supervision of the Board Audit Committee (BAC) and assists the Board of Directors and Bank and Subsidiaries' Management in performing their legal obligations for ensuring proper and reasonable operations of the Bank and Subsidiaries. The BDO Internal Audit is a permanent function with scope that is commensurate with the size, nature of operations and complexity of the Bank and Subsidiaries.

The Internal Audit Head will report functionally to the Board Audit Committee and administratively to the President. The Internal Audit Head will have unrestricted access to, and communicate and interact directly with the Board of Directors, Board Audit Committee and other Committees, including in meetings without the Management. The BDO Internal Audit shall have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.

II. Independence, Objectivity, Professional Competence, Due Professional Care, and Professional Ethics

The BDO Internal Audit shall be independent of the activities audited and from the day to day internal control process and is free to report audit results, findings, opinions, appraisals and other information through clear reporting line to the BAC. The Internal

June 2019

Page 1 of 5



Audit Head will ensure that BDO Internal Audit remains free from all conditions that threatens the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Internal Audit Head determines that independence or objectivity is impaired either in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal Auditors shall have impartial and unbiased attitude in performing audits and shall avoid conflicts of interest.

The internal auditing function shall be comprised of professional and competent internal auditors who collectively have the knowledge and experience necessary in the conduct of an effective internal audit on all areas of the Bank and Subsidiaries' operations. The skill set of the internal auditors shall be complemented with appropriate audit methodologies and tools, as well as sufficient knowledge of auditing techniques in the conduct of audit activities.

All internal audit personnel shall act with integrity in carrying out their duties and responsibilities. They shall respect the confidentiality of information acquired in the course of the performance of their duties and shall not use it for personal gain or malicious actions.

III. Outsourcing Internal Audit Activities to External Experts

The BDO Internal Audit shall not outsource any of its internal audit activities. However, in case there is a need to outsource certain engagements, either to have access to certain areas of expertise that are not available to the internal audit function or to address resource constraints, it shall be subject to specific BAC review and approval and shall exclude areas covered by existing statutes on deposit secrecy.

IV. Consulting or Advisory Services that may be Provided by the Internal Audit Function

The BDO Internal Audit may provide consulting or advisory services to Management on matters related to risks and internal controls provided that it will not be involved in the development or implementation of policies and procedures, preparation of reports or execution of activities that fall within its scope of review. Said consulting or advisory services shall be conducted in accordance with the internal auditing standards.

V. Responsibilities and Accountabilities of the Head of the Internal Audit Function

1. To demonstrate appropriate leadership and have the necessary skills to fulfill responsibilities for maintaining the BDO Internal Audit's independence and objectivity;
2. To be accountable to the board of directors or BAC on all matters related to the performance of its mandate as provided in this Policy Statement. The head of the internal audit function shall submit a report to the BAC on the status of accomplishments of BDO Internal Audit, including findings noted during the



conduct of the internal audit, as well as the status of compliance/ resolution of concerned departments/ units/ teams;

3. To ensure that the internal audit function complies with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and other supplemental standards issued by regulatory authorities/ government agencies, as well as with relevant code of ethics;
4. To develop an audit plan based on robust risk assessment, including inputs from the board of directors, BAC and senior management and ensure that such plan is comprehensive and adequately covers regulatory matters. The head of the internal audit function shall also ensure that the audit plan, including any revisions thereto, shall be approved by the BAC. The said plan shall also consider the objectives of the Bank and Subsidiaries;
5. To ensure that the internal audit function has adequate human resources with sufficient qualifications and skills necessary to accomplish its mandate. In this regard, the head of the internal audit function shall periodically assess and monitor the skill-set of the internal audit function and ensure that there is an adequate development program for the internal auditors that shall enable them to meet the growing technical complexity of banking operations.
6. To ensure the conduct of annual audit of the Trust and Investments Group to ascertain whether the trust and other fiduciary business and investment management activities have been administered in accordance with laws, BSP rules and regulations, and sound trust or fiduciary principles.
7. To issue an audit report for each audit conducted summarizing significant findings, recommendations and the responses or planned corrective actions with target dates of audited units. Results of audit shall be presented to the BAC in a timely manner. BDO Internal Audit has the authority to release the final audit report if no replies were received from the Unit audited, provided that the findings had been duly discussed with said Unit.
8. To submit to the BAC an annual report on the Internal Audit activities, responsibilities, and performance relative to the audit plan and strategies, as approved by the BAC, including its overall and specific (e.g. for Trust and Investments Group) assessments of the control, risk management and governance processes, and significant risk exposures and control issues, if any. The said report will likewise include confirmation of organizational independence of BDO Internal Audit, as well as compliance with the Code of Ethics and the Standards. A summary report for all units audited for the current year with comparative performance rating versus the previous year shall also be submitted.



VI. Scope of Responsibilities

1. Evaluation of the adequacy, efficiency and effectiveness of internal control, risk management and governance systems in the context of current and potential future risks.
2. Review of the reliability, effectiveness and integrity of management and financial information systems, including the electronic information system and electronic banking services.
3. Review of the systems and procedures of safeguarding the bank's physical and information assets, as well as verification of the existence of such assets, where appropriate.
4. Review of compliance of trading activities with relevant laws, rules and regulations.
5. Review of the compliance system and the implementation of established policies and procedures. Likewise, BDO Internal Audit shall identify opportunities to improve operational efficiency and make appropriate recommendations.
6. Review of compliance with relevant laws, rules and regulations, contractual obligations and other commitments, which have significant impact, including but not limited to the assessment of the adequacy of capital and provisions, liquidity level, regulatory and internal reporting.
7. Investigation of operational lapses, fraud, waste and abuse, referred to BDO Internal Audit for investigation by the BAC, Cases Review Committee or Management.
8. Conduct of other reviews or evaluations that are related to BDO Internal Audit's role, as directed by the BAC, by the Chairperson, by Top Management.

VII. Auditing Standards and Code of Ethics

In carrying out its role, BDO Internal Audit shall adhere to The IIA's International Standards for the Professional Practice of Internal Auditing prescribed under the Bangko Sentral ng Pilipinas Circular No. 871 (Series of 2015). Likewise, it shall be governed by The IIA's Core Principles, Code of Ethics and Definition of Internal Auditing.

VIII. Coordination with the External Auditor and Supervisory Authority

BDO Internal Audit shall coordinate with external auditors to avoid duplication of efforts. The approved audit plan and scope, as well as information and documents relevant to an audit/ examination by the external auditors or supervisory authority shall be provided upon request.

June 2019

Page 4 of 5




This Internal Audit Policy Statement shall be reviewed periodically to keep it updated, appropriate, and prudent in consideration of the changes in circumstances and business in general.

