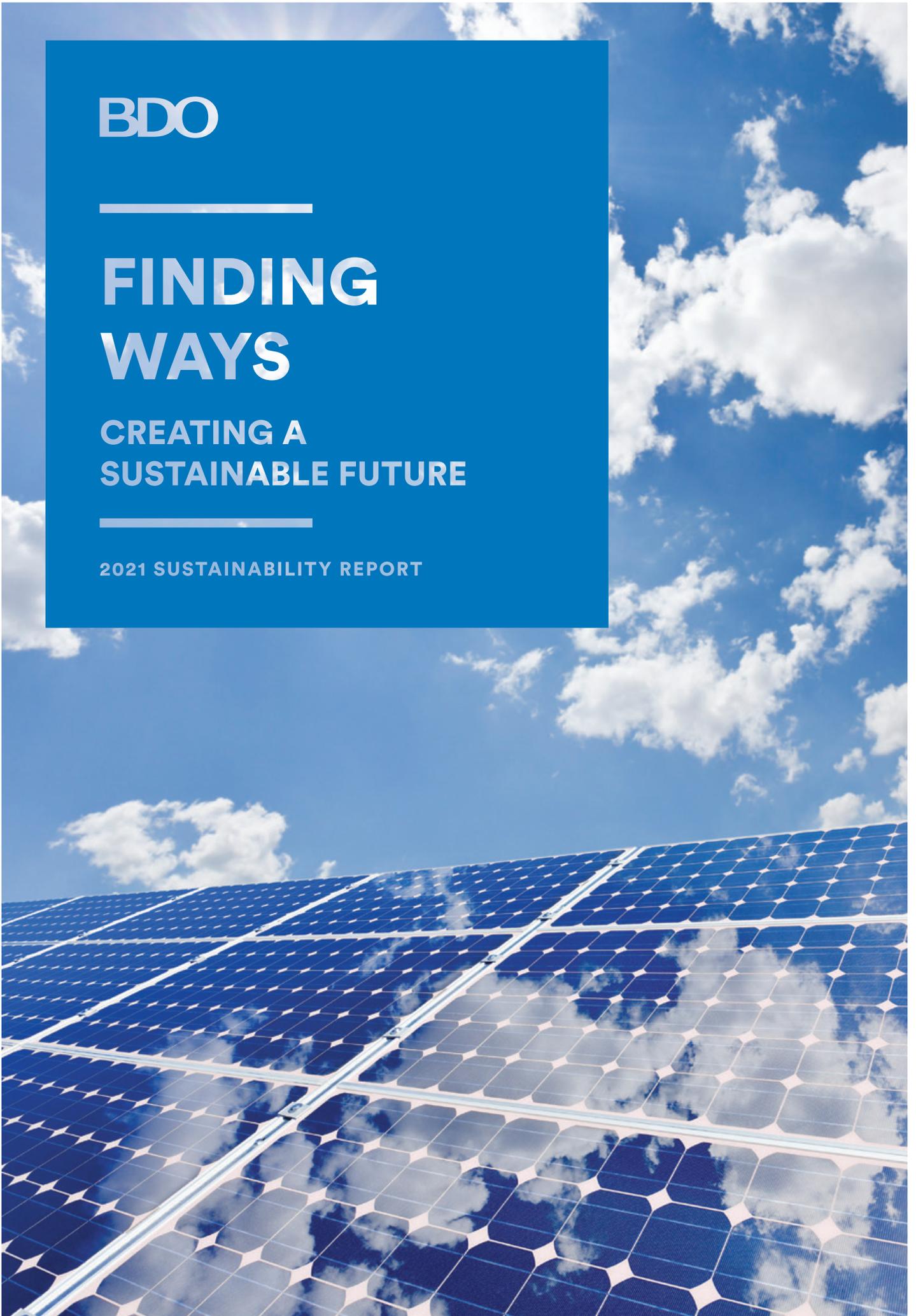


BDO

FINDING WAYS

**CREATING A
SUSTAINABLE FUTURE**

2021 SUSTAINABILITY REPORT



About the Report

102-54

This report is BDO Unibank, Inc.'s fourth Sustainability Report outlining the BDO Group's economic, environmental, social, and governance performance from January to December 2021. It is a substantiation of the BDO Group's commitment to the United Nations Sustainable Development Goals (SDGs), the principles of the United Nations Global Compact, and the Greenhouse Gas (GHG) Protocol. This report has been prepared in accordance with the GRI Standards: Core option. It has completed the GRI Materiality Disclosures Service, which confirms that the GRI Content Index (see pages 85 to 88) is clearly presented and references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

This report covers the sustainability efforts of BDO Unibank, Inc. and its subsidiaries and affiliates, including BDO Leasing and Finance, Inc., BDO Private Bank, Inc., and BDO Network Bank, Inc.

This is the fourth Sustainability Report of BDO Unibank and the third of BDO Leasing and Finance. It should be read in tandem with their respective 2021 Annual Reports.

BDO 2021 SUSTAINABILITY REPORT

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The limited copies of the BDO 2021 Sustainability Report are printed on Chroma Super Ivory paper. Chroma Offset papers are certified by the Programme for the Endorsement of Forest Certification (PEFC), an international non-profit, non-governmental organization dedicated to promoting sustainable forest management. To know more about PEFC, please visit <https://pefc.org>.

BDO's Footprint

BDO is a full-service universal bank in the Philippines. It provides a complete array of industry-leading products and services including Lending (corporate and consumer), Deposit-taking, Foreign Exchange, Brokering, Trust and Investments, Credit Cards, Retail Cash Cards, Corporate Cash Management and Remittances in the Philippines. Through its local subsidiaries, the Bank offers Investment Banking, Private Banking, Leasing and Finance, Rural Banking, Life Insurance, Insurance Brokerage and Online and Traditional Stock Brokerage Services.

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. On the front line, its branches remain at the forefront of setting high standards as a sales and service-oriented, customer-focused force. The Bank has the largest distribution network with over 1,500 operating branches and more than 4,400 ATMs nationwide. BDO has 16 international offices (including full-service branches in Hong Kong and Singapore) spread across Asia, Europe, North America, and the Middle East.

The Bank also offers digital banking solutions to make banking easier, faster, and more secure for its clients.

Through selective acquisitions and organic growth, BDO has positioned itself for increased balance sheet strength and continuing expansion into new markets. As of December 31, 2021, BDO is the country's largest bank in terms of total resources, customer loans, deposits, assets under management and capital, as well as branch and ATM network nationwide.

BDO is a member of the SM Group, one of the country's largest and most successful conglomerates with businesses spanning retail, mall operations, property development (residential, commercial, hotels and resorts), and financial services. Although part of a conglomerate, BDO's day-to-day operations are handled by a team of professional managers and bank officers. Further, the Bank has one of the industry's strongest Board of Directors, composed of professionals with extensive experience in various fields that include banking and finance, accounting, law, and business.

₱3.6 trillion
(US\$71.1 billion)
Total Resources

₱42.8 billion
(US\$839 million)
Net Income

1,544
Total Branches and Banking
Offices, including foreign branches
in Hong Kong and Singapore

4,484
Automated Teller Machines (ATMs)

624
Cash Deposit Machines

₱529.3 billion
(US\$10.4 billion)
Market Capitalization



₱182.2 billion

(US\$3.6 billion)

Direct Economic Value Generated

₱2.4 trillion

(US\$47.1 billion)

Gross Customer Loans

₱2.8 trillion

(US\$55.3 billion)

Deposit Liabilities

₱424.5 billion

(US\$8.3 billion)

Capital Base

₱548 billion

(US\$10.75 billion)

Total Sustainable Finance funded

Corporate Mission

To be the preferred bank in every market we serve.

Corporate Vision

To be the leading Philippine bank and financial services company that empowers customers to achieve their goals and aspirations, combining our entrepreneurial spirit, international perspective, and intense customer focus to deliver a personalized banking experience that is easy, straightforward, and convenient, while taking pride in building long-term relationships and finding better ways to deliver offerings of the highest standard.

Core Values

Commitment to Customers. We are committed to delivering products and services that surpass customer expectations in value and every aspect of customer service, while remaining prudent and trustworthy stewards of their wealth.

Commitment to a Dynamic and Efficient Organization. We are committed to creating an organization that is flexible, responds to change, and encourages innovation and creativity; we are committed to the process of continuous improvement in everything we do.

Commitment to Employees. We are committed to our employees' growth and development and we will nurture them in an environment where excellence, integrity, teamwork, professionalism, and performance are valued above all else.

Commitment to Shareholders. We are committed to providing our shareholders with superior returns over the long-term.



Message from the Chairperson



“We are excited to lead these efforts at achieving sustainability, and through this report, we invite everyone to go on this journey with us.”

Dear Stakeholders,

The global impact of the COVID-19 pandemic drove businesses to recalibrate their strategies in order to stay relevant and continue operating in the new normal. In any crisis, innovation always creates opportunities for major change and new paths to go forward.

Throughout 2021, we strived to serve our clients’ needs as we gradually reopened our branches with easing mobility restrictions. We launched new digital products and capabilities to provide our clients improved access and convenience. We made funds available to support businesses, from micro, small, and medium enterprises to large corporates, in their recovery and expansion plans.

Alongside these services, we continued our commitment to help the communities we serve and aid them to build better and be more prepared for any future adversity. With the continuous rehabilitation of rural health centers nationwide, our beneficiary communities have the facilities they need for pandemic response, health and wellness needs, and potential disaster relief. We have also donated both testing kits and vaccines to protect communities and help manage the pandemic.

Now more than ever, our response to the pandemic reflects our commitment to a more sustainable and resilient future. We continue to be a strong advocate of sustainable finance, having supported this for over a decade now. We are one with our stakeholders in driving accountability for our social and environmental impact and taking it into account when we invest in or fund a project.

We remain committed to superior business performance anchored on the principles of integrity, accountability, transparency. We are excited to lead these efforts at achieving sustainability, and through this report, we invite everyone to go on this journey with us.

Yours truly,

A handwritten signature in black ink, appearing to read 'Teresita T. Sy'. The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Teresita T. Sy
Chairperson

Message from the President and CEO



“BDO’s commitment to sustainability is reflected in every decision and action we take, from the Board members to the senior executive leaders to every BDO employee, every single day.”

Dear Stakeholders,

Our growing experience in facing the coronavirus pandemic and various disasters has only strengthened our resolve to fulfill our sustainability objectives.

The year 2021 saw great strides in our effort to translate these objectives — Product Sustainability, Sustainability Contribution, Human Capital Sustainability, Disaster Response Sustainability, and Governance-based Sustainability — into real initiatives that promote responsible environmental and social impact among our stakeholders.

We invested ₱548 billion in sustainable finance for projects on renewable energy, energy efficiency, green buildings, among others. We also invested in social projects that promote employment generation and food security among communities. We almost doubled our ESG-themed Unit Investment Trust Fund, the first in the country, to ₱179 million in 2021 from ₱95.5 million in 2020, promoting growth for local companies with good Environmental, Social, and Governance practices.

