



May 30, 2018

THE PHILIPPINE STOCK EXCHANGE, INC.

6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Mr. Jose Valeriano B. Zuño**
OIC – Head, Disclosure Department

PHILIPPINE DEALING AND EXCHANGE CORP.

37/F, Tower 1, The Enterprise Center
6766 Ayala Avenue cor. Paseo de Roxas, Makati City

Attention: **Ms. Kathlene Anne F. Famadico**
OIC - Issuer Compliance and Disclosure Department (ICDD)


Ladies and Gentleman:

We transmit to you herewith BDO Unibank, Inc.'s 2017 Integrated Annual Corporate Governance Report duly received by the Securities and Exchange Commission on May 30, 2018.

Kindly acknowledge receipt.

Thank you.

Very truly yours,


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



Att.: a/s

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

www.bdo.com.ph

We find ways®

May 30, 2018

MS. RACHEL ESTHER J. GUMTANG-REMALANTE
Officer-in-Charge
Corporate Governance and Finance Department
Securities and Exchange Commission
Secretariat Building, PICC Complex, Roxas Boulevard,
Pasay City, 1307

Dear Ms. Remalante,

As required, this is to submit the fully accomplished SEC I-ACGR containing all relevant information for the year ended December 31, 2017.

The report was taken up and approved by the Board in its meeting on May 26, 2018. Our Chairperson participated in this meeting through telephone conference as she is presently in London until June 3, 2018.

Because of this, we would like to request your kind consideration that her signature on the report is in electronic format in the meantime. We assure you that the manually signed SEC I-ACGR will be submitted to you as soon as she will be available to do so to comply with your requirement.

We sincerely apologize for the inconvenience caused by this prevailing situation. Your approval of our request will be highly appreciated.

Thank you.


ISMAEL G. ESTELA, JR.
SVP Corporate Governance



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) “Recommendations” – derived from the CG Code for PLCs;</p> <p>(2) “Supplement to Recommendation” – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) “Additional Recommendations” – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) “Optional Recommendation” – practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the “comply or explain” approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*“Not Applicable” or “None” shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

- 1. For the fiscal year ended **December 31, 2017**
- 2. SEC Identification Number: **34001** 3. BIR Tax Identification No.: **000-708-174-000**
- 4. Exact name of issuer as specified in its charter: **BDO Unibank, Inc.**
- 5. Country of Incorporation: **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
- 7. **BDO Corporate Center, 7899 Makati Avenue, Makati City** **0726**
Address of principal office Postal Code
- 8. **(632) 840-7000/(632) 631-8000/(632) 702-6000**
Issuer's telephone number, including area code
- 9.NOT APPLICABLE.....
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>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.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance 	<p>The BDO Board has 11 members, 7 of whom are bankers with local and international banking experience, 3 are lawyers and 1 entrepreneur. See Profile of Directors on page No. 43-49, of the 2017 Annual Report.</p> <p>For the qualification standards, see Selection, Nomination and Election of Board Members on page 5 of the Revised Corporate Governance Manual.</p>
<p>2. Board has an appropriate mix of competence and expertise.</p>	COMPLIANT		<p>The BDO Board has a diverse and balanced composition. See Board Snapshot on page 36 of the 2017 Annual Report.</p>
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	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 profile can be viewed on page 43-49 in the Board of Directors section of the 2017 Annual Report.</p>
Recommendation 1.2			

1. Board is composed of a majority of non-executive directors.	COMPLIANT	Identify or provide link/reference to a document identifying the directors and the type of their directorships	The BDO Board is composed of 1 Executive Director who is the President & CEO, 5 Non-Executive Directors including the Chairperson and 5 Independent Directors. See Composition of the Board on page 37 of the 2017 Annual Report.
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	See Page 29, 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	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	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		The 5-hour Advance Corporate Governance Seminar was conducted by SGV/EY on July 19, 2017 covering topics such as key developments in the Code of Corporate Governance, Risk Management, ICAAP and Stress Testing; Financial Regulatory Reforms, AMLA updates and Data Privacy Act. This was attended by directors and senior officers of BDO Unibank and its subsidiaries.
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	See Board Diversity Policy on Page 29, Section 8, Item - Governance Policies, Programs and Procedures in the Revised Corporate Governance Manual. BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf https://www.bdo.com.ph/sites/default/files/pdf/BOARD%20DIVERSITY%20POLICY.pdf The BDO Board has 2 female and 9 male Directors. It has also 1 female and 2 male Advisors. See Board Snapshot on page 36 of the 2017 Annual Report.
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	Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	See Page 3, Section 1, Item – Board Governance Framework (Board Diversity) in the Revised Corporate Governance Manual. BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf See page 36, Board Snapshot (Diverse and Balanced Composition) in the 2017 Annual Report.
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	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. See page 48 of the 2017 Annual Report for his qualifications.
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	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	See attached Certificate of Attendance of Atty. Edmundo L. Tan. He attended the 2017 Advance Corporate Governance Seminar held on July 19, 2017.
Optional: Recommendation 1.5			

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	See scanned copy of transmittal memo to a director on the distribution of board meeting materials within 5 business days before the scheduled meeting.
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Recommendation 1.6

1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	The Bank has a dedicated independent Compliance Officer functionally reporting to the Audit Committee. He is Atty. Federico P. Tancongco. See page 3-4 of the Revised Corporate Governance Manual for his duties and functions and page 23 of the 2017 Definitive Information Statement for his profile and qualifications.
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		He is a Senior Vice President.
3. Compliance Officer is not a member of the board.	COMPLIANT		He is not a member of the Board.
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT		Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered

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

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p>	<p>In discharging their fiduciary duty, directors perform functions such as the review and guiding of corporate strategy, risk management policies and procedures, annual budgets and business plans, and monitoring their implementation; the setting financial objectives, monitoring implementation of and corporate performance; and approving the issuance of capital stock distribution of dividends, strategic plans, major capital expenditures, acquisitions, equity investments, fixed assets, mergers, joint ventures, divestments, and significant related party transactions.</p> <p>In 2017, the Board of Directors approved the acts contained in page 38 of the 2017 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>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p>	<p>For 2017, the review of business objectives and strategy was done by the Board on a Special Meeting held on July 28, 2017.</p>

2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		Regular Board Meetings held on February 24, 2017 (annual review of acquisition), June 24, 2017 (update on ESO Plan) July 29, 2017, August 26, 2017 (update on BDOLF restructuring), and September 30, 2017(update on ONB operations).
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	Indicate or provide link/reference to a document containing the company's vision, mission and core values. Indicate frequency of review of the vision, mission and core values.	See page 6-7 of the 2017 Annual Report. These are reviewed every 3 years.
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	Provide information on or link/reference to a document containing information on the strategy execution process.	The strategy execution process is described in page 22-23 of the 2017 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.
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	The Chairperson of the BDO Board of Directors is Ms. Teresita T. Sy since April 29, 1995. See page 43 of the 2017 Annual Report for her profile and qualifications
Recommendation 2.4			

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	<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. 2. Hire externally if no suitable candidate is available. <p>TRAINING</p> <p>To prepare identified officers who are potential candidates for higher positions, the Bank has the following talent development programs:</p> <ol style="list-style-type: none"> 1. Officers Development Program 2. Management Development Program
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2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT		See attached Policy on Retirement of Directors.
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	The Bank remuneration policy is geared towards attracting, retaining and motivating employees and members of the Board. See page 39 of the 2017 Annual Report.
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		The remuneration framework for senior management includes fixed pay, bonus and for the long-term is the Employee Stock Option Plan. It is linked to corporate and individual performance, based on an annual appraisal of senior management officers. See page 39 of the 2017 Annual Report.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		No. The directors are required to recuse in the deliberation.
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	Provide proof of board approval	There is a Board-approved remuneration policy for Senior Executives per Resolution No. 328-A-2012 dated June 30, 2012. See attached Secretary's Certificate.