APPROVED BY THE BOARD AUDIT COMMITTEE, BDO UNIBANK, INC.:

(Date: _____, 2019)


JOSE F. BUENAVENTURA
Chairman


JONES M. CASTRO, JR.
Member


VICENTE S. PEREZ, JR.
Member

June 2019

Page 5 of 5

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 organizational meeting of the Board of Directors of BDO Unibank held on April 23, 2021, at which meeting a quorum was present and acting throughout, the following resolution was unanimously adopted and approved:

Resolution No. 097-2021

"RESOLVED, That the following individuals be, as they are hereby, elected/appointed to their respective positions indicated below, and shall hold such positions for a period of one (1) year and until their respective successors shall have been duly elected/appointed and qualified:

Teresita T. Sy	Chairperson
Jesus A. Jacinto, Jr.	Vice Chairman
Dioscoro I. Ramos	Lead Independent Director

Chairperson Teresita T. Sy, Vice Chairman Jesus A. Jacinto, Jr., and Independent Director Dioscoro I. Ramos abstained during the deliberation of their respective nominations."

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

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

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 21 2021 day of May, 2021 at Makati City, Philippines.

Alvin C. Go
ALVIN C. GO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 21 2021 day of May, 2021, at Makati City, Philippines, affiant exhibited to me his Tax Identification No. [REDACTED] and Social Security System No. [REDACTED]

NOTARY PUBLIC

Doc. No. 148
Page No. 40
Book No. 1
Series of 2021.

Christine Joy K. Tan
Atty. CHRISTINE JOY K. TAN
Appointment No. 336
Notary Public until 31 December 2021
21/F BDO Towers Valero, 8741 Paseo de Roxas
Sala de Villalobos, Makati City 1226
Roll No. 37183
TBP No. 145381, 08 January 2021, Makati City
PTR No. 8535980, 06 January 2021, Makati City
MCLÉ Compliance No. 18-0015358, 20 November 2018

BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue
Makati City 0726
Philippines
Swift Code BDOUPHMM
Tel +632 8840-7000

bdo.com.ph

We find ways®



BOARD OF DIRECTORS' MEETING
September 26, 2020

Resolution No. 175-A-2020

WHEREAS, [REDACTED] CORPORATION has requested for the first ninety (90)-day extension of the line expiry, from August 31, 2020 to November 29, 2020, of its [REDACTED] Credit Line facility on a clean basis, and Management recommends its approval;

WHEREAS, [REDACTED] CORPORATION is 99.88% effectively owned by BDO Unibank, Inc. (BDO Unibank) through BDO Capital & Investment Corporation, and Chairperson Teresita T. Sy and Director, President & CEO Nestor V. Tan are Chairperson/Director and Vice Chairman/Director, respectively, of BDO Capital & Investment Corporation, and as such, [REDACTED] CORPORATION is considered a subsidiary account;

WHEREAS, Section 36 of Republic Act No. 8791 (The General Banking Law of 2000) requires that this matter be approved in writing by a majority of the directors of BDO Unibank, excluding Chairperson Teresita T. Sy and Director, President & CEO Nestor V. Tan;

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the Board of Directors of BDO Unibank approve, as it hereby approves, the request of [REDACTED] CORPORATION for the first ninety (90)-day extension of the line expiry, from August 31, 2020 to November 29, 2020, of its [REDACTED] Credit Line facility on a clean basis.

Total No. of Days Extended: Ninety (90) days

RESOLVED, FINALLY, That a copy of this resolution be furnished the Financial Supervision Department I, Bangko Sentral ng Pilipinas.

Chairperson Teresita T. Sy and Director, President & CEO Nestor V. Tan abstained in the deliberation and voting on the above-mentioned account.

IN WITNESS whereof, we have hereunto set our hands at Makati City, Philippines, this 26th day of September, 2020.

Abstained
TERESITA T. SY
Chairperson

Originally Signed
JESUS A. JACINTO, JR.
Vice Chairman

Originally Signed
GEORGE T. BARCELON
Independent Director

Originally Signed
CHRISTOPHER A. BELL-KNIGHT
Director

Digitally Signed
JOSE P. BUENAVENTURA
Independent Director

Digitally Signed
JONES M. CASTRO, JR.
Lead Independent Director

Digitally Signed
VICENTE S. PEREZ, JR.
Independent Director

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Tel +632 8840-7000

www.bdo.com.ph

We find ways®



Board of Directors' Meeting
BDO Unihunk, Inc.
September 26, 2020
[REDACTED] CORPORATION

Digitally Signed
DIOSCORO T. RAMOS
Independent Director

Originally Signed
JOSEFINA N. TAN
Director

Abstained
NESTOR V. TAN
Director, President & CEO

Originally Signed
GILBERTO C. TEODORO, JR.
Independent Director

Activities and
Commission
Electronic Records Management Division
OCT 08 2020
33
RECEIVED SUBJECT TO REVIEW OF
FORM AND CONTENT
CORPORATION

CORPORATE GOVERNANCE MANUAL



As a publicly listed company, BDO believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the market place. Thus, the business and operations of the Bank will be conducted in accordance with the principles and best practices of good corporate governance.

- **Commitment to Customers**
We are committed to delivering products and services that surpass customer expectations in value and every aspect of customer services, while remaining prudent and trustworthy stewards of their wealth.
- **Commitment to a Dynamic and Efficient Organization**
We are committed to creating an organization that is flexible, responds to change, and encourages innovation and creativity. We are committed to the process of continuous improvement in everything we do.
- **Commitment to Employees**
We are committed to our employees' growth and development and we will nurture them in an environment where excellence, integrity, teamwork, professionalism, and performance are valued above all else.
- **Commitment to Shareholders**
We are committed to providing our shareholders with superior returns over the long term.

Through this manual, the Board aims to promote adherence, further strengthen the Group's commitment to good corporate governance, and align our corporate governance system with the international practice taking into account the continuous developments in national regulations.

¹ SEC Memorandum Circular No. 19 based on the observance of the “comply or explain” principle aiming to illustrate clearly the way in which BDO incorporates the recommendations of the Code. When a particular recommendation is not complied with, the underlying circumstances are explained so that shareholders and other stakeholders would understand the stance of the Bank and provisions of BSP Circular 747, 749, 757 and 871. The following sections of the Manual detail our compliance with the principles and recommendations of the Code and mandates of the BSP including our specific stance on recommendations that the Bank would not be able to adopt at this time.

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REGULATORY COMPLIANCE MANAGEMENT MANUAL

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I. INTRODUCTION

The Compliance System forms the processes, people, policies and other components that, as an integral unit, ultimately drives the bank's initiatives to conform to industry standards and regulations. In this regard, the Regulatory Compliance Management Manual (RCMM) functions as the guiding principle for the implementation of the Compliance System in BDO Unibank, Inc.

The RCMM shall be applicable and adapted by offshore branches, local and offshore subsidiaries and affiliates of BDO Unibank, Inc., to the extent applicable to the business and not inconsistent with the laws and regulations of the host country.

In line with the bank's initiatives is its commitment to ensure that activities of the bank and its personnel are conducted in accordance with all applicable banking rules and regulations and industry standards, and this commitment to compliance serves to protect the bank, its employees, and its customers.