At the height of the pandemic and during disaster situations, we found ways to provide aid and crucial financial services to our *kababayans*. BDO’s Cash Agad served as a lifeline for our clients in rural and remote areas, supporting our Cash Agad partners in providing cash even when other essential services were down and inaccessible.

We are humbled to be honored among Asia’s Top Sustainability Advocates at the 2021 Asia Corporate Excellence & Sustainability (ACES) Awards for driving the values of sustainability and incorporating them in everything we do. We are also proud to be recognized in The Asset’s 2021 ESG Corporate Awards as a Platinum Awardee for 12 consecutive years. In addition, BDO was among the Philippines’ Top 20 publicly listed companies with an outstanding corporate governance record based on the ASEAN Corporate Governance Scorecard.

We recognize that sustainability is about the journey as much as it is about the destination. We remain dedicated to doing our part for the welfare of our stakeholders, our nation, and our planet. Indeed, BDO’s commitment to sustainability is reflected in every decision and action we take, from the Board members to the senior executive leaders to every BDO employee, every single day. My deepest gratitude to every member of our organization for giving life to sustainability at BDO.

Sincerely,

Nestor V. Tan
President and CEO

BDO's Path in Creating Shared Value

Creates jobs

38,873

Employees

75%

Employees are women

59%

Women in senior management

37

Women in top management
(Senior Vice President and up)

Fosters banking habits

352,367

Insurance policy holders

18.8 million

Customers

1,544

Branches and banking offices

1.2 million

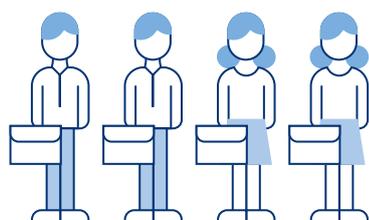
Total new checking and savings accounts in 2021

4,484

Automated Teller Machines (ATMs)

624

Cash Deposit Machines



Facilitates infrastructure development

₱39.5 billion

Loans disbursed for national projects

₱18.4 billion

Loans disbursed in the past 5 years for road networks

₱12.4 billion

Loans disbursed in the past 5 years for airports



Helps businesses grow

₱43.5 billion

Outstanding SME Loans

Accelerates economic growth

₱21.9 billion

Taxes paid in 2021

Supports consumer expenditure

5% 5-year CAGR* in Auto Financing

12% 5-year CAGR* in Home Financing

7% 5-year CAGR* in Credit Cards

*Compound Annual Growth Rates



Promotes community development

121

Rural health units (RHUs) rehabilitated to date

21

RHUs rehabilitated in 2021

716,543

Total beneficiaries of RHUs rehabilitated in 2021

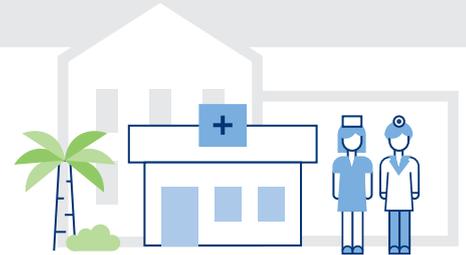


10

RHUs repaired in 2021

564,097

Total beneficiaries of RHUs repaired in 2021



6.5 million

Total RHU project beneficiaries to date



Champions financial inclusion

26

Financial education videos developed since 2018

2,676,297

Total beneficiaries reached through financial education programs



Finances environment-friendly solutions

2,230 MW

Total installed renewable energy capacity in megawatts

4,266,687 tonnes

Carbon dioxide avoided per year

70,550,565

Equivalent tree seedlings grown over 10 years

905,887

Equivalent passenger vehicles taken off roads yearly

54

Renewable Energy Projects funded to date

₱548 billion

Total Sustainable Finance projects funded to date



Sustainability Overview

BDO Sustainability Philosophy

We seek to achieve strategic resilience by incorporating sustainability in the way we do business. We aim to embed sustainability principles when making decisions, assessing relationships, and creating products.

Alignment with the United Nations Global Compact Principles

BDO supports the principles of the United Nations Global compact. The Bank upholds:

- Corporate Governance
- Climate-friendly solutions and opportunities for business
- Access to clean, renewable, and reliable energy sources and services
- The adoption of instruments that help quantify, manage, and report the carbon footprint of our businesses
- The responsibility to protect the dignity of every person and uphold human rights
- The recognition of the role of women in achieving economic growth and poverty reduction
- The elimination of all forms of forced, compulsory, and child labor

BDO Sustainability Framework

The Bank's Sustainability Framework defines the strategies that serve as guideposts in its journey towards sustainability.



Product Sustainability Strategy

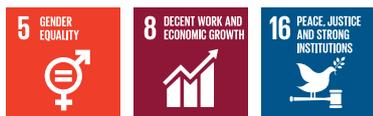
We create products and services which anticipate the evolving needs of our customers and support sustainable development goals.

We develop our capabilities to understand our customers and reach the underserved markets with relevant products and services that meet their unique needs and ways of doing business.



Sustainability Contribution Strategy

We support the achievement of national economic goals through financial inclusion and impact financing in infrastructure, eco-friendly solutions, green facilities, and disaster resilience initiatives.



Human Capital Sustainability Strategy

We develop leaders in the sustainability movement. We aim to grow a "can lead" workforce that adopts a sustainability mindset and thrives with innovative thinking and customer-focused attitude.



Disaster Response Sustainability Strategy

We leverage our resources towards the relief, rehabilitation, and recovery of disaster-stricken communities.



Governance-Based Sustainability Strategy

We continuously enhance our corporate governance framework to sustain superior business performance anchored on the principles of accountability, transparency, integrity, and fairness, together with our partners.

Supporting the United Nations Sustainable Development Goals

Achievements and Targets:



₱21.9 billion
in government taxes in 2021

Target 1.a: Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.



₱17.2 billion
in loans to agribusiness projects

Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment



121 Rural health units rehabilitated to benefit 6.5 million individuals

Target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



Financial education program for target beneficiaries composed of 29 million learners and 900,000 teachers and non-teaching personnel in 47,000 public schools nationwide

Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development



59%
female representation in senior leadership

Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.



58.6 million
liters of water recycled by BDO Corporate Center Ortigas in 2021

Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity



₱85.4 billion
in funding for Renewable Energy projects with total installed capacity of 2,230 MW

Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.



38,873
employees in the Philippines and abroad

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value



₱548 billion
in Sustainable Finance projects funded to date

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



25% increase
in teacher's salary loan releases in Mindanao for various loan purposes including pursuit of higher education.

Target 10.2: By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic, or other status



₱165 billion
in financing for Green Building, Energy Efficiency, Clean Transport, and Pollution Control projects

Target 11.a: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning



Publication
of the 2021 BDO Sustainability Report

Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



4,266,687
tonnes of carbon dioxide avoided by funded Renewable Energy projects, in support of Republic Act 9513 or the Renewable Energy (RE) Act of 2008

Target 13.2: Integrate climate change measures into national policies, strategies and planning



₱1.1 billion
in financing for Aquatic Biodiversity projects

Target 14.2: By 2030, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans



3,052
smallholder farmers trained on vegetable farming

Target 15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world



Platinum Award for the 12th consecutive year from The Asset's 2021 ESG Corporate Awards. BDO is among the companies recognized by The Asset for their achievements in sustainability and commitment to excellent and continuous improvement in ESG.

Target 16.6: Develop effective, accountable, and transparent institutions at all levels.



New partnerships with the Agricultural Credit Policy Council, Bureau of Fire Protection, Bureau of Fisheries and Aquatic Resources, and Philippine National Police to institutionalize financial education in capacity building initiatives for farmers, firefighters, fisherfolk, and police personnel nationwide

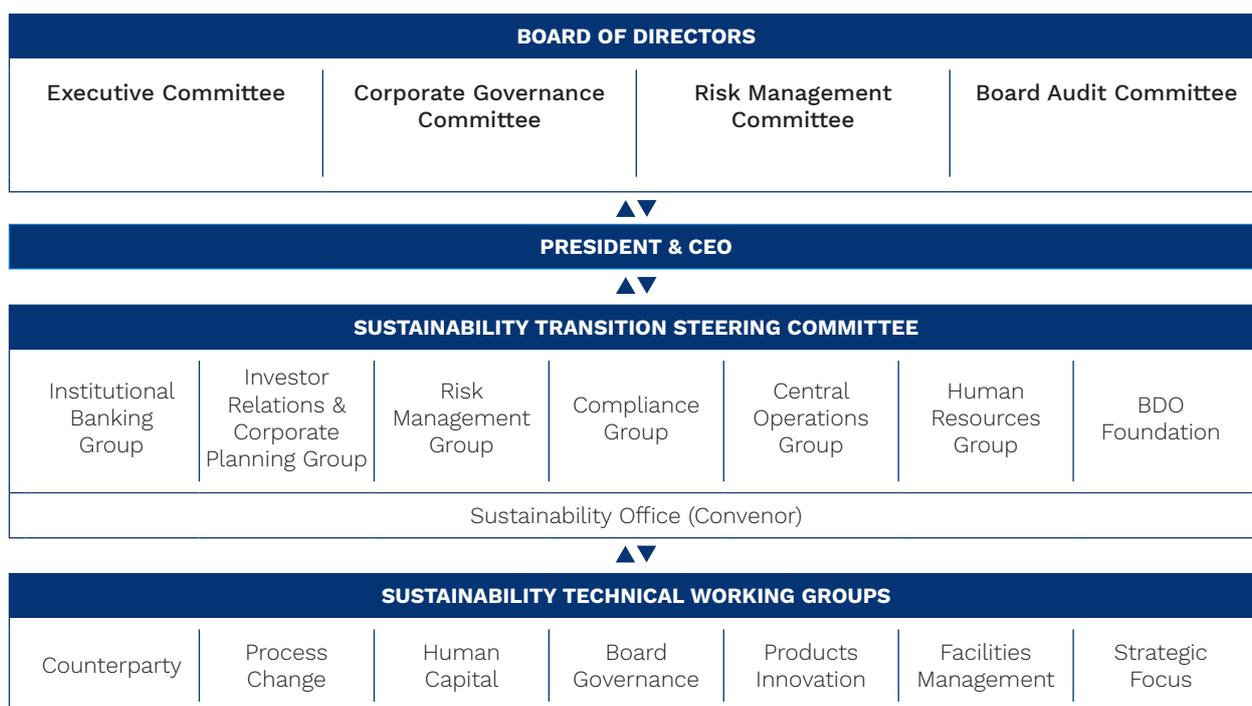
Target 17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries

Sustainability Governance

“Since the release of our first Sustainability Report in 2018, we have kept true to the 17 Sustainable Development Goals outlined by the United Nations. We are constantly striving to infuse sustainability, inclusion, and equity into our corporate culture, products, and services.”