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p>	<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>Recommendation 2.6</p>			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.</p> <p>Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>The procedures for the nomination of directors are published in page 16 of the 2017 Definitive Information (DIS) while the election of directors is in page 4 thereof. The policy for the selection, nomination and election of directors could be found on page 5 of the Revised Corporate Governance Manual published in the BDO website.</p> <p>Please see 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>

<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>		<p>See Page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors), and Page 21, Section 3, Item – Board Committees (Nomination Committee), of the Revised Corporate Governance Manual.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>COMPLIANT</p>		<p>This is included in the procedure for nomination of directors on page 16 of the DIS. See Page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors) 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>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>COMPLIANT</p>		<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 the Board of Directors in the Revised Corporate Governance Manual and page 16-17 of the 2017 Definitive Information Statement.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>
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<p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>COMPLIANT</p>		<p>The Nominations Committee leads in the process of identifying and evaluating nominees for directors. It evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the Bank. The result of the evaluation determines the role and key attributes than an incoming director should have. See Page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors), and Page 21, Section 3, Item – Board Committees (Nomination Committee), in the Revised Corporate Governance Manual and page 37 of the 2017 Annual Report.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p>
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>		<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

<p>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.</p>	<p>COMPLIANT</p>	<p>Identify the professional search firm used or other external sources of candidates</p>	<p>We use the director database of the Institute of Corporate Directors as one of the sources when searching for candidates to the Board. For 2017, there was no change in the members of the Board, hence, this was not used. See page 6, Selection, Nomination and Election of Board Members in the Revised Corporate Governance Manual.</p>
<p>Recommendation 2.7</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs</p> <p>Identify transactions that were approved pursuant to the policy.</p>	<p>See Pages 41-47, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual for the full version of the RPT policy. BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>Approved RPT transactions are mostly credit accommodations, leases, purchase/disposal of assets, materials and supplies and outsourcing arrangements.</p> <p>Material RPT transactions are identified in the Quarterly Reports on Consolidated Material RPTs of the Bank & Affiliates, which are being submitted to the BSP.</p>

<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>COMPLIANT</p>		<p>The Related Party Transactions Committee composed of all independent directors including the Chairman handles the review of material RPTs. The Board approves all Related Party Transactions regardless of amount. See Pages 41-47, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See attached Related Party Transactions Policy, which can also be viewed through the following link: https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>
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<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>COMPLIANT</p>		<p>It covers DOSRI, Subsidiaries, Affiliates, Close Family members and Other Related Parties. See Pages 41-47, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual.</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/REVISED-CORGOV-MANUAL.pdf</p> <p>See attached Related Party Transactions (RPT) Policy, which can also be viewed through the following link: https://www.bdo.com.ph/sites/default/files/pdf/Revised%20RPT%20Policy.pdf</p>
<p>Supplement to Recommendations 2.7</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p>	<p>The RPT materiality thresholds for all types of RPTs are in the Related Party Transactions Policy on page 45 of the Revised Corporate Governance Manual.</p> <p>RPT transactions are mostly credit accommodations, leases, purchase and disposal of assets, materials and supplies and outsourcing arrangements.</p> <p>Material RPT transactions are identified in the Quarterly Reports on Consolidated Material RPTs of the Bank & Affiliates, which are being submitted to the BSP.</p>

<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on voting system, if any.</p>	<p>During the Annual Stockholders' Meeting, material RPTs are presented together with the other acts of the Board for approval/confirmation by all stockholders whereby effectively, the majority of non-related party shareholders are also included in the voting. Their corresponding votes will be counted and reflected in the voting tabulation.</p>
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed</p>	<p>See page 11 of the Revised Corporate Governance Manual.</p> <p>See page 50-52 of the 2017 Annual Report.</p>

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>See page 13 of the Revised Corporate Governance Manual.</p> <p>The assessment process for senior management is part of the Board Performance Self-Assessment Form published in the corporate website under Company Policies. This is being done annually.</p> <p>For the independent control functions, this is being done through the yearly Appraisal Report, which is individually reviewed by the Audit Committee.</p>
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Recommendation 2.9

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>The Key Result Areas Plan is the effective performance management framework adopted to ensure that individual performance is tracked versus standards set by Management and Board.</p>
<p>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.</p>	<p>COMPLIANT</p>		<p>Same for employees although the KRA focus areas are substantially different.</p>

Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	See Internal Control and Risk Management on page 11 of the Revised Corporate Governance Manual.
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		Same
3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter	See attached 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	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	See Internal Control and Risk Management on page 11 of the Revised Corporate Governance Manual.
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	Provide proof of effectiveness of risk management strategies, if any.	See Enterprise Risk Management Framework on page 31 of the Revised Corporate Governance Manual.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	See page 11 of the Revised Corporate Governance Manual. It is also published in the corporate website at www.bdo.com.ph/corporategovernance/Manual on Corporate Governance

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. www.bdo.com.ph/corporategovernance/Manual on Corporate Governance
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Provide information on or link/reference to a document showing company's insider trading policy.	See Personal Trading Policy published in the corporate website at www.bdo.com.ph/corporategovernance/companyolicies/PersonalTradingPolicy
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	Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	This is covered in the Related Party Transactions Policy published in the corporate website at www.bdo.com.ph/CorporateGovernance/Company'sPolicies/RelatedPartyTransactionsPolicy

<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>COMPLIANT</p>	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p>	<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 page 4-11 Duties, Functions and Responsibilities of the Board in the Revised Corporate Governance Manual</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	Provide information or link/reference to a document containing information on all the board committees established by the company.	The Board has established 9 committees to assist in the performance of its roles and functions. See Establishing Board Committees page 18-22 of the Revised Corporate Governance Manual.
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	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	See page 19-20 of the Revised Corporate Governance Manual. YES. See External Audit on page 19 and Strengthening the External Auditor's Independence on page 30 of the Revised Corporate Governance Manual.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	The Audit Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See page 54 of the 2017 Annual Report on the Audit Committee composition and page 46-48 on the qualifications.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	See page 46-48 of the 2017 Annual Report on the qualifications and type of directorship of the Audit Committee members.