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II. STATEMENT OF POLICY

BDO Unibank, Inc. recognizes that compliance is a function of the bank that is critical for safety and soundness. In this regard, the bank states as a policy that:

1. To protect itself, its clients, and the financial system in general, the management shall ensure that BDO Unibank, Inc. operates at the highest standard of conduct and meets all regulatory and legal requirements relating to the conduct of its business.
2. Compliance shall be a line-driven function, and, as such, shall be the direct responsibility of each line manager.
3. Each employee shall be personally responsible for familiarizing him/herself with all the laws and regulations applicable or related to his/her work assignment in the bank.

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III. REGULATORY ENVIRONMENT

Over the years, the Bangko Sentral ng Pilipinas (BSP) has issued directives in the form of regulations that banks need to comply with under the pain of sanctions for compliance failure.

To establish a robust regulatory compliance regime, the BSP issued Circular No. 145 to banks in October 1997 to implement a “*Compliance System*” and required the appointment/designation of a “*Compliance Officer*” to oversee the implementation of the bank’s Compliance System.

In May 2004, the BSP issued Circular No. 429 that defined “*Compliance Risk*” and the responsibilities of the board of directors and senior management on compliance, among others.

In February 2012, BSP issued Circular No. 747 which was further enhanced thru Circular No. 972 (issued on 22 August 2017), that revises the compliance framework for banks. These circulars require BSP-supervised Financial Institutions (BSFIs) to establish a compliance risk management system designed to specifically identify and mitigate risks that may erode the franchise value of the BSFI and the appointment of a full time Chief Compliance Officer to oversee the identification and management of the BSFI’s compliance risk.

Franchise value may decrease due to risks of regulatory sanctions, material financial loss, loss to reputation as a result of the BSFIs failure to comply with laws, regulatory rules and standards, codes of conduct applicable to its activities and failure to manage conflict of interest.

Therefore, to reasonably prevent failures to a business line and avoid associated sanctions, bank management and personnel need to understand, interpret and internalize the relevant regulations and apply them in their daily business processes. The bank’s workforce should be educated on banking regulations to help them perform their roles and responsibilities in the bank’s Compliance System.

In May 28, 2013, BSP issued Memorandum No. M-2013-023 that provides the framework for BSP Compliance Rating System (CRS). The CRS will be used by the BSP in assessing the quality of compliance system in their examinations and provide appropriate supervisory actions for noted weaknesses and violations of rules and regulations. BSP’s rating based on the CRS will form part of their assessment of the supervised institution’s Corporate Governance which in turn shall be factored in the institution’s “Management” component of its CAMELS¹ rating.

¹ Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk

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IV. REGULATORY COMPLIANCE MANAGEMENT MANUAL

To further strengthen the bank’s Compliance System, BSP issued Circular No. 972, Series of 2017 that emphasizes the need for a robust, dynamic and responsive Compliance Risk Management System as an integral part of the culture and risk governance framework of the BSFI.

This regulatory compliance management manual is HOW the bank:

- Learns about its compliance responsibilities;
- Ensures that bank personnel understand their responsibilities;
- Ensures that regulatory requirements are incorporated into the business processes;
- Reviews operations to ensure responsibilities are carried out and requirements are met; and
- Takes corrective action and updates materials, as necessary.

To ensure a successful implementation, the bank’s Regulatory Compliance Management Manual is anchored on the following major strategies:

- Getting the right information to the right person at the right time.
- Making business line managers the “OWNERS” of business risks in their respective areas and accountable for the consequences when business fails.
- Embedding compliance controls in day-to-day activities procedures as the “best defense” to mitigate business compliance risks.
- Responding to emerging regulations quickly (nimbleness).
- Reviewing existing compliance procedures and effecting policy and procedural enhancements to incorporate changes in regulation or whenever new business lines or activities are added or existing activities, products or services are altered.
- Educating personnel on bank’s compliance culture, general compliance-risk issues and high-level compliance policies and procedures.
- Maintaining a constructive working relationship with the regulators, bank’s senior management, and bank’s business line managers.

When all above strategies are strong and working together, there is reasonable assurance that the bank will succeed in managing its compliance responsibilities and risks presently and in the future.

The successful implementation of the bank’s Regulatory Compliance System hinges on the active interplay of the three essential elements, namely: *PEOPLE*, *PROCESS* and *TECHNOLOGY*. People “run” the Process; Process “guide” the People; and Technology “supports” the Process.

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V. MITIGATION OF COMPLIANCE RISKS

According to BSP Circular No. 747 which is further enhanced by Circular No. 972, the compliance risk management shall be designed to specifically identify and mitigate risks that may erode the franchise value of the BSFI, such as, among others:

- a. Risks of legal or regulatory sanctions from the actions of a bank that are contrary to existing laws, regulations and identified best practices and reflect weaknesses in the implementation of codes of conduct and standards of good practice;
- b. Risks to reputation that arise from internal decisions and practices that ultimately impinge on the public's trust of a bank such as failure to manage conflict of interest, treat customers fairly or effectively manage risks arising from money laundering and terrorist financing;
- c. Legal risks to the extent that changes in the interpretation or provisions of regulations directly affect a bank's business model.

Preventing exposure to compliance risks is the key element of the bank's management of compliance risks. This can be accomplished through a holistic approach that includes the three (3) general steps, to wit:

- Step 1 - Identify sources of compliance risks.
- Step 2 - Assess the likelihood (probability of the risk event happening) and the potential damage (impact or severity) if the risk event materializes.
- Step 3 - Manage compliance risks.

A. Risk Identification:

Compliance risk may arise from (a) people risk; (b) process risk; (c) system/technology support risk; and (d) regulatory changes risk, individually or a combination thereof:

- a. People Risk:
 - ⌘ Inadequate knowledge of regulations and its requirements, and risk management
 - ⌘ Failure to perform prescribed control processes
 - ⌘ Neglecting historical information on identified risk areas, products, or services

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b. Process Risk:

- ⌘ Failure to consider one of more of the basic factors that constitute an efficient process (materials, equipment, method, environment, people)
- ⌘ Non-inclusion of fulfillment of regulatory requirements in documented processes
- ⌘ Lack of regular review of documented processes
- ⌘ Lack of formal process for reviewing and approving new or unique or sophisticated products and services at inception
- ⌘ Lack of formal process for monitoring compliance with existing/applicable rules and regulations for existing products and services

c. System and/or technology Risk:

- ⌘ Failure to address identified regulatory compliance gaps, e.g. policy and procedures circulars, automated systems, etc.
- ⌘ Failure to conduct the necessary testing of functionality and security controls
- ⌘ Failure to plan for capacity, maintenance, and upgrades

d. Regulatory Changes Risk:

- ⌘ Failure to track regulatory changes in products and services (e.g. obsolete or superseded provisions still being implemented)
- ⌘ Failure to assess business risks when new business lines or activities are added or when existing activities and process are altered
- ⌘ Failure to disseminate regulation information quickly

B. Assessing Compliance Risk

After having identified the major sources of compliance risk, the next step is to answer the questions "How critical are the risks?" and "How vulnerable is the bank to the risk sources?"