Nestor V. Tan
President and Chief Executive Officer

BDO’s commitment to sustainability is fostered at the Board level, role modeled by senior executive leaders, executed by the business units and subsidiaries, and brought to life by BDO employees. BDO’s sustainable development strategies are anchored on the United Nations Sustainable Development Goals.



Roles and Responsibilities

Oversight for sustainability initiatives reside in four BDO Board Committees, aligned to their key responsibilities. The **Executive Committee** approves all sustainability programs across the BDO Group and their corresponding budgets for implementation. The **Corporate Governance Committee** oversees sustainability initiatives related to the following: culture change towards a sustainability mindset for the organization; stakeholder communication; progress reporting on programs, metrics, and targets; and sustainability reporting. The **Risk Management Committee** oversees environmental, social, and governance risks in the Bank’s risk management system. The **Board Audit Committee** oversees internal audit reporting on sustainability programs and sustainability reporting, as well as compliance testing against regulatory mandates on sustainability. Across these four Board Committees, all Board Directors are effectively engaged in various capacities and according to their expertise, in driving the Bank’s sustainability framework across corporate governance, risk management, strategy, and operations.

The **President and CEO** provides high level strategic direction on sustainability — from the articulation of the BDO Sustainability Strategies to key focus areas where the Bank has the most ESG impact. The CEO also approves the Bank’s strategic external partnerships and commitments on sustainability on global, regional, and local levels. He is supported by the **Sustainability Transition Steering Committee** which oversees the Bank’s policy formulations, programs review, and recommendations from the **Sustainability Technical Working Groups**, as the Bank transitions into a sustainable finance framework. The Steering Committee is composed of heads of business groups, support groups, and the BDO Foundation, whose work cover corporate governance, risk management, business strategy, operations, and corporate social responsibility. The Steering Committee meets on a quarterly basis, and as needed. Acting as Convenor for the Steering Committee is the **Sustainability Office**, which oversees and implements the Bank’s Sustainable Finance Framework transition plan through the Technical Working Groups. The Sustainability Office also reports to the Corporate Governance Committee, drives the day-to-day implementation of sustainability initiatives, manages ESG due diligence, produces the annual Sustainability Report, and represents BDO in external forums. The Technical Working Groups are assigned a key Focus Area where BDO has the greatest ESG impact and tasked to review and enhance related policies to embed environmental and social impact principles and criteria, articulate practice into policy, and recommend and implement sustainability programs for the Bank. The Technical Working Groups are composed of representatives from business groups, support groups, and subsidiaries who are chosen for their expertise and experience in their respective fields.

Reporting Process 102-46



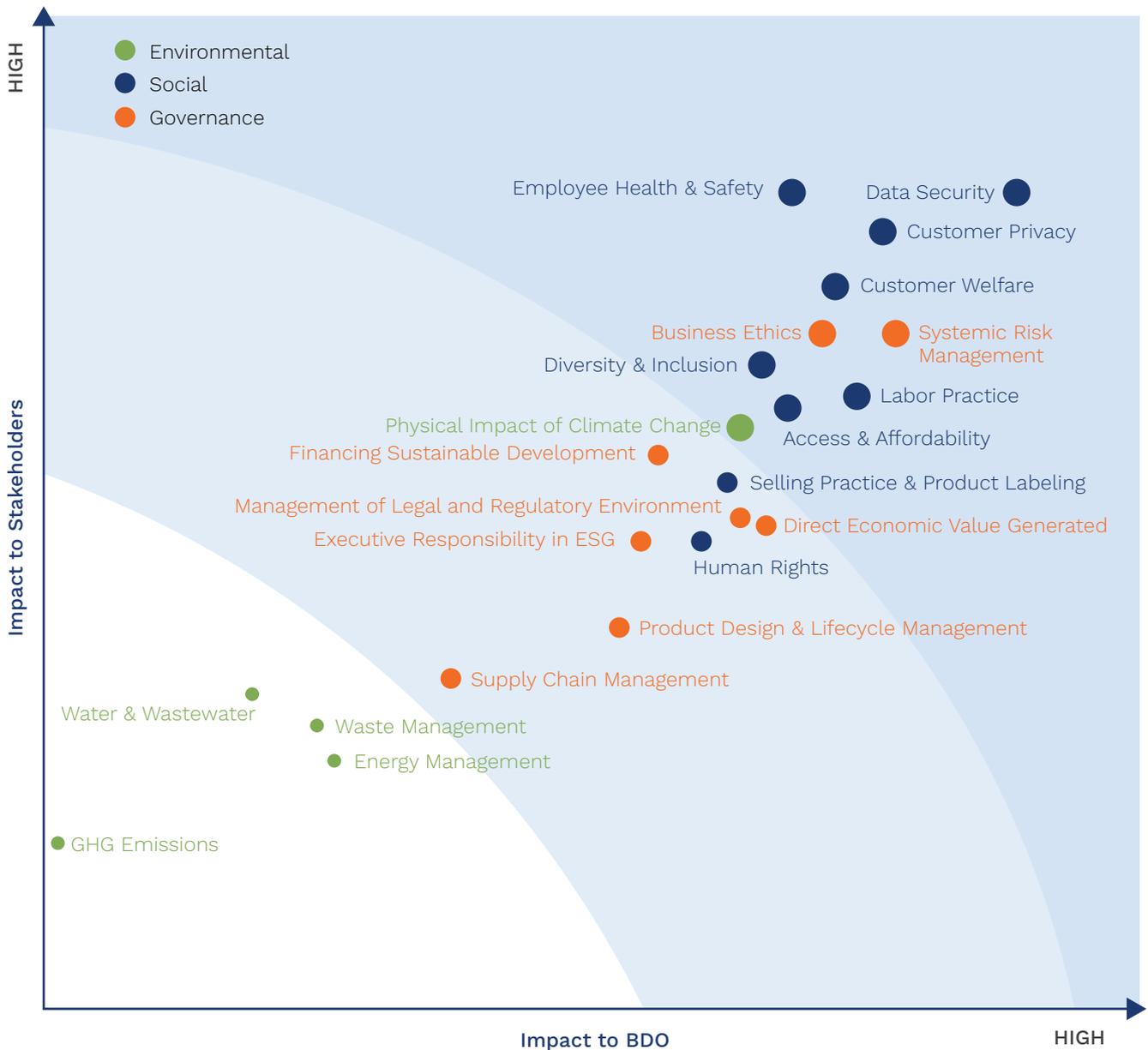
Materiality Topics 102-44, 102-46, 102-47

<p>Data Security How BDO safeguards the privacy and security of financial data against emerging cybersecurity threats and technologies</p> <p>Topic Boundary Within BDO and with regulators and customers</p>	<p>Employee Health & Safety How BDO creates and maintains a safe and healthy workplace environment free of injuries, fatalities, and illness</p> <p>Topic Boundary Within BDO and with employees</p>	<p>Customer Privacy How BDO manages risks related to the use of personally identifiable information and other customer or user data</p> <p>Topic Boundary Within BDO and with regulators and customers</p>	<p>Customer Welfare How BDO manages customer relations to cover customer satisfaction, customer experience, and welfare protection</p> <p>Topic Boundary Within BDO and with customers</p>
<p>Systemic Risk Management How well BDO is positioned to absorb shocks arising from financial and economic stress and meet stricter regulatory requirements</p> <p>Topic Boundary Within BDO and with regulators</p>	<p>Business Ethics How BDO operates on principles of accountability, transparency, integrity, and fairness</p> <p>Topic Boundary Within BDO</p>	<p>Labor Practice How BDO upholds commonly accepted labor standards in the workplace, in compliance with labor laws and internationally accepted norms and standards</p> <p>Topic Boundary Within BDO and with key government agencies and employees</p>	<p>Diversity & Inclusion How BDO ensures that its culture and hiring and promotion practices build a diverse and inclusive workplace that reflects its talent pool and customer base</p> <p>Topic Boundary Within BDO and with employees</p>
<p>Access & Affordability How BDO promotes and practices the financial inclusion of the unbanked, underbanked, or underserved, complemented with financial literacy to ensure that customers make informed financial decisions</p> <p>Topic Boundary Within BDO and with regulators and customers</p>	<p>Physical Impact of Climate Change How BDO incorporates climate change into lending analysis and risk mitigation in its mortgage finance and insurance businesses in order to protect shareholder value</p> <p>Topic Boundary Within BDO and with regulators</p>	<p>Financing Sustainable Development How BDO supports sustainable financing, including financing renewable energy and green facilities, and/or sustainable development for positive social impact</p> <p>Topic Boundary Within BDO and with partners and customers</p>	<p>Selling Practices and Product Labeling How BDO manages its practices in consumer finance selling, mortgage finance lending, and insurance products sales and marketing</p> <p>Topic Boundary Within BDO and with customers</p>
<p>Management of Legal and Regulatory Environment How BDO engages with regulators and complies with legal requirements</p> <p>Topic Boundary Within BDO and with regulators</p>	<p>Direct Economic Value Generated How BDO delivers on sustainable returns to its shareholders, and attains consistent market growth, in support of national economic development</p> <p>Topic Boundary Within BDO and with key stakeholders</p>	<p>Executive Responsibility in ESG How BDO's sustainability governance structure oversees and manages ESG material topics at the Board and senior executive levels</p> <p>Topic Boundary Within BDO and with key stakeholders</p>	<p>Human Rights and Community Relations How BDO manages its direct and indirect impact on human rights in its operations, including its socio-economic community impact and engagement</p> <p>Topic Boundary Within BDO and with community partners and beneficiaries</p>
<p>Product Design and Lifecycle Management How BDO incorporates environmental, social, and governance factors into the lending process</p> <p>Topic Boundary Within BDO and with regulators and customers</p>	<p>Supply Chain Management How BDO manages environmental, social, and governance risks within its supply chain</p> <p>Topic Boundary Within BDO and with suppliers</p>	<p>Waste Management How BDO manages the hazardous and non-hazardous waste generated by its operations</p> <p>Topic Boundary Within BDO and with key government agencies</p>	<p>Water and Wastewater How BDO manages the impact of its operations on water resources</p> <p>Topic Boundary Within BDO and with key government agencies</p>
<p>Energy Management How BDO manages its environmental impact associated with energy consumption</p> <p>Topic Boundary Within BDO</p>	<p>GHG Emissions How BDO manages its direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions (GHG) generated through its operations, and GHG emissions from lending and financial intermediary activities (Scope 3)</p> <p>Topic Boundary Within BDO and with key stakeholders</p>		

Note: Total of 22 Materiality Topics for BDO

ESG Materiality Matrix 102-43, 102-44, 102-46

For the 2021 Sustainability Report, BDO engaged the services of S&P Global to conduct an updated review of material Environmental, Social, and Governance (ESG) topics relevant to the Bank, in support of its sustainability-related disclosures. This is the second ESG Materiality Assessment for BDO since the Bank issued its first Sustainability Report in 2018, and it aims to capture current ESG challenges that impact the Bank and its stakeholders. The 2021 ESG Materiality Assessment identified ESG topics using the Global Reporting Initiative (GRI) standards, the Sustainability Accounting Standards Boards (SASB) framework, and the Task Force for Climate-related Financial Disclosures recommendations, as well as topics reported on by BDO’s peers. S&P Global designed a bespoke stakeholder survey for BDO’s internal and external stakeholder groups to rate the importance of identified material topics to the Bank’s ESG impact on stakeholders, and identify ESG factors that affect the Bank. This enhanced stakeholder group engagement for materiality assessment aims to better prepare BDO to anticipate and mitigate emerging risks to the Bank and to its stakeholders. The resulting matrix shows the intersection of ESG topics most important to both, as ranked by stakeholders in the Philippines and overseas. Our performance on these material issues are discussed in this report.