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	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 54 of the 2017 Annual Report and page 20 of the Revised Corporate Governance Manual.
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	All services provided by the External Auditor are required to be approved by the Audit Committee. See External Audit on page 20 and Strengthening the External Auditor's Independence on page 30 of the Revised Corporate Governance Manual.
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.	This is being done in the Executive Session of the Independent and Non-Executive Directors without the presence of management. In 2017, there were 3 sessions of the INEDs with the External Auditor.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	Indicate the number of Audit Committee meetings during the year and provide proof	In 2017, Audit Committee held 12 meetings with all the members in attendance. See page 55 of the 2017 Annual Report.
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	This is part of the Terms of Reference of the Audit Committee. See Internal Audit Division on page 20 of the 2017 Annual Corporate Governance Manual.

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	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	See page 21 of the Revised Corporate Governance Manual. The function of identifying the quality of directors is vested on the Nominations Committee, which is a separate and distinct committee.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	The Corporate Governance Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See page 56 of the 2017 Annual Report on membership composition, page 46-48 on the qualifications of the members.
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	The Chairman of the Corporate Governance Committee is Atty. Gilberto C. Teodoro, Jr., Independent Director. See page 56 of the 2017 Annual Report.
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meets at least twice during the year.	COMPLIANT	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	In 2017, the Corporate Governance Committee held 6 meetings. See page 56 of the 2017 Annual Report.
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	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	See Risk Management Committee on page 21 of the Revised Corporate Governance Manual.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	The Risk Management Committee is composed of 3 members, 2 of which are Independent Directors including the Chairman and 1 Executive Director. See page 58 of the 2017 Annual Report for the membership composition and page 44-48 for the qualifications.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the BROC	The Chairman of the Risk Management Committee is Mr. Jones M. Castro, Jr., Independent and Lead Director. See page 58 of the 2017 Annual Report.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	See page 44-48 of the 2017 Annual Report. All 3 members are bankers with extensive international banking experience.
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	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	See Related Party Transactions Committee on page 22 of the Revised Corporate Governance Manual.

2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	The Related Party Transactions Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See page 62 of the 2017 Annual Report on the membership composition and page 46-47 on the qualifications.
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	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	Each committee has its own Terms of Reference that clearly define the composition, duties and responsibilities, which are approved by the Board. These are published in the Bank's website at www.bdo.com.ph/CorporateGovernance/BoardCommittees/TermsOfReference
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	Provide link to company's website where the Committee Charters are disclosed.	Yes. These are published in the Bank's website at www.bdo.com.ph/CorporateGovernance/BoardCommittees/TermsOfReference
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			

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>BDO follows procedures set by SEC and BSP on tele/videoconferencing of board and/or committee meetings. See attached SEC Memorandum No. 15, Series of 2001, and BSP Circular No. 969, Series of 2017 and the Terms of Reference of BDO Committees.</p> <p>The Terms of Reference of BDO Committees can also be viewed through the following link:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Terms%20of%20Reference%20compilation.pdf</p> <p>See attached disclosure on the attendance and participation of directors to Board meetings, which can also be viewed through the following links:</p> <p>PSE EDGE: http://edge.pse.com.ph/openDiscViewer.do?edge_no=bd228cf7b243468143ca035510b6ec2b</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20-%202017%20Board%20Attendance.pdf</p>
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2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT		The directors are expected to prepare diligently for the meetings to evaluate and add value to the items presented, actively participate and contribute meaningfully to the discussions of the Board. See Board and Committee meetings on page 22 of the Revised Corporate Governance Manual.
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.		Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors	Excerpt of a board meeting with questions from directors is attached.
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p>	<p>See Multiple Board Seats on page 23 of the Revised Corporate Governance Manual.</p> <p>See page 43-48 of the 2017 Annual Report for the list of directorships in PLCs and non-PLCs of the members of the BDO Board.</p>
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	This is part of the Multiple Board Seats Policy on page 23 of the Revised Corporate Governance Manual, which was approved by the Board.
Optional: Principle 4			

1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT		Yes. Nestor V. Tan/President & CEO, the only Executive Director, sits only in the BDO Board. He has no directorship in a listed company outside of the Bank.
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT		Schedule of regular board meetings for the coming year is set in advance before the start of the new calendar year and published in the Board Calendar of Activities for the information and guidance of all directors and advisers. See Board Meetings-Frequency on page 22 of the Revised Corporate Governance Manual.
3. Board of directors meets at least six times during the year.	COMPLIANT	Indicate the number of board meetings during the year and provide proof	In 2017, the BDO Board met 15 times. See Board of Directors Meetings on page 37 of the 2017 Annual Report.
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NON-COMPLIANT	Indicate the required minimum quorum for board decisions	Existing quorum requirement of simple majority complies with Corporation Law. However, BDO Board meetings have always been attended by more than 2/3 of the members deciding on any matter for approval by the Board. In actual practice, the requirement of at least 2/3 minimum quorum for board decisions has been consistently complied with. See meeting attendance of directors, which are above 75% of all meetings on page 37 of the 2017 Annual Report.

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	Provide information or link/reference to a document containing information on the number of independent directors in the board	The Bank Board shall have at least 5 Independent Directors. Currently, the 5 Independent Directors constitute 45% of the full Board. See Independent Directors on page 23 of the Revised Corporate Governance Manual and Composition on page 37 of the 2017 Annual Report.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	See Profiles of the Independent Directors on page 46-48 of the 2017 Annual Report.
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	Provide link/reference to a document containing information that directors are not constrained to vote independently.	The Bank has no voting trust agreements and restrictions in the By-Laws that constrain the directors' ability to vote independently.
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	Provide information or link/reference to a document showing the years IDs have served as such.	See Tenure/Term Limits of Independent Directors on page 24 of the Revised Corporate Governance and page 46-48 of the 2017 Annual Report.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director	See Tenure/Term Limits of Independent Directors on page 24 of the Revised Corporate Governance.

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	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	This is part of the Tenure/Term Limits of Independent Directors Policy. However, this is not yet invoked since the incumbent Independent Directors' tenures are still within the prescribed limit, i.e. reckoned from 2012.
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	Identify the company's Chairman of the Board and Chief Executive Officer	The Chairperson of the Board is Ms. Teresita T. Sy while the President & CEO is Nestor V. Tan.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO.	Their roles are separate and distinct from each other to achieve a balance of authority, clear accountability, and better capacity for independent decision making. See Chairperson of the Board and Chief Executive Officer on page 25-26 of the Revised Corporate Governance Manual. The Chairman and CEO have no family relationship.
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	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.	The Chairperson of the Board is a Non-Executive Director as prescribed by the BSP. The Bank has a Lead Independent Director who was appointed by the Board from amongst the Independent Directors. See his functions on page 26 of the Revised Corporate Governance Manual.