There is no doubt that each major source of risk represents a critical factor to be reckoned with to prevent compliance risks. Needless to say, a failure in one factor may jeopardize and weaken the entire compliance risk management framework and put the bank in a penalty situation.

All major risk sources are assessed as "HIGH RISK" areas requiring a sustained monitoring effort to ensure that the infrastructure supports are in place and operating as intended.

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C. Managing and Controlling Compliance Risks

To reasonably manage and control compliance risks:

- Regulatory information should be disseminated quickly to users via the available information channels, e.g. email, bulletins, portal;
- Board and senior management must also be advised on significant and sensitive relevant laws, rules and standards and keep them informed on developments in the area;
- Stakeholders should actively participate;
- Existing policies and procedures should be reviewed and revised promptly to incorporate the effects of new or amended regulatory provisions, new products/services to be introduced, alterations to existing products/services;
- The adequacy and effectiveness of the business systems and technology supports should be evaluated regularly;
- Bank personnel should be given a formal education on regulatory compliance matters (compliance training);
- There should be a constant review and monitoring of compliance with regulations at the process, product, bank service or business lines levels (off-site or on-site) and prompt communication of compliance breaches to the appropriate points in the organization for action; and
- Sensitive compliance issues should be immediately elevated to senior management for decision and disposition.

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VI. RESPONSIBILITIES FOR COMPLIANCE

A. Board of Directors

The Board of Directors oversees the implementation of the Compliance System and ensures that compliance issues are resolved expeditiously (*Ref. BSP Cir. Nos. 747 and 972*). These include approving the bank's Compliance Program for managing the bank's compliance risks; ensuring that BFSI personnel and affiliated parties adhere to pre-defined compliance standards.

BOARD AUDIT COMMITTEE

BSP Circular Nos. 747 & 972 further emphasizes the need for the Board of Directors to ensure that a Compliance Program is defined for the bank and that compliance issues are resolved expeditiously. The bank's Board Audit Committee (BAC), a board level committee, is tasked to oversee the Compliance Program. Changes to the Compliance Program must be approved by the BAC.

B. Senior Management

Senior Management, the collective body of business owners responsible for achieving compliance, ensures that personnel and affiliated parties adhere to the Compliance Program of the bank. It reports to the CCO matters that affect the implementation of the Compliance Program, and ultimately, the design of the Compliance System.

C. Chief Compliance Officer

The Chief Compliance Officer (CCO) is the lead senior officer for purposes of administering the Compliance Program and interacting with the BSP on compliance related issues. The principal function of the CCO is to oversee the design of an appropriate Compliance System, promote its effective implementation and address breaches that may arise. Any material breaches of the system shall be reported to the BAC and promptly addressed within the mechanisms defined by the Compliance System. The CCO shall also be responsible for ensuring the integrity and accuracy of all documentary submissions to the BSP. (*Ref. BSP Cir. No. 747*)

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D. Business Line Managers

The business line managers continue to "own" the compliance risk in their respective areas of responsibility. They are responsible for achieving compliance with applicable regulatory requirements within their business lines and to answer for the consequences in the event of compliance failures.

This level of officers has the responsibility of implementing the risk management processes, policies and procedures and monitoring the effectiveness of the risk management activities in their own business areas. They can recommend changes or improvements to the compliance risk management framework as warranted by circumstances.

E. Support and Delivery Units

The role of support and delivery units is to provide the tools and services that complement the business units in implementing the Compliance System. They shall be responsible for issuance of guidelines and procedures, implementation and management of applications to support manual processes, provide guidelines on risk management, and implement controls to comply with various applicable regulations including anti-money laundering.

F. Unit Compliance Coordinators

They are the officers or staff within the business lines that exercise compliance responsibilities to help keep the business line organization (to which they belong to) focused on managing business risks. They are tasked with implementing the approved policies and procedures in their respective work assignments, e.g. performing prescribed control procedures. Please refer to the succeeding section for their specific responsibilities (*Ref. VII.B.2*)

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VII. COMPLIANCE FUNCTION IN THE BANK

A. Objectives

1. To identify the relevant laws and their implementing rules and regulations directly affecting the bank's operations;
2. To identify, analyze, classify and prioritize the corresponding risks for non-compliance with relevant laws and regulations affecting the bank's operations;
3. To set in place a monitoring system on the bank's compliance with applicable laws, rules and regulations, which will include a system of periodic compliance monitoring and regular reporting on the compliance findings to higher management;
4. To ensure that bank officers and staff are made aware of the compliance function and their respective compliance responsibilities; and
5. To set up a central compilation point of all relevant and applicable laws, rules and regulations to the bank's operation.

B. Compliance Function Structure

1. Compliance Office

Compliance Office as generally referred to in this Manual covers BDO Unibank, Inc. and the Compliance Offices in the subsidiaries and affiliates under the BDO Group.

The institutional role of the Compliance Office is to assist senior management in managing effectively the compliance risks faced by the Company.

Authorities and Duties of the Compliance Office

The bank's Compliance Office, in the exercise of its authorities, shall have the following duties, which may be expanded and supplemented from time to time upon the approval of the Board of Directors taking into account the needs and objectives to be served and/or may be mandated by the government regulatory bodies:

- i. Oversee and coordinate the proper and efficient implementation of the bank's Compliance Program;
- ii. Assist in identifying, monitoring and controlling compliance risks as defined by the Bangko Sentral ng Pilipinas (BSP) or other government regulatory bodies;

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- iii. Provide appropriate guidance and direction to the bank's management on the development, implementation and maintenance of the bank's Compliance Program;
- iv. Conduct periodic compliance testing with applicable legal and regulatory requirements in accordance with the bank's Independent Compliance Testing Framework (Annex C) and report to the Board Audit Committee the findings and results of these periodic testings;
- v. Cause the investigation of the breaches and any possible breaches in any aspect of the bank's Compliance Program, pertinent banking laws, rules, regulations, codes of conduct and standards of good practice;
- vi. Report to the Board Audit Committee any matters relevant to the bank's Compliance Program and its implementation, as well as, material breaches in the pertinent laws, rules, regulations, codes of conduct and standards of good practice;
- vii. Establish an open communication process with the bank's personnel and/or conduct trainings, seminars and workshops as may be deemed necessary and proper to educate and update the bank personnel on compliance matters, pertinent banking laws, rules, regulations, codes of conduct and standards of good practice;
- viii. Consult government regulatory bodies, agencies to clarify ambiguous provisions of enacted laws or issued rules and regulations which would affect the bank's Compliance Program;
- ix. Exercise oversight responsibility over compliance-related activities which have been outsourced and ensure compliance consistent with the bank's Compliance Program; and
- x. Timely submit compliance and other related reports as may be required by the laws, rules, regulations, circulars or directives issued by the government regulatory bodies.