Stakeholder Engagement

102-40, 102-42, 102-43, 102-44

Stakeholder Group	Relevance	Channels of Engagement	Relevant Topics	Our Commitment
Shareholder or Investor	<ul style="list-style-type: none"> Providers of resources essential to BDO's goal to deliver results, enhanced economic returns, and shared value 	<ul style="list-style-type: none"> Annual Stockholders' Meeting Investor meetings 	<ul style="list-style-type: none"> Access and Affordability Systemic Risk Management 	<ul style="list-style-type: none"> Continue to promote the financial inclusion and financial literacy of the unbanked, underbanked, or underserved Enhance embedded environmental and social criteria in credit risk and operational risk systems
Employee	<ul style="list-style-type: none"> Proponent of BDO's vision, mission, and objectives 	<ul style="list-style-type: none"> Face-to-face meetings Annual performance appraisals 	<ul style="list-style-type: none"> Employee Health & Safety Customer Welfare 	<ul style="list-style-type: none"> Prioritize occupational health and safety at all times Provide timely feedback to customer concerns
Customer or Client	<ul style="list-style-type: none"> Patrons of BDO's products and services 	<ul style="list-style-type: none"> Customer touchpoints Regular visits and briefings 	<ul style="list-style-type: none"> Customer Privacy Data Security Greenhouse Gas Emissions 	<ul style="list-style-type: none"> Provide guardrails to manage risks related to customer or user data Safeguard the privacy and security of financial data against emerging cybersecurity threats and technologies Disclose our Scope 1, 2 and 3 emissions
Creditor	<ul style="list-style-type: none"> Source of assets that support BDO's business 	<ul style="list-style-type: none"> Regular correspondence and updates 	<ul style="list-style-type: none"> Business Ethics Financing Sustainable Development 	<ul style="list-style-type: none"> Meet our contractual obligations Continue to support sustainable financing and sustainable development
Service Provider or Supplier	<ul style="list-style-type: none"> Suppliers and service providers vital to BDO 	<ul style="list-style-type: none"> Vendor accreditation process Regular correspondence 	<ul style="list-style-type: none"> Business Ethics Supply Chain Management 	<ul style="list-style-type: none"> Continue to operate on principles of accountability, transparency, integrity, and fairness Manage ESG risks within our supply chain, in partnership with suppliers
Regulator or Policy Maker	<ul style="list-style-type: none"> Driver of regulations and policies that aid BDO in achieving its goals 	<ul style="list-style-type: none"> Formal and informal correspondence Regular audit 	<ul style="list-style-type: none"> Data Security Access and Affordability Business Ethics 	<ul style="list-style-type: none"> Safeguard the privacy and security of financial data against emerging cybersecurity threats and technologies Continue to promote the financial inclusion and financial literacy of the unbanked, underbanked, or underserved Continue to operate on principles of accountability, transparency, integrity, and fairness
Community Beneficiary	<ul style="list-style-type: none"> Partners in community development and local economic growth 	<ul style="list-style-type: none"> Community engagement dialogues Meetings for program implementation 	<ul style="list-style-type: none"> Customer Privacy Human Rights and Community Relations 	<ul style="list-style-type: none"> Provide guardrails to manage risks related to customer or user data Protect human rights in our operations, including our socio-economic community impact and engagement
Analyst or Research Organization and Media	<ul style="list-style-type: none"> Partners in accurate reporting, upholding transparency and integrity 	<ul style="list-style-type: none"> Analysts' briefings Media events 	<ul style="list-style-type: none"> Financing Sustainable Development Physical Impacts of Climate Change 	<ul style="list-style-type: none"> Continue to support sustainable financing and sustainable development Incorporate climate change into lending analysis and risk mitigation in our businesses to protect shareholder value

Sustainability Strategies and Material Areas



Product Sustainability Strategy



BDO creates products and services that anticipate the ever-changing needs of customers; make financial inclusion possible for the unbanked and underserved; support the growth and expansion of businesses; contribute to the country's long-term economic development; and, ultimately, support the UN Sustainable Development Goals.



Helping customers achieve their goals through innovation

BDO has a long history of pioneering innovative banking solutions that changed the way Philippine banks serve customers. The Bank introduced extended banking days and hours to meet the needs of business owners and entrepreneurs. It lowered minimum initial deposits to encourage more people to engage in banking transactions. It offered affordable and flexible consumer loan packages to support consumer spending. BDO also leveraged the retail experience and reach of SM companies to establish bank branches in malls for greater customer convenience. It was the first to promote digital and mobile banking to save paper while making bank transactions faster and more convenient. BDO was the first local bank in the country to roll out a debit card with an embedded Europay Mastercard Visa (EMV) chip to protect against electronic banking fraud, as well as first to fully retrofit its Automated Teller Machines (ATM) network to allow EMV chip debit card transactions.

In 2021, BDO continued to introduce new products and enhance its services, to address the evolving needs of customers during the pandemic and to pursue opportunities to be more sustainable in its practice. Financial inclusion initiatives made banking at its easiest, with zero initial deposit and zero minimum maintaining balance. The Bank also intensified efforts to offer financial services with non-financial support through financial education programs across various sectors of society, particularly in supporting women entrepreneurs post-COVID-19. BDO found ways to operate on business-as-usual mode in the most unusual circumstances to bring its products and services to where they were needed most.

Finding ways to serve through digital banking

With lockdowns in place that restricted movement and industrial activity, the earth's carbon footprint reached record lows. What reached record highs was the volume of online transactions, as people shifted to digital technology for their regular everyday needs. This was particularly true for the finance sector as consumers embraced e-wallets and similar virtual options.

In 2021, this led to a 31% rise in digital banking from the previous year for BDO. The impact was universal, cutting across personal online banking channels as well as new payment solutions for merchants.

BDO's digital platforms allowed customers to continue going about their business and personal financial responsibilities despite the pandemic. They gave a semblance of the old normal, but offered the assurances demanded by the current pandemic situation:

- **Convenience.** Customers can transact 24/7 anytime, anywhere — even in the comfort of their most private spaces.
- **Safety.** Digital platforms eliminate the need to go out and use potentially contaminated machines, reducing the risk of catching the virus.
- **Security.** The new BDO digital channels make use of technology such as biometrics and multi-factor authentication for secure transactions.
- **Reduced carbon footprint** as a result of decreased travel for bank or business transactions.

BDO Pay and BDO Pay Account

BDO Pay, launched in March 2021, is a payment app that provides BDO depositors a seamless experience for everyday financial transactions. Linked to customers' BDO savings account and credit cards, the app eliminates the additional cash-in step and gives users an easier way to send money to loved ones, pay their utilities and other bills, and pay for purchases at over 12,000 acceptance points nationwide by simply scanning a Quick Response (QR) code.

Despite fierce competition, BDO Pay made big inroads in the digital banking category, leveraging on BDO's large client base and attracting non-BDO depositors as well. The BDO Pay Account was subsequently launched, allowing non-BDO customers to open an account anywhere and anytime through the app. Requiring only one ID and with zero initial deposit and zero minimum maintaining balance requirements, BDO Pay Account is the easiest way to start banking with BDO.

BDO Pay Account is in line with the digital transformation roadmap of the Bangko Sentral ng Pilipinas (BSP) to provide bank accounts to at least 70% of Filipinos by 2023. It was, in fact, developed to primarily serve the unbanked sector, including consumers in rural and remote areas.

By the end of 2021, BDO recorded a 33% growth in transactions through BDO Pay and BDO Website, with a total value of over ₱1.5 trillion. This growth was largely fueled by send money transfers, both to BDO accounts and other banks, as well as bills payment transactions.

BDO Checkout

BDO's digital innovations extended to its merchants whose needs were addressed by the launch of BDO Checkout, an online payment solution that allows businesses of all sizes to accept credit card, debit card, and mobile wallet payments even without a website or outside of the large e-commerce platforms. This was particularly helpful for individual sellers and other micro, small and medium enterprises that make up 90% of the onboarded merchant partners in 2021. By year-end, total transaction value through BDO Checkout was over ₱100 million.

Through its ongoing digital banking initiatives, BDO finds ways to make the business work for its clients.

Another BDO First: Biometrics-enabled ATMs

BDO was once again the first bank to fully retrofit its ATMs to enable the processing of unique individual biometrics data, using fingerprint and face recognition technology in authenticating transactions for balance inquiry and cash withdrawals. In addition to biometrics, BDO ATMs also allow customers to provide specific data (account name, account number, mobile phone, number, and/or email address) in each transaction to maintain multi-factor authentication in compliance with the Bangko Sentral ng Pilipinas Circular No. 958, Series of 2017 on Technology Risk Management. The ATMs also allow the use of QR codes to validate transactions.

₱1.5
trillion
BDO Pay Transactions
(33% Growth)

BDO Pay
Account
Zero Initial Deposit
Zero Minimum
Maintaining Balance

1,205
Biometrics-enabled
ATMs Nationwide

The ATM innovation serves to enhance both customer experience and security, as well as reduce plastic waste. Customers no longer need to have or bring plastic ATM cards and memorize their Personal Identification Numbers (PINs). The biometric ATMs also protect customers from unauthorized withdrawals due to card skimming or cloning. Popularizing the use of biometric features in ATMs likewise aims to bring down the amount of plastic generated for ATM card production.

As of end 2021, BDO has deployed a total of 1,205 biometrics-enabled ATMs, with majority of the retrofitted machines located in the National Capital Region and the rest deployed in large provinces nationwide. BDO aims to retrofit an additional 795 ATM for biometrics capabilities in 2022.

Customer response to the biometrics-enabled ATMs has been very positive and in favor of security measures and convenience. The ATMs also reinforced BDO's reputation as the innovative bank that lives up to the "We find ways" philosophy in service of its customers' needs.

Agency banking with Cash Agad

Cash Agad is a banking solution which allows debit and prepaid cardholders to perform banking transactions through point-of-sale (POS) machines deployed to Cash Agad partner agents, such as *sari-sari* stores, groceries, hardware shops, pawnshops, cooperatives, and other local establishments. Due to the limited mobility brought about by COVID-19 lockdowns during virus surges and the lack of public transportation, Cash Agad agents in the provinces and remote areas became the main option for people to withdraw cash from their bank accounts.