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	Provide proof of abstention, if this was the case	See excerpts from minutes of the Board meeting on RPTs.
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	In 2017, there were 3 executive sessions with the External Auditor, Chief Risk Officer, Chief Compliance Officer and Internal Auditor without the presence of management. See Corporate Governance Committee on page 56 of the 2017 Annual Report.
2. The meetings are chaired by the lead independent director.	COMPLIANT		These were chaired by Mr. Jones M. Castro, Jr., Lead Independent Director. See Corporate Governance Committee on page 56 of the 2017 Annual Report.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	Provide name/s of company CEO for the past 2 years	The Bank's CEO for the last 2 years until now is Mr. Nestor V. Tan.
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	This was done from January to March 2017 and spearheaded by the Corporate Governance Committee. See Improving Board Effectiveness/Board Performance on page 38 of the 2017 Annual Report.

2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		Yes, this is part of the yearly Board Self-Assessment.
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		Yes, this is part of the yearly Board Self-Assessment.
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		Yes, this is part of the yearly Board Self-Assessment.
5. Every three years, the assessments are supported by an external facilitator.		Identify the external facilitator and provide proof of use of an external facilitator.	For 2017 self-assessment, no external facilitator was used yet. This requirement will take effect in 2019.

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	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	The Board Evaluation Self-Assessment Form is published in the corporate website at www.bdo.com.ph/CorporateGovernance/CompanyPolicies/BoardEvaluationSelf-Assessment
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		The result of the yearly self-assessment is published in the Annual Report which is distributed to the shareholders and hence, they could comment on the information published. See Improving Board Effectiveness on page 38 of the 2017 Annual Report.

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	The Revised Code of Business Conduct and Ethics is published in the corporate website at www.bdo.com.ph/CorporateGovernanceCompany'sPolicies/RevisedCodeofBusinessConductandEthics
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	The Office of the Human Resources is responsible for overseeing the implementation of this Code across the BDO Unibank Group. This was disseminated bankwide through the eNewsgram. Officers and staff were required to sign the Acknowledgment Receipt Form to document that they have read and understand the provisions of the Code. See page 7 of the Code – Responsibility for Implementation.
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	The Revised Code of Business Conduct and Ethics is published in the corporate website at www.bdo.com.ph/CorporateGovernanceCompany'sPolicies/RevisedCodeofBusinessConductandEthics
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	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	See page 3 # 6 Acceptance/Solicitation of Gifts, Bribery and Corruption under Observance of Standards of Conduct for Individuals of the Revised Code of Business Conduct and Ethics. Likewise, the institution commits to comply with anti-corruption and bribery laws in all jurisdictions it operates.

Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	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. 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.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		See page 7 of the Code – Responsibility for Implementation, and Approval and Disclosure

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	See page 28 Section 8. Enhancing Company Disclosure Policies and Procedures of the Revised Corporate Governance Manual.
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Supplement to Recommendations 8.1

<p>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.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p>	<p>As a policy, audited financial statements are released not later than 60 days after the close of the financial year. The 2017 FS were disclosed to the PSE 55 days from Dec. 31, 2017.</p> <p>The interim reports for 1st, 2nd and 3rd quarter of 2017 were disclosed to the PSE 26, 32, and 33 days, respectively after the end of the quarter.</p>
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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	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	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 www.bdo.com.ph/CorporateGovernance/Company'sPolicies/PersonalTradingPolicy
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.	Actual dealings of shares are disclosed in PSE Edge within 3 days after transaction date. The disclosures are published in the corporate website at www.bdo.com.ph/CorporateGovernance/CompanyDisclosures
Supplement to Recommendation 8.2			

<p>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).</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	<p>See attached quarterly disclosure to PSE of BDO's Public Ownership Report and List of BDO's Top 100 stockholders for 2017, which can also be viewed through the following links:</p> <p>PSE EDGE: http://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:</p> <p>https://www.bdo.com.ph/about-bdo/board-management-organizational-structure</p>
<p>Recommendation 8.3</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>See page 43-48 Board of Directors of the 2017 Annual Report. The share ownership of directors is in page 40 the report.</p>

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	See page 17-23 of the 2017 Definitive Information Statement. The security ownership of management is in page 6-10 of the report.
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	Disclose or provide link/reference to the company policy and practice for setting board remuneration	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: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Unibank%20Amended%20By-Laws%20(4%20Nov%202011).pdf
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	See page 5-6 Remuneration and Other Incentives of Directors and Senior Management of the Revised Corporate Governance Manual.

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p>	<p>On the disclosure of remuneration on an individual basis for Board members and Executive Officers, the Board has serious concerns given the possible adverse security issues and poaching of talents by competitors in the industry. Hence, it has decided it will not be to the best interest of the Bank to do so at this time. It will disclose the remuneration figures on a consolidated basis only. See page 30 of the Revised Corporate Governance Manual as stated.</p>
<p>Recommendation 8.5</p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	<p>See page 41-47, Annex A (Related Party Transactions Policy) of the Revised Corporate Governance Manual.</p> <p>See attached sample of Directors' Certificate on the approval of related party transactions being submitted to BSP.</p>

<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>COMPLIANT</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions 	<p>See Report on Material Related Party Transactions, which is submitted to BSP within 20 calendar days after the end of the quarter for details.</p>
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Supplement to Recommendation 8.5

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>COMPLIANT</p>	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p>	<p>See Conflicts of Interest Policy wherein directors and employees are required that any financial and personal interest or benefit in any transaction involving BDO must be disclosed. When presented with a situation involving a potential conflict of interest, it is necessary to disclose the possible conflict in writing to the Supervising Officer, in case of officer or employee, or to the Board of Directors, in case of Directors. This is documented through the Conflict of Interest (COI) Form. This policy is published in the corporate website at www.bdo.com.ph/CorporateGovernance/Company'sPolicies/ConflictofInterestPolicy</p>
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Optional : Recommendation 8.5

<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p>COMPLIANT</p>	<p>Provide link or reference where this is disclosed, if any</p>	<p>The process of ensuring that RPTs are conducted in a fair and at arms' length manner could be found in page 6 F. Review of Related Party Transactions of the Related Party Transactions Policy wherein the Related Party Transactions Committee conducts a comprehensive review of the transactions focusing on the terms and conditions, the business purpose, the justifications in entering into these transactions and any other information (e.g. price discovery mechanism) that allows the determination if terms are comparable to those given to unrelated parties.</p>
<p>Recommendation 8.6</p>			
<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	<p>COMPLIANT</p>	<p>Provide link or reference where this is disclosed</p>	<p>Material fact or events are disclosed to PSE EDGE under "Company Disclosures". See below link to said section of PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260</p> <p>Company disclosures are also available in BDO's website and can be viewed using the following link: https://www.bdo.com.ph/company-disclosures</p>