Independence of the Compliance Office

BSP Circular Nos. 747 and 972 provides that the compliance function should be independent from the business activities of the institution. It should be able to carry out its responsibilities on its own initiative in all units or departments where compliance risk exists and must be provided with sufficient resources to carry out its responsibilities effectively. It must be free to report to senior management and the board or a committee of the board any irregularities or breaches of laws, rules and standards discovered. The compliance function should have access to all operational areas as well as any records or files necessary to enable it to carry out its duties and responsibilities.

In this regard, the Compliance Office shall be under the direct supervision of the Board Audit Committee. All concerns, matters, and needs of the

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Compliance Office to enable it to fulfill its responsibilities shall be expeditiously attended to and addressed.

On its own initiative, with or without directive from the Board Audit Committee or senior management of the bank, the Compliance Office may carry out its functions by conducting investigations or audit, with or without the aid of other supporting units of the bank, to ensure the proper and efficient implementation of the Compliance Program.

Furthermore, reports and recommendations made by the office to the Board Audit Committee shall remain strictly confidential to ensure it is freed from retaliation and disfavor from affected parties in the performance of its responsibilities and function.

Group-wide Compliance Function

The compliance function of the BDO Group is designed where each of the subsidiaries and foreign branches has a corresponding compliance unit that reports to its own Board or Board Audit Committee. The Compliance Office of BDO Unibank, Inc. (BDO) as parent bank, oversees the compliance function of its subsidiaries, foreign branches and representative offices through alignment of compliance policies, standards and methodologies. Group-wide compliance issues and significant compliance matters in the subsidiaries and foreign branches are reported to the Board Audit Committee, when necessary.

For effective oversight, Compliance Office has separate units that oversee the subsidiaries, foreign branches and representative offices. These are the following:

- (1) Financial Institutions Compliance Unit - oversees the regulatory compliance of subsidiary banks and foreign branches of BDO
- (2) Global Offices and Non-Banking Financial Institutions (NBFI)- oversees the regulatory compliance of global and domestic non-bank subsidiaries and foreign representative offices of BDO.
- (3) Anti-Money Laundering Unit (AMLU)- oversees the AML compliance of all subsidiaries and foreign branches of BDO
- (4) Trust Compliance Unit - oversees all the subsidiaries of BDO which engage in Trust Operations.

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2. Unit Compliance Coordinators

Each of the bank's operating and service units shall have its own compliance coordinator. However, the responsibility for compliance still rests on the Head of the unit.

The designated Unit Compliance Coordinator shall be responsible for the following:

- ▲ Ensuring that the unit has a complete and updated compilation of all laws and issuance by the government regulatory bodies affecting the operations of the unit
- ▲ Ensuring that the officers and staff of the unit have been familiarized and fully knowledgeable of the laws, policies, regulations and ethical standards applicable or related to their respective work assignments in the unit
- ▲ Monitoring the unit's compliance with laws, policies, regulations and ethical standards affecting the unit's operations

The exceptions are Trust and Investments Group (TIG) and the offshore branches/offices which have dedicated Compliance Officers who report directly to the Chief Compliance Officer. For TIG, specific procedural guidelines applicable to Trust Business Unit's are covered in Trust and Investments Group – Compliance Management Guidelines (Annex B).

BDO subsidiaries also have compliance officers or officers that performs the same function that work under the supervision of and in coordination with the Compliance Office.

Offshore branches/offices, in the same manner, have their own independent Compliance Officer who, under their Compliance System, is under the administrative supervision of the Branch's senior management but directly reporting to the CCO at Head office who, in turn, is responsible for the presentation of the offshore Branches/offices' Compliance issues to the Board Audit Committee for proper disposition.

Please refer to Annex A for the Corporate Compliance structure (H.O., AMLU, TIG, and Offshore Branches/offices)

3. Relationship of Compliance Office with other Control Functions

As prescribed in the Bank's Information Sharing Framework (Annex D), close coordination among independent control functions - Compliance Office, Internal Audit and Risk Management Unit through sharing of information that each unit obtains in the performance of its delineated functions, aims to strengthen BDO's

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risk management. Internal Audit and Risk Management Unit shall render support and establish working relationship with the Compliance Office consistent with the proper and efficient implementation of the bank's Compliance Program and Information Sharing Framework:

- ❑ **Internal Audit** – May conduct further probing on information on possible violation of the bank's Compliance Program, pertinent banking laws, rules, regulations, codes of conduct and standards of good practice. Reports, data and analysis previously obtained by the Internal Audit may be used and relied upon by the Compliance Office.
- ❑ **Risk Management Unit** – Shall support Compliance Office in ensuring that regulatory requirements related to Credit Risk, Market Risk and Operational Risk are identified, measured, monitored and managed. Reports, data and analysis made by Risk Management Unit may be used and relied upon by the Compliance Office,

The following units shall also render support to Compliance Office as follows:

- ❑ **Legal Services** – Shall render the appropriate support and advice on all legal-related compliance matters, such as but not limited to the interpretation of the provisions as well as the applicability of the bank's Compliance Program, pertinent banking laws, rules, regulations, codes of conduct and standards of good practice.
- ❑ **Information Technology** – Shall provide the system – related support in the performance of the Compliance Office's responsibilities to the bank and to the government regulatory bodies.

The foregoing, however, shall not be taken to limit the Office of the Compliance Office to seek the assistance of other units of the bank. The Office of the Compliance Office may at any time seek the assistance of any unit of the bank as may be needed for the proper and efficient implementation of the bank's Compliance Program, which assistance shall be expediently given.

4. The Compliance Office Organization

Please refer to Annex A for the Organization Table of the BDO Unibank, Inc.'s Compliance Office.

The Compliance Office is manned by Compliance Officers.

Functionally BDO Unibank, Inc.'s Compliance Office reports to the BAC, but administratively it reports to the Office of the President.

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C. Compliance Program

The Compliance Program serves as the strategic guide that describes the processes and tools that enable the Compliance Office to efficiently manage the bank's Compliance System.

1. Analysis of the Regulatory and Corporate Environment

One of the major drivers of change in business is regulations.

New laws often change how business is conducted. In this regard, it is important that the implementation of change should consider corporate practices of the bank, complexity of operations, and business strategy – determining applicable regulations, identifying areas where business risks may occur, and assessing the impact of such change shall ensure swift transition.

a. Identification of Relevant Laws, Rules, and Regulations

The Compliance Office shall identify and compile all basic banking and corporate laws, implementing rules and regulations, circulars and similar issuance from the various regulatory bodies that the bank, as a whole, and each of its business and operating units are required to observe.

b. Gap Analysis

For major laws and regulations which have significant impact on the present state of the bank, the Compliance Office, in coordination with the business and support units, shall assess the impact of new regulations on how business is conducted. The effect of non-compliance to rules shall be identified in order to guide business and support units on how to proceed with the change.