In 2021, Cash Agad continued to grow, with increased transactions at 60.6 million from the previous year's 41.4 million. Total cash withdrawals also went up to ₱262 billion, from 2020's ₱176.5 billion. Cash Agad's agent network in 2021 was at 9,530, compared to 8,872 previously, and covered 88% of the total municipalities in the country, compared to last year's 86%.

Just as the year was coming to a close, a week before Christmas, Super Typhoon Odette (international name: Rai) hit the Visayas and Mindanao regions in Southern Philippines, affecting 1.8 million people and displacing 600,000 from their homes and places of business. BDO's Cash Agad partner agents once again pulled through for their communities. With many bank branches and ATMs damaged by the super typhoon, top partner stores provided critical withdrawal services to cash-strapped families across calamity-stricken regions for food, water, medicine, transportation out of danger zones, and immediate home repairs. Cash Agad allowed families to survive the first week of the devastation, while awaiting relief and recovery assistance, particularly in the rural areas on the outskirts.



Cash Agad promotes sales for partner MSMEs in the community

60.6
million

Cash Withdrawal
Transactions

9,530

Partner Agents

88%

Philippine
Municipalities Covered

Improving financial wellness through investing

BDO Trust continues to support the bank’s advocacy for financial inclusion and responsible investing through its continuing financial literacy campaign, BDO Easy Investment Plan, PERA, and the BDO ESG Equity Fund.

BDO Trust prides itself in having a dedicated team that provides financial education programs to clients for over a decade before the inception of the Sustainable Development Goals. BDO Trust teaches proper budgeting, wise investing habits, and retirement planning to different audiences: clients, employees, teachers, and blue-collared workers, to name a few. The group’s advocacy for financial wellness led to the development of the BDO Easy Investment Plan (EIP) which allows clients to invest in Unit Investment Trust Funds (UITFs) for minimum investment amounts of ₱1,000 (US\$20) for peso-denominated funds and US\$200 for United States dollar-denominated funds. Through the EIP, clients build up their emergency fund or invest for their financial goals affordably. BDO also became the first institution to offer the Personal Equity and Retirement Account (PERA) to Filipinos to help them augment their retirement pay and plan for a comfortable retirement. By providing financial education and offering BDO EIP and PERA, the Bank makes it possible for Filipinos to have better access to financial products and services. These initiatives help promote social and economic inclusion in the country.

Throughout 2021, BDO Trust conducted several live and recorded webinars teaching both clients and potential clients proper budgeting, wise investing habits, and retirement planning. The use of technology enabled BDO Trust to carry out its training and educational activities despite limited mobility. This also allowed us to reach 1,779 participants across the country. BDO Trust runs different types of seminars to cater to the different investment needs of Filipinos: **Start** (on the basics of investing), **Fit** (on how to create a simple and effective financial plan), **Move** (on understanding how to diversify your investment portfolio), and **Forward** (on how to prepare for your retirement). BDO Trust also offered special webinars on demand for clients interested to invest in PERA or to know more about the benefits and features of BDO Easy Investment Plan.

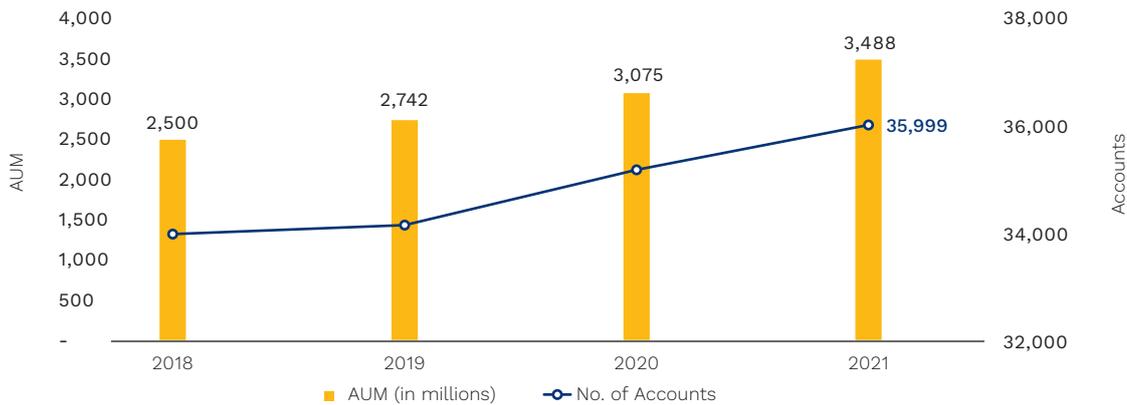
Webinars Held in 2021	Total Number of Financial Literacy Talks Conducted	Total Number of Participants
Start (Basics of investing)	13	1,129
Fit (How to create a financial plan)	3	165
Move (How to diversify your investment portfolio)	2	33
Forward (How to prepare for your retirement)	6	425
Special Webinars	16	791
Total	40	2,543

BDO Easy Investment Plan

The BDO Easy Investment Plan (EIP) serves both novice and savvy investors who have increasing interest in the EIP. This is evident through the consistent growth of Assets Under Management (AUM) for the past three years, resulting in AUM almost reaching the ₱3.5 billion mark. Almost 36,000 clients have EIP accounts with BDO Trust.

₱3.5 billion
EIP Assets Under Management
36,000
EIP Clients

BDO Easy Investment Plan



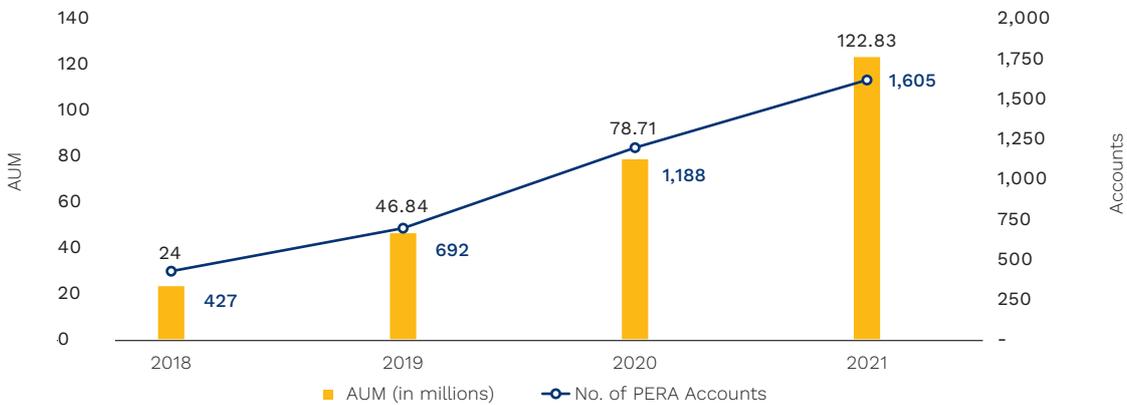
BDO Personal Equity and Retirement Account (PERA)

BDO Trust was the first trust entity accredited by the Bangko Sentral ng Pilipinas and the Bureau of Internal Revenue to become an administrator for PERA, a voluntary retirement savings account. Since December 2016 when PERA was launched, BDO Trust has continued to push for PERA through free retirement seminars to both clients and the general public. As of December 31, 2021, BDO Trust serviced 1,605 PERA individual contributors with a total investment of ₱122.83 million in BDO PERA UITFs, up from ₱84 million the previous year.

₱122.83
million
PERA Investments

1,605
PERA Individual
Contributors

PERA



BDO ESG Equity Fund

The BDO ESG Equity Fund was created in 2015, the country's first ESG-themed UITF to support and promote local companies supportive of societal and sustainability goals, primarily defined through exemplary environmental, social, and good governance attributes — factors that measure the sustainability and ethical impact of an investment.

The BDO ESG Equity Fund subscribes to specific guidelines based on the International Finance Corporation's (IFC) criteria for ESG investing — an advantage of the Bank's longtime productive partnership with the IFC. The Fund does not invest in companies with the primary business of selling alcohol or tobacco, or engaging in gaming or mining.

The Fund has the potential to grow exponentially in size and importance as more investors start to see value in socially responsible investing. More clients prefer companies that manage their environmental and social risks and practice good governance which they believe create positive contributions to society. BDO has taken a more active approach in promoting the BDO ESG Equity Fund to both retail and institutional clients.

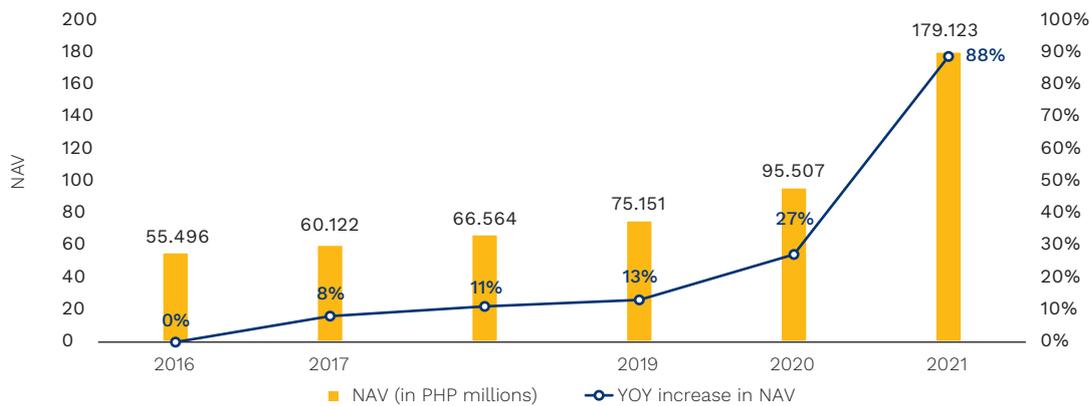
In the past five years since it was first launched, the BDO ESG Equity Fund Net Asset Value (NAV) has grown considerably. As of end December 2021, the Fund's NAV is at ₱179.12 million or approximately US\$3.5 million. That's a 223% increase or an average growth of 29% in NAV per year for the past 6 years. Year-to-date, the Fund has grown by 88% mainly due to clients starting to consider sustainable investing and also due to its outstanding performance. The Fund has returned 5.89% to investors in the past year, outperforming the Philippine Stock Exchange index (PSEi), by more than 5%. The Fund also provided robust long term returns, outperforming the PSEi by more than 3% in a 5-year period and since its inception. The BDO ESG Equity Fund posted 1.44% Compound Annual Growth Rate (CAGR) since its inception compared to the benchmark CAGR of 0.93%.

223%
Net Asset Value Growth
from 2016-2021

88%
BDO ESG Equity
Fund Growth

5.89%
Return On Investments
in 2021

BDO ESG Equity Fund



BDO's Cash Management Footprint

As a full-service universal bank with the widest branch network, BDO has become one of the biggest providers of Cash Management Services (CMS) in the country. This remained true all throughout the pandemic as BDO facilitated both non-digital and digital CMS. Clients appreciated how BDO was able to operate even during weekends and, whenever possible, during extended banking hours. Access to cash, especially via payments and collections, became crucial to the survival and recovery of businesses and individual customers during the pandemic crisis.