2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	Identify independent party appointed to evaluate the fairness of the transaction price Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	BDO has an inherent in-house expertise in evaluating the fairness of the transaction price for all deals entered into by the Bank because this is one of the functions of our BDO Capital and Investment Corp.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	Provide link or reference where these are disclosed.	See page 6 of the Definitive Information Statement particularly NOTE on Security Ownership of certain record/beneficial owners wherein the Bank disclosed that there are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with BDO nor has there been any change in control of BDO. BDO is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of BDO.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted.	www.bdo.com.ph/CorporateGovernance/ManualofCorporateGovernance

2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		The latest version of the Corporate Governance Manual was submitted to the SEC on February 27, 2018. It can be viewed in PSE EDGE at: http://edge.pse.com.ph/openDiscViewer.do?edge_no=7e0f498b3f0f129943ca035510b6ec2b
3. Company's MCG is posted on its company website.	COMPLIANT		www.bdo.com.ph/CorporateGovernance/ManualofCorporateGovernance
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Provide proof of submission.	The latest version of the Corporate Governance Manual was submitted to the SEC on February 27, 2018. It can be viewed in PSE EDGE at: http://edge.pse.com.ph/openDiscViewer.do?edge_no=7e0f498b3f0f129943ca035510b6ec2b
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives	COMPLIANT		See page 14 of the 2017 Annual Report re: A New Frontier in Philippine Banking wherein Nestor V. Tan/President & CEO discussed BDO's top priorities for 2017.
b. Financial performance indicators	COMPLIANT		See page 18 of the 2017 Annual Report re: Financial & Operating Highlights-Financial Performance Indicators

c. Non-financial performance indicators	COMPLIANT		These are published in the 2017 Sustainability Report of SMIC wherein BDO is featured as part of the SMIC Sustainability Report and at www.bdo.com.ph/EnvironmentalSocietyandGovernance	
d. Dividend Policy	COMPLIANT		This is published in Annex A of the 2017 Definitive Information Statement.	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		See page 43-48 of the 2017 Annual Report	
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT		See page 37 and 53-62 of the 2017 Annual Report for the attendance of Board meetings and committee meetings, respectively.	
g. Total remuneration of each member of the board of directors	COMPLIANT		The total remuneration is disclosed on a consolidated basis for reason of security and possible poaching of talents by competitors in the industry.	
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		Provide link or reference to where this is contained in the Annual Report	See page 65 of the 2017 Annual Report re: Compliance with the SEC Code of Corporate Governance

3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	Provide link or reference to where this is contained in the Annual Report	See page 55 paragraphs 2, 3 and 5 of the Audit Committee report in the 2017 Annual Report
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	Provide link or reference to where this is contained in the Annual Report	See page 55 last paragraph of the Audit Committee report in the 2017 Annual Report
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	Provide link or reference to where these are contained in the Annual Report	See page 75-99 of the 2017 Annual Report Notes to the Financial Statements.

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

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	See page 30 Section 9. Strengthening the External Auditor's Independence and Improving Audit Quality of the Revised Corporate Governance Manual on the Audit Committee Oversight Function on the External Auditor.
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<p>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.</p>	<p>COMPLIANT</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p>	<p>Of the total votes cast of 3,994,752,433, votes in favor for the reappointment of the external auditor was 3,978,688,947 or 99.60%. See Item VIII (Appointment of External Auditor) in the Minutes of the 2017 ASM, which can be also be viewed in BDO's website through:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/April%202020,%202017%20ASM%20(final).pdf</p>
<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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>	<p>No such removal or change has happened to date.</p>
<p>Supplement to Recommendation 9.1</p>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p>	<p>See Page 24, Item 7 (Independent Public Accountants) of the 2017 Definitive Information Statement, which could also be viewed through the following links:</p> <p>PSE EDGE: http://edge.pse.com.ph/openDiscViewer.do?edge_no=e21838a585f546d23318251c9257320d</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20%28PSE%29%20-%20DIS%20as%20of%20December%202016%20%28March%2024%2C%202017%29_opt.pdf</p>

Recommendation 9.2			
<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 effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	See Terms of Reference of the Audit Committee published in the corporate website at www.bdo.com.ph/CorporateGovernance/BoardCommittees/TermsofReference
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	See Terms of Reference of the Audit Committee published in the corporate website at www.bdo.com.ph/CorporateGovernance/BoardCommittees/TermsofReference
Supplement to Recommendations 9.2			
<p>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.</p>	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	See Terms of Reference of the Audit Committee published in the corporate website at www.bdo.com.ph/CorporateGovernance/BoardCommittees/TermsofReference

2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	See Terms of Reference of the Audit Committee published in the corporate website at www.bdo.com.ph/CorporateGovernance/BoardCommittees/TermsOfReference
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	Disclose the nature of non-audit services performed by the external auditor, if any.	There were no non-audit services performed by Punongbayan & Araullo.
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	Provide link or reference to guidelines or policies on non-audit services	To avoid conflict of interest and impairment of independence, the Audit Committee has in place the list of non-audit services, which may not be provided by the External Auditor. See page 30 last paragraph of Audit Committee Oversight Function in the Revised Corporate Governance Manual.
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Provide information on audit and non-audit fees paid.	Audit fees paid in 2017 amounted to Php14,389,986.84. No other fees were paid to Punongbayan & Araullo.
Additional Recommendation to Principle 9			

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>COMPLIANT</p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. 	<p>Mr. Leonardo D. Cuaresma, Jr.</p> <p>0007-AR-4 MAY 1, 2015 April 30, 2018</p> <p>Punongbayan & Araullo Grant Thornton 19th & 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave, Makati, 1200</p>
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>COMPLIANT</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. 	<p>According to Punongbayan & Araullo, the SOAR inspection of the SEC is not yet implemented.</p>
<p>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p>			
<p>Recommendation 10.1</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	<p>The Bank is part of the Sustainable Business Framework of the SM Investments Inc. (SMIC) reporting of economic, environmental, social and governance issues of its business. SMIC's ESG Report is compliant with the globally recognized standard in reporting sustainability and non-financial issue.</p>

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Provide link to Sustainability Report, if any. Disclose the standards used.	See SMIC Sustainability Report of 2017. SMIC's reporting standard is based on GRI.
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	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	See page 31 Section 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information in the Revised Corporate Governance Manual. See Analyst Briefing published in the corporate website at www.bdo.com.ph/InvestorRelations/AnalystBriefing
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		Provide link to company website	
a. Financial statements/reports (latest quarterly)	COMPLIANT		See SEC 17Q Reports at www.bdo.com.ph/SECFilings
b. Materials provided in briefings to analysts and media	COMPLIANT		See Analyst Briefing 1H17 at www.bdo.com.ph/InvestorRelations/AnalystBriefing
c. Downloadable annual report	COMPLIANT		See Annual Reports at www.bdo.com.ph/CompanyDisclosures/FinancialReport

d. Notice of ASM and/or SSM	COMPLIANT		See Annual Stockholder Meeting (DIS) at www.bdo.com.ph/SECFilings
e. Minutes of ASM and/or SSM	COMPLIANT		See Minutes of the 2017 Annual Stockholders Meeting on page 331-342 of the 2018 Definitive Information Statement at www.bdo.com.ph/CompanyDisclosures/SECFilings/AnnualStockholdersMeeting(DIS)
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		See BDO Amended Articles of Incorporation and By-Laws at www.bdo.com.ph/AboutBDO
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			