2. Guidance of Stakeholders on Relevant Laws, Rules, and Regulations

A critical success factor for regulatory compliance is keeping bank personnel well educated on regulatory matters. This will help them understand and appreciate their compliance responsibilities and their roles in the bank's business risk management system.

a. Communication

To achieve this end, Compliance Office undertakes to immediately disseminate/broadcast to all users concerned the copies of all regulatory issuance received by it, or download from the regulatory websites, through the traditional and electronic communication channels available, (e.g. email),

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through the issuance of Compliance Bulletins and posting in the bank's electronic portal. Correspondences to and from BDO Unibank, Inc.'s Compliance Office may also be coursed through its email address Compliance.Office@bdo.com.ph or in the case of offshore branches/offices to the email addresses of their respective Compliance Officers.

Sensitive compliance – related matters/issues shall be elevated to the proper level of senior management, or to the Board, if necessary, for disposition.

The Compliance Office or in the case of offshore branches/offices their respective Compliance officers will seek clarification from the regulators concerned for any rules, or provisions thereof, which appear ambiguous. The clarification will then be broadcast through existing communication channels.

The communication flow of the compliance information shall be (a) downwards when disseminating compliance information; (b) upwards when elevating compliance issues to higher management; and (c) lateral when circulating the compliance materials between and among the co-employees in the same unit.

At the level of the business units, the unit heads are expected to brief their respective unit officers and staff on the new or amended regulatory issuance during their regular staff meetings.

b. Reference Portal

The Compliance Office shall maintain and update a central repository of banking laws, rules and regulations received and downloaded from the regulators' websites in hardcopy and/or electronic formats. These materials will be made available upon request (for hardcopy reproduction) or can be viewed on demand in the bank's electronic documents portal or shared drive (for the electronic copies).

c. Training

Knowledge and awareness by all employees of the laws, rules and regulations pertaining to their respective job description are essential to the success of the Compliance Program. To ensure sufficient awareness, training on regulatory compliance shall be conducted regularly for bank personnel. New hires shall be made aware of the compliance function during their employment briefing or orientation.

In support of this initiative, the Compliance Office will develop (and update) the training syllabus on regulatory compliance in coordination with the bank's

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Training unit and other concerned units and occasionally participate in or conduct the training sessions.

The Compliance Officers of the offshore branches/offices, in coordination with the BDO Unibank, Inc.'s Compliance Office, may develop additional training programs to incorporate specific offshore regulatory compliance requirements or evaluate and recommend attendance in external courses, conferences, or webinars.

All the above efforts are aimed at mitigating the risk of "information starvation" by providing the bank personnel with reasonably adequate information and knowledge to guide them in the performance of their daily responsibilities.

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3. Assessment of Compliance

The Compliance Office shall do a periodic assessment of the respective business and support units to determine their compliance to relevant laws, rules and regulations affecting the bank's operation, in accordance with the Bank's Independent Compliance Testing Framework (Annex C).

Consistent with the Independent Compliance Testing Framework, Compliance shall rely on the independent tests done by other assessment units of the Bank/Office which are not implementing the regulations, either as inputs to the compliance test by Compliance Office or sufficient representative compliance testing, to determine the unit's compliance to the relevant regulatory requirements. Compliance Office shall focus its independent compliance tests on areas where independent testings/checkings are not performed by other assessment units, on prioritization basis, using the following criteria and references:

- 1) high risk or significant areas which may expose the bank to sanctions and/or penalties;
- 2) new regulations which are of group-wide/bank-wide application;
- 3) industry issues;
- 4) major issues from BSP or equivalent offshore regulator examination, internal and external audits;
- 5) results of bank cases reviews.

4. Reporting and Remediation

Upon assessment of the compliance of business or support units to regulations, gaps between regulatory requirements and current business practices are identified, reported to concerned stakeholders – including regulatory agencies, and then addressed and monitored until completion.

a. Recommending Controls, Policies, and Guidelines

The Compliance Office, upon assessment of compliance, will recommend to the concerned business or support unit, the development and implementation of controls – including issuance of corresponding policy guidelines for immediate dissemination, if none are existing, or the revision of existing policies and control processes to conform to the amended regulations. This is in furtherance of the overall efforts to keep the bank's controls current, and policies as relevant sources of information and guidance. Importantly, this will mitigate the risk of obsolete or superseded materials used as guidelines in the operation of the bank.

When the situation warrants, the Compliance Office can draft the policy guidelines to respond to new or amended regulations. The draft will then be

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submitted to the business or support unit concerned for further evaluation, approval and eventual issuance as an institutional policy following the established approval process for institutional policies and procedures.

b. Constructive Working Relationship with Regulatory Agencies

The bank/offshore offices, through its Compliance Officer, may consult regulatory agencies for additional information on specific provisions of laws and regulations and/or discuss compliance findings with the regulatory authorities. A dialogue may also be initiated with respect to borderline issues.

The Compliance Office expected to foster and maintain a warm and friendly working relationship with all the regulators that have jurisdiction over the bank in order to facilitate the prompt processing of the bank's requirements, e.g. requests for approval to engage in certain activities or offer financial products, among others. On the other hand, the bank is also expected to act swiftly on the regulators' requirements for information and/or desired action.

5. Monitoring and Assessment of the Compliance Function

As part of its function, the Internal Audit is tasked with monitoring and assessing the effectiveness of the compliance function of the bank. In particular, the Internal Audit shall review the periodic compliance testing performed by the Compliance Office and determine if the business or support units concerned have properly resolved outstanding compliance issues discovered or raised. The Internal Audit can also recommend enhancements in the implementation of the compliance function in general.

6. Program Review and Updates

The Compliance Office reviews and updates the bank's Compliance Program, as needed, to incorporate changing responses to evolving internal and external conditions. (Ref. BSP Cir. No. 747)

The updated or amended Compliance Program shall be submitted by the Compliance Office to the Board Audit Committee for approval and confirmation by the Board of Directors.

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VIII. REGULATORY EXPECTATIONS

"What do the examiners look for when they examine banks for compliance?" Examiners no longer focus solely at the level of compliance with specific laws and regulations but on the adequacy of the business risk management program of the bank and the bank's ability to manage the business risk it faces.

As with all areas of risk management, the scope of examination in this area put emphasis on:

- Whether the board and senior management are actively involved in "setting the tone at the top", i.e. the board takes the lead by requiring top-to-bottom compliance culture that is incorporated in the bank's day-to-day operations and well communicated so that all bank staff members understand their compliance responsibilities and their roles.
- Soundness of business risk policies, procedures and internal controls in the bank, i.e. policies clearly delineate accountability and lines of authority across the bank; process for ensuring that identified compliance breaches are elevated to the appropriate level in the organization; policies and procedures are kept current;
- Whether the bank's Compliance Program is designed to monitor and report compliance issues, i.e. ensure that information on compliance is communicated to the appropriate levels within the bank.
- Whether the bank's training programs ensure that compliance policies, procedures and controls are well understood and appropriately communicated throughout the bank.