BDO provides CMS in all major cities including cash pick-up and delivery, checks printing and releasing, and postdated checks warehousing. The Bank's corporate online banking platform, Business Online Banking (BOB), provides banking convenience in a secure way, wherever the customer is located.

In 2021, BDO Cash Management's total client base reached 61,277 corporate names. Of this total, 42% were either newly on-boarded into Cash Management Services (CMS), or expanded their CMS business by signing up for additional CMS products. Total CMS transaction volume in 2021 was a little over 100 million, with value of more than ₱8 trillion in processed transactions for collections and payments combined.

With the continuing impact of the pandemic in 2021, BDO CMS focused on introducing, educating, and migrating customers to its digital products and services. The CMS team continued to leverage on the strength and convenience of BDO channels in providing digital solutions so that customers can continue to bank safely from their homes or offices.

Recognizing that small and medium enterprises (SMEs) were hit hardest by the pandemic, BDO CMS focused its efforts in supporting this market segment. The move resulted in significant percentage gains from both new clients or new availments from current clients by 83% in 2021.

Product sustainability via partnership

Apart from the CMS team's own efforts to deliver Cash Management, they also forged partnerships in support of the Bank's Product Sustainability Strategy that commits to provide banking access to the underserved. BDO CMS provided access to cash machines in partnership with ATM providers who have the capability to install ATMs at an accelerated pace and use cash recycling, reducing efforts, and optimizing cash servicing. CMS also sponsored the settlement requirements of fintech companies or e-Money providers to further accelerate financial inclusion. The CMS team now consciously seeks out business partners with particular objectives that are in line with the principles of BDO's Sustainability Framework.

₱8
trillion
CMS Transactions
Processed

100
million
CMS Transactions
Volume

42%
CMS Deals Growth

CASE STUDY

Harvesting success for East-West Seed Company

East-West Seed (EWS) is a global seed company that develops, produces, and markets hybrid tropical vegetable seeds to some 20 million smallholder farmers worldwide. Founded in 1982 in Lipa City, Batangas, Dutch seedsman Simon Groot and Filipino seed trader Benito Domingo had a vision to improve the income of smallholder farmers in the tropics through its high-quality seeds. But just like a seed that began seeking fertile ground to thrive in, EWS struggled at first to gain the confidence of the Filipino farmers.

EWS has since grown to become one of the 10 largest vegetable seed companies in the world. Using superior vegetable breeding combined with a carefully cultivated nurtured relationship with local farmers wherever it operates, East-West Seed has grown exponentially over the many years and holds market leader position in not just the Philippines but also Thailand, Indonesia, Myanmar, and Sri Lanka, while also expanding its business activities in India, China, South America, and Africa.

Amid the pandemic, East-West Seed also hit a milestone on the financial side of things: the company recently switched to digital platforms in handling most of their financial transactions and processes. According to Julius Sulit, Country Finance Head for East-West Seed Philippines (EWPH), the pandemic posed constraints on the way the company accessed its funds, collected payments, and issued checks. Before the pandemic, a lot of these processes were done manually by him and his team. But when the pandemic hit, many bank branches were closed; it was no longer possible to physically transact with banks.

The CMS provided by BDO to East-West Seed Philippines included the automated check writing facility that allowed the company to hand over the tasks of check writing to BDO.

Switching to automated check writing also meant that the record-keeping and access to financial information became digital as well. Julius said that this is more convenient since he could now quickly access the information he needs on his laptop with just a few clicks. Once the nominated authorizer of the company approves the transactions, the checks are printed by BDO and then picked up by the payees at a BDO branch, making for a convenient and stress-free customer experience. Even processing of customer payments is made so much easier.

“Overall, BDO cash management helped us become more efficient in terms of time and monetary cost for our financial operations. We save so much time, money, and effort now that many of these financial administrative tasks were integrated into a cash management system,” said Julius.



East-West won over Filipino farmers with higher returns from hybrid seeds tailored to local farming conditions

Finding ways for Filipino workers overseas

Despite the spread of new and more contagious variants of the COVID-19 virus in 2021, BDO Remit successfully expanded its business and greatly increased its transactions volume globally, thanks to its ability to sustain 24/7 operations facilitating remittance transactions from Overseas Filipinos Workers (OFWs) worldwide.

Amid the pandemic, BDO Remit offices remained open, while its marketing representatives in Asia, Middle East, North America, and Europe continued to serve their clients who were in dire need to send money as emergency assistance to their loved ones in the Philippines. The Bank even opened an office in Dubai, one of its largest markets in the Middle East, which served as an OFW hub to assist customers on their accounts and other financial queries.

Sustaining its presence and operations served the Bank well, as it facilitated thousands of overseas accounts in 2021, representing an 84% increase from the previous year. BDO remittance transactions grew by 17%, while its remittance volume also grew by 18% as of December 2021. This is a remarkable accomplishment as the remittance industry volume grew by only 5% as of the same period (per BSP data).

Sailing through rough times

BDO Remit clients who maintain a Kabayan Savings account benefitted greatly from the Bank's sustained operations as they were able to receive remittances easily. Cash was always available at ATMs that were open 24/7. ATMs were also a safer way to claim money as they were less crowded than other cash pick-up locations. Among the OFWs who very much needed assistance during the pandemic were Filipino seafarers. As they worked through different time zones, they needed financial service providers that can support them at any given time. BDO Remit received recommendations from its manning agency partners for its round-the-clock service dependability that ensured remittances were credited on time, particularly during lockdowns. As manning agencies continued to trust BDO Remit, some of them even required their seafarers to open BDO accounts before boarding.

17%
Growth in
Total Remittance
Transactions

18%
Growth in Total
Remittance Volume



The new BDO office in Dubai

"We appreciate that BDO was the only bank catering to our needs during the height of the pandemic, especially during the early months of the lockdown."

Magsaysay Maritime Corporation

Championing the countryside

Most OFW family beneficiaries are based in the provinces, with limited to zero access to banking services. To enable OFW family beneficiaries to easily encash their remittances, BDO Remit campaigned for greater awareness of the Bank's Cash Agad banking solution in areas with high concentration of OFW families. Where bank branches or ATMs are too far and too expensive to travel to, Cash Agad partner agents such as sari-sari stores, pharmacies, groceries, hardware stores, and other establishments in the community can cash out through point-of-sale machines. BDO Remit also collaborated with local government units for the use of basketball courts and waiting sheds for visible marketing space. BDO Remit also conducted a parallel campaign abroad to inform OFWs themselves of the Cash Agad service.

Together apart

While other banks' remittance services were disrupted due to the pandemic, BDO Remit continued with its Pre-Departure Orientation Seminars (PDOS), in collaboration with the Overseas Workers Welfare Administration (OWWA). As the PDOS shifted from face-to-face to virtual, BDO Remit provided support to OWWA by quickly implementing enhanced internet connections in its classrooms at United Nations Avenue and Padre Faura in Manila as part of efforts to help the government agency achieve continuous deployment of Filipinos overseas. As of December 2021, some 173,737 participants benefitted from 3,762 financial literacy lessons conducted by BDO Remit as part of the PDOS.

BDO Remit hoped to hold its annual *Pamaskong Handog* (Christmas Treat) concert in the traditional face-to-face manner similar to previous years. However, due to the surge in COVID cases in the Philippines, the team instead held a *Salu-salo* (Christmas gathering) in its offices in Hong Kong, Macau, Japan, United Arab Emirates, the United States, Canada, Italy, France, and the United Kingdom.

BDO Remit invited its long-time, valued clients and treated them to a "Filipino Christmas" get-together with lots of food and fun games with their countrymen. The clients were grateful for a very meaningful celebration and expressed their heartfelt appreciation to BDO Remit for making them experience the Filipino Christmas spirit after being on lockdown for several months.



A Cash Agad partner agent in Barangay Apalit, Pampanga, Northern Luzon, 12 kilometers away from the closest city

173,737

OFWs

Financial Literacy
Lessons Participants

3,762

Financial Literacy
Lessons Conducted



BDO Remit held get-togethers for clients at its overseas offices



Scan to view Pamaskong Handog videos online

CASE STUDY

Achieving golden hopes with financial management

Adding to the OFWs' models of inspiration is Hidilyn Diaz, the Philippines' first-ever Olympic gold medalist, who joined BDO's family of brand ambassadors in October. The Bank tapped Hidilyn as its advocate for financial literacy for the underserved and unbanked markets.

Hidilyn's experience resonates with OFWs, as she trains abroad for various weightlifting competitions to represent the country and receives allowances while she is away from home.

During her introductory press conference, Hidilyn — who once wanted to work as a bank teller — shared the lessons she has learned from handling her finances after receiving financial incentives.

“Mahalaga ring may relationship at tiwala tayo sa bangko kung saan natin ilalagay ang ating mga pinaghirapan. Tiwala tayo sa kanila kasi expert sila sa pagtulong palaguin ang ating mga finances. Halimbawa, kung gusto kong magtayo ng negosyo pagkaretiro ko, o bigyan ko ng retirement ang aking mga magulang, alam nila kung paano nila ako gagabayan. Importante ring may serbisyo sila kung saan ako makakapagpadala ng pera sa pamilya ko sa Zamboanga habang nagte-training ako sa abroad. Nakita ko lahat ‘yan sa BDO,” she said. (It's also important to have a relationship and trust in the bank where we deposit the fruits of our labor. We should be able to trust them in growing our finances. For instance, if I want to start a business when I retire or provide retirement funds for my parents, the bank should have the expertise to advise and guide me. It's also important that they can provide services wherever I am training abroad so I can send money to my family in Zamboanga. I found all these in BDO.)

Hidilyn's narrative is a microcosm of the dilemmas facing OFWs and their families when it comes to managing hard-earned money from working overseas. Her testimonial serves as a powerful advocacy for the Bank and the importance of personal financial management among millions of OFWs worldwide.



Heavyweight lifter Hidilyn Diaz, the Philippines' first Olympic gold medalist and BDO brand ambassador



Financial literacy for OFWs is one of Hidilyn's advocacies

Sustainability Contribution Strategy



BDO supports the Philippine economic development goals through financial inclusion and impact financing in renewable energy, infrastructure, eco-friendly solutions, green facilities, and disaster resilience initiatives.

BDO contributes to the country's sustained economic growth through delivering various banking products and services that help create a dynamic business environment, promote local and foreign investments, and accelerate economic activities.

BDO Foundation champions financial inclusion as one of its two key advocacies. The Foundation partners with various institutions to bring financial education and scale it to large target sectors, from public school students, teachers and non-teaching personnel to Overseas Filipino Workers to members of the Armed Forces to police personnel nationwide.



Economic Impact

Over the years, BDO has strengthened its position as the country’s leading full-service bank with capabilities to serve every Filipino’s banking needs. The Bank continues to expand its business franchise through sustained branch expansion focused on provincial areas, supplemented by Automated Teller Machines (ATMs), digital channels and agency banking, as well as increased market coverage to include the unbanked and underserved segments of the population in support of financial inclusion. These initiatives have allowed BDO to generate and distribute economic value, supporting economic activity in the country.