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p>	<p>The BDO internal audit function adheres to the International Standard for the Professional Practice of Internal Auditing (ISPPA) set forth by the Institute of Internal Auditors (IIA), the Internal Auditing definition and the IIA Code of Conduct. It observes the COSO integrated Internal Control Framework.</p> <p>The BDO Internal Audit has 5,016 audit engagements for the year 2018 covering the more than 1,000 branches (average 3.5 times visit a year per branch), the IT application systems (both development and operations), and the various head office units and subsidiaries (both domestic and foreign). These are a mix of regular and targeted audits.</p>
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>See page 24 Risk Management of the 2017 Annual Report for the discussion of the Risk Management Framework, risk management procedures and processes, major risks of the Bank and how these are adequately and consistently evaluated, managed, controlled and monitored, and risk governance structure.</p>
<p>Supplement to Recommendations 12.1</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p>	<p>See attached BDO Unibank Regulatory Compliance Manual (Condensed version)</p> <p>Yearly, by the Audit Committee.</p>
<p>Optional: Recommendation 12.1</p>			

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on IT governance process</p>	<p>The Bank has put in place an effective IT governance process that covers structure, principles and processes. On top of the IT governance structure is the Board of Directors that provides oversight and strategic direction in the development and implementation of the IT governance process thru the Information Technology Steering Committee (ITSC). The IT governance principles define the role that IT will play within and across the organization. These principles are defined in the context of business strategy. In BDO where there are multiple business units, these principles are geared towards supporting the needs of each business entity including IT security and business continuity requirements and how IT will support them, collectively on a shared-service basis or individually. The end-to-end processes define the necessary series of steps with defined inputs, activities, deliverables, roles and associated responsibilities and authority. Results are then submitted to the ITSC for review and reporting to the Board.</p>
<p>Recommendation 12.2</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p>	<p>BDO Internal Audit is in-house.</p>

Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	The Chief Audit Executive is Ms. Estrellita V. Ong. See Role of Chief Internal Auditor on page 32 of the Revised Corporate Governance Manual for her responsibilities.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT		This is part of her responsibilities.
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	Identify qualified independent executive or senior management personnel, if 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	Provide information on company's risk management function.	See page 32 Independent Risk Management Function of the Revised Corporate Governance Manual.
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.		Identify source of external technical support, if any.	In 2017, the Risk Management Group did not avail of external technical support.
Recommendation 12.5			

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The Chief Risk Officer is Ms. Evelyn L. Villanueva. See page 21 of the Definitive Information Statement of 2018 for her qualifications and page 32 Role of the Chief Risk Officer of the Revised Corporate Governance Manual for her responsibilities.
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 in place and working effectively.	COMPLIANT	Provide link to CEO and CAE's attestation	The attestation that a sound independent control system is in place and functioning well is part of the 2017 Internal Audit Closing Report dated January 10, 2018 which was submitted to the Audit Committee and the Chairperson. Please see attached report.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	See Section 13. Promoting Shareholders Rights page 34-35 of the Revised Corporate Governance Manual.

2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Provide link to company's website	The Revised Corporate Governance Manual is published in the corporate website at www.bdo.com.ph/CorporateGovernance/ManualofCorporateGovernance
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT		Yes. This is expressly stated in the voting Rights of shareholders in Article IV Section 13 of the Amended By-Laws and on page 27 of the Revised Corporate Governance Manual.
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Provide information on all classes of shares, including their voting rights if any.	<p>The equitable treatment of shareholders is enshrined in Article IV Section 13 of Amended By-Laws and page 27 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>3. Board has an effective, secure, and efficient voting system.</p>	<p>COMPLIANT</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p>	<p>BDO has been using poll voting. Cumulative Voting is allowed in the election of directors. This method is discussed in detail on page 4 of the 2018 Definitive Information Statement item © Election of Directors and Voting Rights (Cumulative Voting).</p>
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<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.</p>	<p>The Bank affirms the voting rights given to the minority shareholders relative to certain major corporate acts that require the approval of at least 2/3 of the shareholders, which effectively include already the "majority of the minority" shareholders. In accordance with law, the Bank recognizes also the appraisal right of any shareholder in case of dissenting vote on any approved major corporate actions. As additional mechanisms to protect minority shareholders, the Bank has in place policies on Related Party Transactions to protect against improper conflict of interest, Personal Trading Policy to prevent insider trading and Whistle Blower to provide a channel for reporting of illegal practices, abuse of authority and fraudulent activity, etc. without fear of reprisal. Related party transactions are reviewed by the Related Party Transactions Committee consisting of Independent and Non-Executive Directors.</p> <p>In the Notice of the Annual Stockholders' Meeting (ASM), the Bank is reminding all shareholders including minority shareholders to vote during the ASM to reinforce their participation in the affairs of the company.</p>
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<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p>	<p>BDO Amended By-Laws allows this. Please see Article IV Section 15 Amended By-Laws – Special Meetings which states that: “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.” However, there has been no special shareholders' meeting called.</p>
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<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p>	<p>The Bank recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the Amended By-Laws of the Bank provide that all shares in each class should carry the same rights and any changes in the voting rights to be approved by them.</p> <p>Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors, access to any information relating to matters for which the management is accountable, propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>Policies and procedures have been put in place as well to protect the interests of minority shareholders such as the Related Party Transactions Policy to manage potential conflicts of interests arising from related party transactions and the Personal Trading Policy that prohibits insider trading. Please see page 34-35 Section 13 for the rights of the shareholders in the Revised Corporate Governance Manual.</p>
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<p>7. Company has a transparent and specific dividend policy.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's dividend Policy.</p>	<p>See BDO Dividend Policy Statement at www.bdo.com.ph/CorporateGovernance/Company'sPolicies/DividendPolicy</p> <p>"BDO recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. As of December 2013, the Bank has been paying regular cash dividends of Php 0.30 per quarter, or an annual equivalent of Php1.20 per share and will endeavor to do so while maintaining financial flexibility.</p> <p>The Board of Directors may, at its discretion and depending on the business results for the year and capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders normally announced at the Annual Stockholders' Meeting."</p> <p>Yes. Dividends are processed and paid based on PSE and SEC Rules as follows:</p> <p>Payment date should not be more than 18 trading days from the record date, and disclosure of record date must not be less than 10 trading days from said date.</p> <p>For scrip/scripless Stock Dividends offered in 2012, these were processed and paid as follows:</p> <p>Board Approval - March 22, 2012 Stockholders' Approval - April 20, 2012 Record Date - May 25, 2012 Issuance Date - June 8, 2012</p>
<p>SEC Form – I-ACGR * Updated 21Dec2017</p>	<p>COMPLIANT</p>	<p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p>	

Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	Identify the independent party that counted/validated the votes at the ASM, if any.	Punongbayan & Araullo Grant Thornton (P&A)
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	<p>Notice and Agenda including Rationale were released on March 28, 2017 (23 days before the ASM). Remuneration was included in the agenda meeting as part of the Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their term of office.</p> <p>See 2017 Definitive Information Statement at PSE EDGE: http://edge.pse.com.ph/openDiscViewer.do?edge_no=e21838a585f546d23318251c9257320d</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20%28PSE%29%20-%20DIS%20as%20of%20December%202016%20%28March%2024%2C%202017%29_opt.pdf</p>
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		Provide link or reference to the company's notice of Annual Shareholders' Meeting	

<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>COMPLIANT</p>		<p>See page 11-14 of the 2017 Definitive Information Statement at PSE EDGE: http://edge.pse.com.ph/openDiscViewer.do?edge_no=e21838a585f546d23318251c9257320d</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20%28PSE%29%20-%20DIS%20as%20of%20December%202016%20%28March%2024%2C%202017%29%20.pdf</p>
<p>b. Auditors seeking appointment/re-appointment</p>	<p>COMPLIANT</p>		<p>See Item 7. Independent Public Accountants on page 27 of the 2017 Definitive Information Statement at PSE EDGE: http://edge.pse.com.ph/openDiscViewer.do?edge_no=e21838a585f546d23318251c9257320d</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20%28PSE%29%20-%20DIS%20as%20of%20December%202016%20%28March%2024%2C%202017%29%20.pdf</p>
<p>c. Proxy documents</p>	<p>COMPLIANT</p>		<p>Proxy documents could be downloaded from the corporate website at www.bdo.com.ph/CompanyDisclosures/Ownership/SampleProxyForm</p>

Optional: Recommendation 13.2

<p>1. Company provides rationale for the agenda items for the annual stockholders meeting</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the rationale for the agenda items</p>	<p>See Agenda Details and Rationale Annex A of the 2017 Definitive Information Statement at PSE EDGE: http://edge.pse.com.ph/openDiscViewer.do?edge_no=e21838a585f546d23318251c9257320d</p> <p>BDO website: https://www.bdo.com.ph/sites/default/files/pdf/BDO%20%28PSE%29%20-%20DIS%20as%20of%20December%202016%20%28March%2024%2C%202017%29_opt.pdf</p>
<p>Recommendation 13.3</p>			
<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p>See disclosure to PSE on the results of the BDO's 2017 ASM which was done the next day at: http://edge.pse.com.ph/openDiscViewer.do?edge_no=4ad690012fe0f9b73318251c9257320d</p>

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	Provide link to minutes of meeting in the company website.	See BDO's Minutes of the 2017 ASM at: https://www.bdo.com.ph/sites/default/files/pdf/April%2020,%202017%20ASM%20(final).pdf
	COMPLIANT	Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.	Complete voting results are included in the Minutes of the ASM.
	COMPLIANT	Indicate also if the voting on resolutions was by poll.	Voting of resolutions was done by poll.
	COMPLIANT	Include whether there was opportunity to ask question and the answers given, if any	Yes. The Open Forum portion of the ASM Minutes includes the questions from the shareholders and answers of Nestor V. Tan/President & CEO.
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	See Pages 1-2 of the Minutes of the 2017 ASM at: https://www.bdo.com.ph/sites/default/files/pdf/April%2020,%202017%20ASM%20(final).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	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	See page 48-49 Annex B Alternative Dispute Resolution for the complete details of the ADR.

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Provide link/reference to where it is found in the Manual on Corporate Governance	See page 48-49 Annex B of the Revised Manual of Corporate Governance at www.bdo.com.ph/CorporateGovernance/ManualofCorporateGovernance
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	NAME: Mr. Luis S. Reyes/SVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: (632) 840-7000 locals 6069, 4809 and 3581 EMAIL ADDRESS: irandcorplan@bdo.com.ph
2. IRO is present at every shareholder's meeting.	COMPLIANT	Indicate if the IRO was present during the ASM.	Yes. He has always been present in all ASMs.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	BDO Amended By-Laws do not contain anti-takeover provisions, no issuance of "poison pill" preferred stocks, no standstill agreement, premium stock repurchases, etc.

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	Indicate the company's public float.	<p>As of December 31, 2017, public float was 44.96%, per attached BDO's Public Ownership Report submitted to PSE.</p> <p>PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=260</p> <p>BDO website: https://www.bdo.com.ph/company-disclosures/ownership</p>
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Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	See page 35 Section 11. Promoting a Comprehensive And Cost-Efficient Access to Relevant Information; page 40 Shareholder Relations; page 41 Investors and page 42 Stakeholders' Engagement of the Revised Corporate Governance Manual. These contain the policies and practices to actively engage the shareholders anytime for a better appreciation of market sentiment towards the Bank.
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT	Disclose the process and procedure for secure electronic voting in absentia, if any.	The Bank opted not to use this system because it is costly and will not support effective shareholder participation in an economical, safe, and efficient manner.

Duties to Stakeholders

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

Recommendation 14.1

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>COMPLIANT</p>	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p>	<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 page 37-38 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p>
<p>Recommendation 14.2</p>			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>COMPLIANT</p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>	<p>See page 37-38 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p>
<p>Recommendation 14.3</p>			

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>COMPLIANT</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.), which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p>	<p>1. For Shareholders: NAME: Mr. Luis S. Reyes/SVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: (632) 840-7000 locals 6069, 4809 and 3581 EMAIL ADDRESS: irandcorplan@bdo.com.ph</p> <p>2. For Customers and Other Stakeholders NAME: Ms. Ma. Mercedes P. Tioseco/SVP-Head BDO Customer Contact Center TEL. NUMBER: (632) 631-8000 EMAIL ADDRESS: callcenter@bdo.com.ph</p> <p>See Policy on Disclosure of Sensitive/Confidential Matters to Management at www.bdo.com.ph/CorporateGovernance/Company'sPolicies/PolicyonDisclosureofSensitive/ConfidentialMatterstoManagement</p>
<p>Supplement to Recommendation 14.3</p>			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p>	<p>See page 48-49 Annex B of the Revised Corporate Governance Manual for the full details of Alternative Dispute Resolution Policy.</p>
<p>Additional Recommendations to Principle 14</p>			

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>COMPLIANT</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p>	<p>BDO has not requested any exemption from SEC, PSE and BSP related to corporate governance. In fact, the Bank has continued to follow, where appropriate, the international best practices of corporate governance issued by globally recognized standards setting bodies such as the Organization of Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard which serve as essential points of reference.</p>
<p>2. Company respects intellectual property rights.</p>	<p>COMPLIANT</p>	<p>Provide specific instances, if any.</p>	<p>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.</p>
<p>Optional: Principle 14</p>			
<p>1. Company discloses its policies and practices that address customers' welfare</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p>	<p>See Employees' Welfare on page 1 Responsibilities for the Work Place of the Revised Code of Conduct and Business Ethics at www.bdo.com.ph/CorporateGovernance/Company'sPolicies/RevisedCodeofConductandBusinessEthics</p>