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IX. HANDLING OF “ON-SITE” REGULATORY EXAMINATIONS

The Compliance Office will coordinate activities related to “on-site” examination of regulators to include:

- ✓ Arranging meetings between the examination team and bank officials and designated unit point persons, e.g. pre-audit, during the engagement and post-audit conferences.
- ✓ Coordinating with the proper units of the bank for the provision of logistical and technological support needed by the examination team during their audit engagement, e.g. workplace, computers, printers, telephones, etc.
- ✓ Disseminating examination advance findings to the proper units of the bank for response.
- ✓ Collecting and collating responses to advance examination findings preparatory to preparing the consolidated report for internal review.
- ✓ Preparing the consolidated report on the bank responses to the examination findings preparatory to the presentation to the Board for approval.
- ✓ Transmitting to the regulatory agency the approved consolidated report on the bank responses to the examination findings.
- ✓ Monitoring and reporting the status of committed actions to rectify the examination finding until all the action items shall have been finally closed.
- ✓ Acting as liaison between the examination team and the bank for other requirements of the examination team during their visit to the bank.

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X. CONSUMER PROTECTION

With the issuance of the circular on Financial Consumer Protection Framework (BSP Circular No. 857, dated 21 November 2014), the BSP has outlined its expectations from supervised financial institutions in the conduct of its business while continually protecting the welfare of financial consumers.

In order to reduce BDO's exposure to regulatory risk, and to ensure compliance with the provisions of Circular No. 857, the Compliance Office shall apply the Compliance Program in Annex E with emphasis on the Five Consumer Protection Standards:

- 1) Disclosure & Transparency
- 2) Fair Treatment
- 3) Privacy of Information
- 4) Financial Education and Awareness
- 5) Effective Recourse

Responding to Customer Complaints

Consistent with the bank's policy, complaints addressed to or referred to the Compliance Office will be fully and promptly investigated, resolved and responded to within a reasonable period of time.

Business-specific complaints will be referred to the unit concerned for investigation and resolution. Complaints indicative of possible irregularities, misconduct by staff or weaknesses in internal controls will be referred to the BDO Unibank's Cases Review Committee or equivalent investigation team in the other BDO offices, for investigation. Legal services will be sought for issues requiring legal consultation, advice or opinion to protect the interest of the bank and its stakeholders. Complaints involving sensitive matters will be escalated to senior management for decision on disposition. Responding to complaints remains the responsibility of the Head of the unit to whom the complaint was referred to for action.

A complaint received by any reasonable means, e.g. letter, telephone, facsimile (FAX), email or in person will be handled fairly, consistently and promptly. Even if a complaint is anonymous, any problem alleged by the complainant and substantiated by an investigation should be rectified as soon as practicable.

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XI. CONSUMER PROTECTION COMPLIANCE PROGRAM

With the issuance of the circular on Financial Consumer Protection Framework (BSP Circular No. 857, dated 21 November 2014), the BSP has outlined its expectations from supervised financial institutions in the conduct of its business while continually protecting the welfare of financial consumers.

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XI. REVISION HISTORY

<i>Effective Date</i>	<i>Revision Number</i>	<i>Description</i>
11/01/09	0	Original Document
06/01/12	1	Updated to align with BSP Cir. 747
04/24/15	2	Updated to incorporate the Bank's Information Sharing Framework and Independent Compliance Testing both approved by the BAC and confirmed by the Board in Y2014.
01/30/16	4	Update on transfer from CRC to IA's on fraud investigation
11/25/2015	5	Update to incorporate the compliance program for Consumer Protection
05/16/2018	6	Update to align with BSP Cir. 972
08//2018	7	Update to include coverage of BDO subsidiaries and affiliates and offshore branches
11/2018	8	Update as a result of additional offshore branch (Singapore), training, contact points, regulators and Compliance reporting line
07/2019	9	Update to define the Group-wide compliance structure of the BDO Group.

XI. APPROVAL


Revised by:

Approved by:

Maria Carmela M. Guerrero
FVP/Deputy Compliance Officer

Federico P. Tancongo
SVP/Chief Compliance Officer

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Annex A

The Corporate Compliance Office Table of Organization

Annex B

Trust Compliance Management Guidelines

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Annex C

Independent Compliance Testing Framework

Annex D

Information Sharing Framework

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Annex E

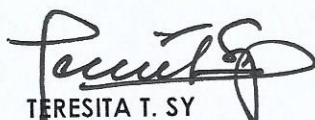
Consumer Protection Compliance Program

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Compliance Management Manual v9 2019 For Internal Use

SIGNATURES:

BDO Unibank, Inc.
2020 Integrated Annual Corporate Governance Report

IN WITNESS WHEREOF, I have hereunto set my hands at Makati City, Philippines, this
24th day of May 2021.


TERESITA T. SY
Chairperson

SUBSCRIBED AND SWORN TO before me this MAY 24 2021 day of May, 2021, affiant
exhibited to me her Competent Evidence of Identity as shown below:

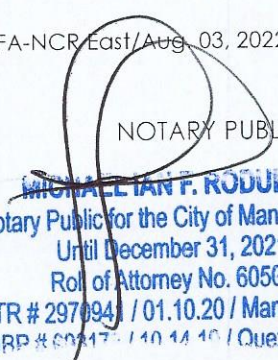
Name

Competent Evidence of Identity

Teresita T. Sy

Passport No. [REDACTED] / DFA-NCR East / Aug. 03, 2022, and TIN [REDACTED]

NOTARY PUBLIC


MICHAEL IAN F. RODULFO
Notary Public for the City of Mandaluyong
Until December 31, 2021
Roll of Attorney No. 60506
PTR # 297094 / 01.10.20 / Mandaluyong
IRP # 60417 / 10.11.10 / Quezon City

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BDO Unibank, Inc.
2020 Integrated Annual Corporate Governance Report

MAY 26 2021 IN WITNESS WHEREOF, I have hereunto set my hands at Makati City, Philippines, this
day of May 2021.



NESTOR V. TAN
President & Chief Executive Officer

SUBSCRIBED AND SWORN TO before me this MAY 26 2021 day of May, 2021, affiant
exhibited to me his Competent Evidence of Identity as shown below:

<u>Name</u>	<u>Competent Evidence of Identity</u>
Nestor V. Tan	Tax Identification No. [REDACTED]

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NOTARY PUBLIC



Atty. MARIAN ALEXANDRA R. LUGTU
Appointment No. M-334

Notary Public until 31 December 2020 - Extended until
30 June 2021 per Supreme Court Resolution dated
01 December 2020 (B.M. No. 3795)
21/F BDO Towers Valero, 8741 Paseo de Roxas
Salcedo Village, Makati City 1226
Roll No. 61299

IBP No. 145372, 08 January 2021, Makati City
PTR No. 8535980, 06 January 2021, Makati City
MCLE Compliance No. VI-0014816, 13 November 2018

BDO Unibank, Inc.
2020 Integrated Annual Corporate Governance Report


JONES M. CASTRO, JR.
Lead Independent Director
(until 23 April 2021)

Date: 20 May 2021

Place: 

BDO Unibank, Inc.
2020 Integrated Annual Corporate Governance Report

MAY 25 2021 IN WITNESS WHEREOF, I have hereunto set my hands at Makati City, Philippines, this
day of May 2021.