As COVID-19 infection cases fell with rising vaccination coverage, the Bank continued to safeguard the health and well-being of its employees and clients through sustained health and safety protocols, regular testing, and active vaccination campaign; ensure the availability of its products and services through branches and digital channels despite recurring lockdowns; and support communities through quick disaster response and financial inclusion initiatives.

Economic Value Table Brief

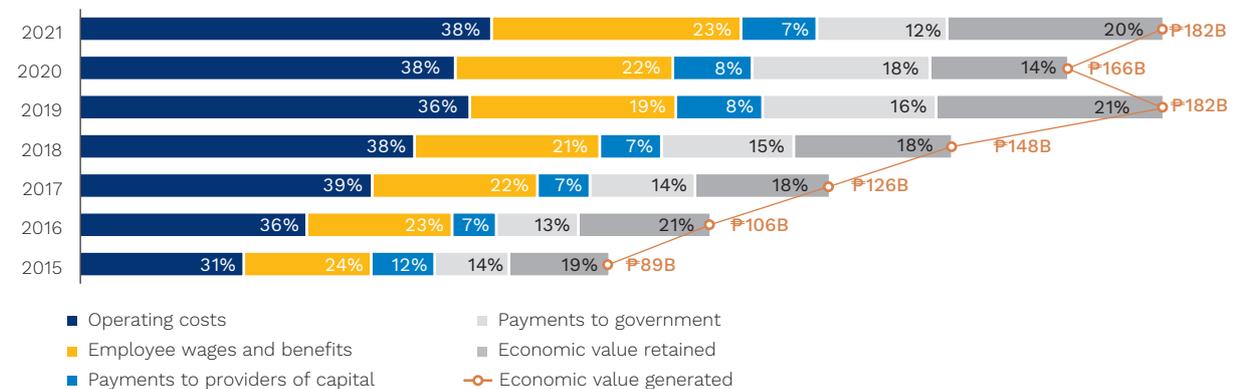
Increased economic activities following the easing in mobility restrictions and gradual economic re-opening allowed the Bank to post a 9% increase in its direct economic value generated to ₱182 billion in 2021, almost back to pre-pandemic 2019 levels after the 9% decline in 2020. Over the last five (5) years, the Bank’s direct economic value generated went up by 11% on a CAGR basis, notwithstanding the negative impact of the pandemic on Bank operations in 2020.

Of the total direct economic value generated, about 80% or ₱145 billion went to direct economic value distributed, marking a slight increase over 2019-2020 levels. Wages and benefits increased by 12% to ₱42 billion, representing nearly 29% of total economic value distributed, and effectively benefitting more than 38,000 BDO employees, helping create multiplier impact on domestic demand/consumption. Meanwhile, other operating costs rose by 9% to ₱69 billion, including expenses incurred to keep both BDO clients and employees safe through various measures, including regular antigen testing of employees.

The Bank’s total tax payments amounted to almost ₱22 billion, representing its contribution in government’s efforts to revive economic activity following the country’s deepest contraction in 2020. In addition, the Bank’s community investments amounted to ₱86 million as BDO actively carried out its corporate social responsibility through BDO Foundation, by providing relief, funding rehabilitation, and helping advance the recovery of disaster-stricken communities in the country, as well as supporting the government’s vaccination drive through the donation of vaccines to identified sectors.

Economic Value Table

Figures in %



Managing Climate Change Risks and Opportunities

BDO recognizes that climate change brought about by accelerated economic growth and globalization is a planetary issue that requires an urgent global, coordinated response. To this end, BDO supports the landmark 2015 Paris Agreement between the world's governments that commits to the common goal of limiting global temperature increase to well below 2 degrees Celsius, while pursuing efforts to limit the increase to 1.5 degrees. BDO also supports the Philippines' nationally determined contribution to the Paris Accord to reduce its greenhouse gas (GHG) emissions within the coming years leading up to 2030.

BDO recognizes that increased carbon emissions result in heightened environmental and social risks — in particular, transition risks and physical risks that can directly impact the Bank's financial value chain. The Bank recognizes that it plays a critical role in the Philippines towards contributing to a global low carbon economy pathway primarily through utilizing its financial resources, extensive operations and network, and access to millions of Filipinos worldwide.

Managing our Environmental, Social, and Governance impact

Over the years, the Bank has adhered to sustainable finance practices that long incorporated Environmental, Social, and Governance (ESG) in a way that it conducts business as an organization and as a bank committed to sustainability.

From a risk perspective, the Bank has abided by its Social and Environmental Management System (SEMS) Policy that risk-categorizes all corporate and commercial borrowing accounts according to their social and environmental impact since 2010. The Bank's SEMS was co-developed with the International Finance Corporation (IFC) and based on IFC's ESG standards. SEMS categorizes ESG risks as High, Medium, and Low, based on type (sector/industry), location (proximity to environmentally and socially sensitive areas), sensitivity (potential impact whether irreversible/reversible), and extent of environmental/social issues.

The Bank's SEMS policy prohibits financing of any activity engaged in the following:

- production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international bans,
- production or trade in weapons and munitions, gambling, online gaming and equivalent enterprises,
- any business related to pornography and/or prostitution,
- production or activities involving harmful or exploitative forms of forced labor/harmful child labor,
- commercial logging operations in primary tropical moist forest,
- production or trade in wood or other forestry products other than from sustainably managed forests, among others.

This early integration of ESG risks in the lending practice shows the Bank's adoption of sustainability in its business operations to achieve stability and resilience in the financial value chain. It also antedates any global, regional or local regulations or incentives for sustainable finance from a risk perspective.

Pioneering Sustainable Finance

Simultaneously, BDO also instituted its Sustainable Energy Finance (SEF) Program in 2010, in partnership with the IFC to leverage on its global experience in green finance particularly in the technical evaluation of renewable energy, energy efficiency and green building projects. In the same year, BDO created the Sustainable Energy Finance Desk, later renamed the Sustainable Finance (SF) Desk, to strengthen its internal capabilities in financing opportunities within the spectrum of sustainable energy projects and provide value-added technical advisory to clients to ensure the projects' viability.

The SF Desk has conducted intensive capacity building among BDO lending, credit, and branch officers to raise awareness on the economic, environmental, and social benefits of financing sustainable energy projects. Apart from renewable energy, the trainings built the knowledge and confidence of branch officers and staff to engage clients in looking into their business operations and finding opportunities to improve energy savings through options such as retrofitting buildings, adapting energy efficient lighting and air-conditioning systems, and developing green buildings.

The SF Desk also authored the BDO Sustainable Finance Framework (SFF) for the use of financial instruments to fund responsible projects that facilitate climate resilience and promote inclusive economic growth. The SFF ensures the strategic resilience of financial products and services in accordance with BDO's five Sustainability Strategies and aligned with UN Sustainable Development Goals (UN SDGs).

The BDO SFF was certified and endorsed by Sustainalytics, a leading and independent ESG research and ratings provider based in New York. In its Second Party Opinion (SPO), Sustainalytics expressed that "BDO's Sustainable Finance Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines of 2018, Green Loan Principles 2020, and the ASEAN Sustainability Bond Standards 2018." Sustainalytics also stated that the SFF's eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 8, 11, 12, and 15. The SPO paved the way for BDO to announce its plan to offer its first ASEAN Sustainability Bond in early 2022.

Regulatory mandate for a Sustainable Finance Framework

On June 26, 2021, the BDO Board of Directors approved the BDO Group's transition plan towards a Sustainable Finance Framework (SFF), in compliance with the Bangko Sentral ng Pilipinas (BSP) Circular 1085 of the same name.

Not to be confused with the BDO SFF for bonds issuance, the BSP-mandated SFF compels all Philippine banks to embed sustainability principles, including those covering environmental and social risk, in the following areas: Corporate Governance Framework; Risk Management Systems; Strategic Objectives; and Bank Operations. The transition is set within a 3-year period, from 2020 to 2023. BSP 1085 also mandates the integration of environmental and social (E&S) risks in the enterprise-wide risk management frameworks of banks into the Environmental & Social Risk Management System (ESRMS). BSP Circular 1128 on the particular guidelines for the ESRMS was released in October 2021.

The Board deliberations and final approval of the transition plan took place in both the May and June 2021 full Board meetings. With key discussions led by the BDO Chairperson and the President & CEO, the Board set out the following directions for the Bank's transition:

- **Sustainability at BDO is a journey that takes into consideration the Philippine context and the complexity and scope of BDO operations.** The Bank will continuously assess and find the optimal mix of trade-offs to strike a balance between national economic development that requires affordable energy and the broader goal of climate sustainability. The Bank also recognizes that the transition will not happen overnight, but BDO is committed to keep moving forward to achieve its sustainability goals and be responsible for its economic, environmental, and social impact to clients, communities, and the country.
- **BDO will take an institutional approach to Sustainability.** The Transition Plan covers the whole BDO Group and prioritizes 7 Key Focus Areas where BDO can make the most significant environmental, social, and governance impact as a conglomerate. These Focus Areas were aligned with the five BDO Sustainability Strategies, the BSP Circular 1085, and the UN Sustainable Development Goals.

BDO Transition Plan to a Sustainable Finance Framework: Key focus areas

Objective	Focus Area	ESG Impact
Ensure that the counterparties follow Sustainability principles and apply environmental and social (E&S) criteria in their governance, conduct of business, and operations	Counterparties	BDO: Sustainability Strategies 2, 5 BSP: Sustainable Finance Framework feature: E&S principles embedded in bank operations UN: Sustainable Development Goals (SDG) 1, 8, 10, 12
Ensure that we embed E&S criteria in existing and future products and services , and map these against the 5 Sustainability Strategies and 17 Sustainable Development Goals	Products and Services	BDO: Sustainability Strategy 1 BSP: Sustainable Finance Framework feature: E&S considered in bank products and services UN: Sustainable Development Goals (SDG) 9, 10
Ensure that E&S impact is a key consideration in the execution of key operational processes	Key Processes	BDO: Sustainability Strategy 2 BSP: Sustainable Finance Framework feature: E&S embedded in bank operations UN: Sustainable Development Goals (SDG) 12
Enhance alignment of HR Policies with equitable and inclusive workplace practices that promote a sustainable mindset among employees	HR Policies	BDO: Sustainability Strategy 3 BSP: Sustainable Finance Framework feature: E&S embedded in bank operations and governance UN: Sustainable Development Goals (SDG) 5, 8, 10
Ensure that Facilities Management systems mitigate Environmental Impact and support sustainable practices	Facilities Management	BDO: Sustainability Strategy 2 BSP: Sustainable Finance Framework feature: E&S embedded in operations UN: Sustainable Development Goals (SDG) 6, 12
Ensure that Strategic Focus Areas support the Bank's Sustainable Finance Framework	Strategic Focus	BDO: Sustainability Strategies 2, 4 BSP: Sustainable Finance Framework feature: considered in Strategic Objectives UN: Sustainable Development Goals (SDG) 1, 2, 5, 9, 13, 17
Strengthen Board Governance with E&S risk-based oversight to promote a sustainability culture and mindset	Board Governance	BDO: Sustainability Strategy 5 BSP: Sustainable Finance Framework feature: E&S as part of risk management discipline and corporate governance UN: Sustainable Development Goal (SDG) 16

Earlier in the year, BDO engaged the services of Ernst & Young (EY) Philippines/SGV to assist in crafting the transition plan and ESRMS for the BDO Group. The Focus Areas were identified after EY/SGV's Group-wide gap assessment of BDO's ESG maturity and ESG impact based on BSP 1085 requirements. To implement the plan, BDO established its Sustainability Governance Structure (see pages 14 and 15), which identified Technical Working Groups for each Focus Area, composed of representatives from concerned business groups, support groups, and subsidiaries whose expertise were critical in achieving their focus area objective. Each Working Group was tasked to review and enhance existing policies, craft policies currently not covered by the Bank, identify practices that needed to be articulated as policies, and create programs to bring the policies and practices to life.