<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p>	<p>The Bank adopts strict standards and procedures on the selection, qualification, accreditation and supervision of its suppliers/contractors. This is covered by the Bank's General Procurement Guidelines. These include, among others, the following:</p> <p>A. Sourcing of Vendors/Suppliers/Contractors</p> <p>1. As a general rule, vendors, suppliers, and contractors shall be sourced through research via trade organizations, publications (including the internet), professional bodies, and other external entities, and through market consultation.</p> <p>2. The Bank's Procurement unit, the Procurement and Supply Management Division (PSMD), shall accept walk-in vendors/suppliers/contractors and entertain referral from units as possible sources of goods or services.</p> <p>B. Vendor Accreditation</p> <p>Criteria shall include the following items:</p> <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</p> <p>Canvassing/Bidding</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	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	See page 39 Section 15. Encouraging Employees Participation of the Revised Corporate Governance Manual.
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Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	COMPLIANT	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	The Employee Stock Option Plan has been in place since 2005. Please see page 135 Note 24.3 of the 2017 Definitive Information Statement – Executive Stock Option Plan (ESOP)
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	See page 116-119 Employees in the 2017 Definitive Information Statement which details the policies and programs related to Employee Welfare, Health & Safety including pertinent data in 2017.
3. Company has policies and practices on training and development of its employees.	COMPLIANT	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	See page 117 b. Training and Development of the 2017 Definitive Information Statement which detail the various in-house and external training programs conducted in 2017 and related data on training hours.

Recommendation 15.2

<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p>	<p>This is embodied in the Revised Code of Conduct and Business Ethics on Conduct Relating to Customers and External Constituencies and Acceptance/Solicitation of Gifts, Bribery and Corruption. See page 1 and 3 of the Code.</p>
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>Identify how the board disseminated the policy and program to employees across the organization</p>	<p>The Revised Code of Conduct and Business Ethics is published in the Bank's website and intranet to be accessible to all covered individuals. The implementation of the Code was announced bankwide in the e-Newsgram. Covered individuals were required to sign an Acknowledgment Receipt Form signifying that they have read and understood the policies and programs enunciated in the Code.</p>

Supplement to Recommendation 15.2

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p>	<p>See page 7 Sanctions & Penalties of the Revised Code of Conduct and Business Ethics at www.bdo.com.ph/CorporateGovernance/RevisedCodeofConductandBusinessEthics which we quote:</p> <p>"Failure to comply with the requirements of the Code may lead to disciplinary measures commensurate to the violations.</p> <p>The Bank will use principles of fair accountability and due process in investigating and making decisions on all matters pertaining to failure to abide by the Code.</p> <p>BDO reserves the right to impose corresponding sanctions and/or penalties for violation of the Code, which includes dismissal from service or from the Board of Directors, as the case may be, without prejudice to further legal, administrative or criminal charges depending on the offense."</p>
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Recommendation 15.3

<p>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</p>	<p>COMPLIANT</p> <p>COMPLIANT</p> <p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	<p>See Policy on Disclosure of Sensitive or Confidential Matters to Management at <u>www.bdo.com.ph/CorporateGovernance/Company'sPolicies/PolicyonDisclosureofSensitiveorConfidentialMatterstoManagement</u>.</p> <p>Yes. This is clearly stated in the section on Protecting the Whistle Blower.</p> <p>Reporting Process 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>
<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.</p>	<p>COMPLIANT</p>		<p>See Reporting Process above.</p>

<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>COMPLIANT</p>	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p>	<p>This is delegated to the 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 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>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>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p>	<p>See page 66-73 Corporate Social Responsibility of BDO in the 2017 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>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	<p>See BDO Sustainable Development Programs published in the corporate website at www.bdo.com.ph/Environmental,SocialandGovernance(ESG)</p>

<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p>	<p>See page 39-40 Section 16. Encouraging Sustainability and Social Responsibility wherein the Bank has instituted socio-civic programs centered on Disaster Response Advocacy, Environmental Initiatives, Sustainability, Climate Change and Wildlife Protection.</p>
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IN WITNESS WHEREOF, we have hereunto set our hands at Makati City, Philippines, this -
 _____ day of May 2018.


TRESITA T. SY
 Chairperson


NESTOR V. TAN
 President & CEO


JOSE F. BUENAVENTURA
 Director
 on leave *
DIOSCORO I. RAMOS
 Independent Director


JONES M. CASTRO, JR.
 Independent Director


GILBERTO C. TEODORO, JR.
 Independent Director


JIMMY T. TANG
 Independent Director

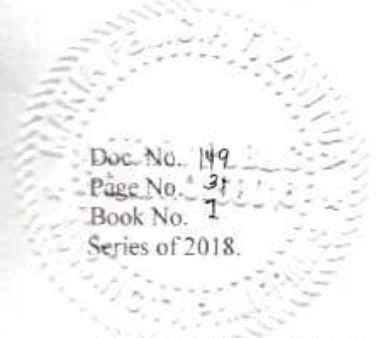

FEDERICO P. TANCONGCO
 Chief Compliance Officer


EDMUNDO L. TAN
 Corporate Secretary


* On personal leave due to the recent passing of daughter

SUBSCRIBED AND SWORN TO before me this MAY 26 2018 day of May, 2018, affiants exhibited to me their Passport Numbers /Tax Identification Numbers (TIN) as shown below:

<u>Name</u>	<u>Passport No./Place of Issue/ Expiry Date</u>	<u>Tax Identification Number</u>
Jose F. Buenaventura	EC0050372/DFA-Manila/Jan. 19, 2019	130-998-324
Jones M. Castro, Jr.	EC4117927/ PCG San Francisco/ May 7, 2020	227-318-217-000
Nestor V. Tan	EC7439560/DFA-Manila/Apr. 18, 2021	903-578-380
Jimmy T. Tang	P5286590A/DFA-Manila/ Dec. 8, 2022	208-005-252
Gilberto C. Teodoro, Jr.	P2337396A/DFA-Manila/Mar. 16, 2022	123-124-558
Edmundo L. Tan	P4596699A/DFA-Manila/ Oct. 2, 2022	132-173-235
Federico P. Tancongco	P1366874A/DFA-NCR Northeast/Dec. 21, 2021	133-941-287



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 Series of 2018.

NOTARY PUBLIC

Atty. MARIA FELICIA T. ZANTUA
 Appointment No. M-493
 Notary Public until 31 December 2018
 14/F BDO North Tower, BDO Corporate Center
 7899 Makati Avenue, Makati City
 Roll No. 58016
 IBP Lifetime Member No. 12574, Laguna
 PTR No. 6619595, 05 January 2018, Makati City
 MCLE Compliance No. V-0017583, 04 April 2016