GEORGE T. BARCELON
Independent Director

MAY 25 2021
SUBSCRIBED AND SWORN TO before me this ____ day of May, 2021, affiant
exhibited to me his Competent Evidence of Identity as shown below:

Name


Competent Evidence of Identity

George T. Barcelon

Passport No. [REDACTED] DFA-Manila/Sept. 02, 2021

NOTARY PUBLIC

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Page No. 33
Book No. T
Series of 2021.


Atty. **CHRISTINE JOY K. TAN**
Appointment No. M-336
Notary Public until 31 December 2021
21/F BDO Towers Valero, 8741 Pasen de Roxas
Salcedo Village, Makati City 1226
Roll No. 57195
IBP No. 145381, 08 January 2021, Makati City
PTR No. 8535989, 06 January 2021, Makati City
MCLE Compliance No. VI-0015458, 20 November 2018

BDO Unibank, Inc.
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JOSE F. BUENAVENTURA
Independent Director

Date: May 24, 2021

Place: 

BDO Unibank, Inc.
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VICENTE S. PÉREZ, JR.
Independent Director

Date: 25 May 2021

Place: 

BDO Unibank, Inc.
2020 Integrated Annual Corporate Governance Report



DIOSCORO I. RAMOS
Independent Director

Date: 27 May 2021

Place: 

BDO Unibank, Inc.
2020 Integrated Annual Corporate Governance Report

IN WITNESS WHEREOF, I have hereunto set my hands at Makati City, Philippines, this
MAY 24 2021 day of May 2021.


GILBERTO C. TEODORO, JR.
Independent Director

MAY 24 2021
SUBSCRIBED AND SWORN TO before me this ____ day of May, 2021, affiant
exhibited to me his Competent Evidence of Identity as shown below:

Name


Competent Evidence of Identity

Gilberto C. Teodoro, Jr.

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

Doc. No. 150
Page No. 31
Book No. 1
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NOTARY PUBLIC


Atty. **CHRISTINE JOY K. TAN**
Appointment No. M-336
Notary Public until 31 December 2021
21/F BDO Towers Valero, 8741 Paseo de Roxas
Saigona Village, Makati City 1226
Roll No. 57195
IBP No. 145381, 08 January 2021, Makati City
PTR No. 8535989, 06 January 2021, Makati City
MCLE Compliance No. VI-0015458, 20 November 2018

BDO Unibank, Inc.

2020 Integrated Annual Corporate Governance Report

IN WITNESS WHEREOF, I have hereunto set my hands at Makati City, Philippines, this
MAY 25 2021 day of May 2021.



EDMUNDO L. TAN

Corporate Secretary

SUBSCRIBED AND SWORN TO before me this **MAY 25 2021** day of May, 2021, affiant exhibited to me his Competent Evidence of Identity as shown below:

Name

Edmundo L. Tan

Competent Evidence of Identity

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

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Book No. T
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NOTARY PUBLIC



Atty. CHRISTINE JOY K. TAN

Appointment No. M-336

Notary Public until 31 December 2021

21/F BDO Towers Valero, 8741 Paseo de Roxas

Salcedo Village, Makati City 1226

Roll No. 57195

IBP No. 145381, 08 January 2021, Makati City

PTR No. 8535989, 06 January 2021, Makati City

MCLE Compliance No. VI-0015458, 20 November 2018

BDO Unibank, Inc.
2020 Integrated Annual Corporate Governance Report

IN WITNESS WHEREOF, I have hereunto set my hands at Makati City, Philippines, this
27th day of May 2021.


FEDERICO P. TANCONGCO
Senior Vice President & Chief Compliance Officer

MAY 27 2021

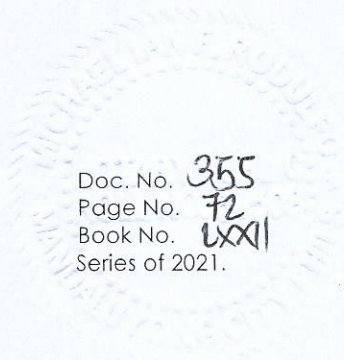
SUBSCRIBED AND SWORN TO before me this ____ day of May, 2021, affiant
exhibited to me his Competent Evidence of Identity as shown below:

Name

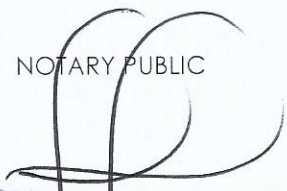
Competent Evidence of Identity

Federico P. Tancongco

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


Doc. No. 355
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NOTARY PUBLIC


MICHAEL IAN F. RODULFO
Notary Public for the City of Mandaluyong
Until December 31, 2021
Roll of Attorney No. 60502
PTR # 2970941 / 01.10.20 / Mandaluyong
IBP # 003172 / 10 14 10 / Quezon City



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 April 23, 2021, at which meeting a quorum was present and acting throughout, the following resolution was unanimously adopted and approved:

Resolution No. 093-2021

“RESOLVED, That the Board of Directors of BDO Unibank, Inc. (BDO Unibank) approve and confirm, as it hereby approves and confirms, BDO Unibank’s 2020 Integrated Annual Corporate Governance Report, as previously approved and endorsed by BDO Unibank’s Corporate Governance Committee in its Resolution No. 2021-04-01 adopted on April 21, 2021, 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 2020 Integrated Annual Corporate Governance Report to be submitted to the Securities and Exchange Commission (SEC), as modified.”

3. Chairperson Teresita T. Sy, Vice Chairman Jesus A. Jacinto, Jr., Director, President & CEO Nestor V. Tan, and Director Christopher A. Bell-Knight attended said April 23, 2021 regular Board Meeting in person while Independent Directors George T. Barcelon, Jose F. Buenaventura, Jones M. Castro, Jr., Vicente S. Pérez, Jr., Dioscoro I. Ramos, and Gilberto C. Teodoro, Jr., and Director Josefina N. Tan attended the meeting through videoconferencing, and aforementioned directors unanimously adopted and approved the above said resolution.

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.

APR 29 2021

IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ day of April, 2021 at Makati City, Philippines.

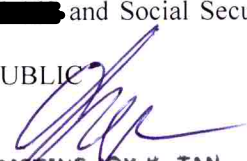

ALVIN C. GO
Assistant Corporate Secretary
APR 29 2021

SUBSCRIBED AND SWORN TO before me this ____ day of April, 2021, at Makati City, Philippines, affiant exhibited to me his Tax Identification No. [REDACTED] and Social Security System No. [REDACTED]

NOTARY PUBLIC

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BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue
Makati City 0726
Philippines
Swift Code BNORPHMM
Tel +632 8840-7000


Atty. CHRISTINE JOY K. TAN
Appointment No. M-336
Notary Public until 31 December 2021
21/F BDO Towers Valero, 8741 Paseo de Roxas
Salcedo Village, Makati City 1226
Roll No. 57195
IBP No. 145381, 08 January 2021, Makati City
PTR No. 8535989, 06 January 2021, Makati City
MCLE Compliance No. VI-0015458, 20 November 2018