Working Group members also engaged in data gathering and research to use as baseline for crafting draft policy, programs, and processes. Data gathering across the Bank's operations and supply chain proved to be a major challenge, given the Bank's scope and complexity. As the Working Groups engage more closely with employees on the ground and support suppliers in their own sustainability journey, data and analytics will be critical in tracking the Bank's progress and identifying metrics and sustainability goals for the short, medium, and long term. In 2022, the Working Groups will continue to focus on achieving these and regularly reporting to the Board Committees on progress.

Environmental & Social Risk Management System (ESRMS)

BDO will build on its SEMS Policy for its ESRMS, based on the BSP expectations. In consultation with EY/SGV, the Bank has identified opportunities to further embed E&S criteria in credit and operations, along with an ESRMS responsibility matrix and structure.

EY/SGV is currently conducting an E&S risk assessment of the BDO loan portfolio based on the Philippine Standard Industrial Classification (PSIC), the prevailing industry taxonomy in the Philippines.

BDO Unibank Group Loan Portfolio (Consolidated)

Industry/Sector	Percent of Loan Portfolio
Financial and Insurance Activities	16.6%
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	14.8%
Real estate activities	12.8%
Wholesale and retail trade	11.8%
Electricity, gas, steam, and air conditioning supply	11.8%
Manufacturing	8.6%
Transportation and storage	3.7%
Arts, entertainment and recreation	3.2%
Construction	2.9%
Information and communication	1.8%
Accommodation and food service activities	1.7%
Education	1.5%
Human health and social work activities	1.3%
Water supply; sewerage, waste management and remediation activities	1.1%
Agriculture, forestry and fishing	0.6%
Mining and quarrying	0.4%
Professional, scientific and technical activities	0.4%
Administrative and support service activities	0.3%
Public administrative and defense; compulsory social security	0.0%
Activities of extraterritorial and organizations and bodies	0.0%
Other service activities	4.70%
Total	100%

Source: BDO Audited Financial Statements 2021, Notes to Financial Statement 36.c Significant Credit Exposures for Loans

Sustainable Finance: Catalyst for ESG Transition

For more than a decade, BDO Sustainable Finance has led the Bank's financing of eligible green and social impact projects.

This includes business activities such as renewable energy, energy efficiency, green building, clean transportation, pollution prevention and control, sustainable management of natural resources and land use, eco-efficient technology, sustainable water and waste water management, terrestrial and aquatic biodiversity conservation, climate change adaptation, affordable housing, access to essential services, employment generation and food security.

As a pioneer in Sustainable Finance since 2010, BDO has achieved significant experience and a robust portfolio of eligible projects with quantifiable positive economic, environmental and social impacts. This has become the Bank's baseline in developing the BDO Sustainable Finance Framework (BDO SFF) which serves as its guidepost in issuing Green, Social and Sustainability Bonds and other debt financing instruments that allow the bank to diversify funding sources and broadens investor base to include ESG-focused investors.

Under the BDO SFF, eligible projects are expected to reduce the Philippines' environmental footprint and assist in the energy transition towards a low-carbon economy, as well as drive socio-economic development nationwide.

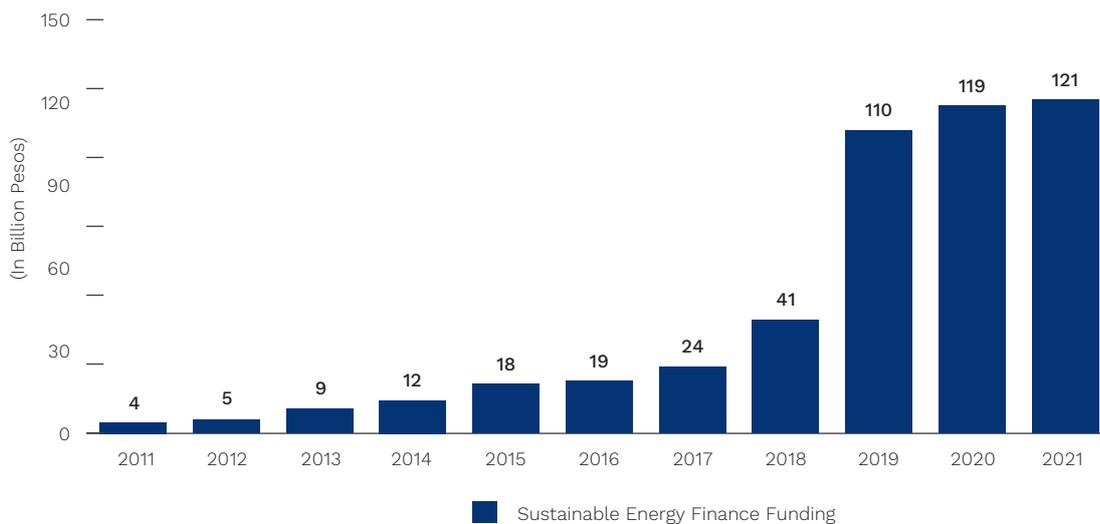
Eligible green projects require environmental benefits such as a reduced carbon footprint and vulnerability of communities to climate change. Eligible social projects require positive social outcome for the impoverished, excluded, marginalized, vulnerable, disabled, undereducated, underserved and unemployed populations.

The BDO SFF identifies the following activities as ineligible for financing:

- Production or trade in weapons and munition
- Online gaming and equivalent enterprises
- Hydroelectric plant with weir height of over 50 meters
- Illegal logging, illegal mining, illegal fishing, forced labor, child labor
- Production of tobacco products and palm oil
- Fossil-fuel power generation or transmission, and activities dedicated to support expansion of fossil fuel-based technologies

BDO Sustainable Finance catalyzes accelerating green recovery by financing resilient and pandemic-ready projects that aim to achieve a sustainable financial value chain. As of December 31, 2021, BDO financed 54 Sustainable Energy projects, with total Sustainable Finance funded to date at ₱548 billion.

BDO Sustainable Energy Finance



CASE STUDY

Harnessing energy from biomass

The United States Energy Information Administration (US-EIA) defines biomass as “renewable organic material that comes from plants and animals.” The EIA states that biomass can be burned directly for heat or converted to renewable liquid and gaseous fuels through various processes. Firewood is one example, while animal or human waste processed chemically or biologically is another.

As a renewable energy source, biomass offers huge clean energy capacity opportunities for the Philippines, where there is an abundant supply of biomass resources. These include agricultural crop residues, forest residues, animal wastes, agroindustrial wastes, municipal solid wastes, and aquatic biomass. Agricultural waste products as biofuels offer an abundant, stable, and environmental alternative for fossil fuels energy sources.

Grass Gold Renewable Energy Corporation (Grass Gold) is among BDO’s clients engaged in renewable energy power generation. Its first power plant project is the construction and operation of a 12MW (gross) Napier grass-fired plant in Llanera, Caridad Sur, Nueva Ecija province which started commercial operations in December 2019.

Grass Gold utilizes napier grass, known locally as “buntot-pusa” for its stalk that closely resembles a cat’s tail. Napier grass is a perennial tropical grass used as feedstock and also found in abundance in the Philippines. Recent studies show that it is also an ideal crop for renewable energy power generation since it produces huge biomass and can be harvested multiple times a year. It has very low water and nutrient requirements and can be grown in marginal or uncultivated land. It also planted on slopes to increase soil fertility and reduce soil erosion. (Source: <https://plantvillage.psu.edu/topics/napier-grass/infos>.)

BDO supports Grass Gold’s biomass power plant project as part of its sustainable finance projects for renewable energy. The Bank is a pioneer in financing biomass power plants, having financed the country’s first Rice Husk-fired Biomass Power Plant in 2013. To date, BDO has financed 164 megawatts (MW) of biomass power plants that have resulted in significant positive environmental and social impacts in the Philippines.

In 2021, biomass power plants funded by BDO generated employment for 170,915 farmers nationwide. The projects also resulted in the avoidance of greenhouse gas emission of 487,250 metric tonnes by converting 1,583,082 tonnes of agricultural waste to feedstock or raw material fuel for biomass power plants.

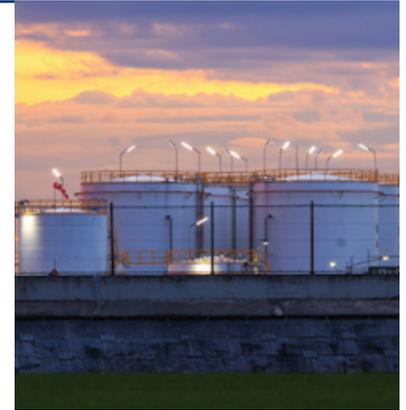


Economic, Environmental, and Social Impact

Description	2020	2021
Total Sustainable Finance Funded to Date	₱400.9 billion	₱548 billion
Total installed Renewable Energy Capacity (SDG 7: Affordable and Clean Energy)	2,184 MW	2,230 MW
Renewable energy projects funded to date	50	54
Carbon dioxide avoided per year by funded renewable energy projects (SDG 13: Climate Action)	4,170,744 tonnes	4,266,687 tonnes
Equivalent passenger vehicles taken off roads yearly	885,381	905,887
Equivalent tree seedlings grown over 10 years	68,953,558	70,550,565
Families Served by Renewable Energy Projects	1,968,067	1,994,189
Loans disbursed in the past 5 years for national projects	₱32.9 billion	₱39.5 billion
Loans disbursed in the past 5 years for airports	₱12.4 billion	₱12.4 billion
Loans disbursed in the past 5 years for road networks	₱18.4 billion	₱18.4 billion
SDG 2: Zero Hunger	3,052 smallholder farmers, 47 public webinars conducted on vegetable farming	3,052 farmers
Road Network Development	152.23km	167.73km
Financing Facilitated (Roads)	₱18.4 billion	₱19.3 billion
Vehicles Served	136.9 million	138.1 million
Carbon emissions annually reduced through efficient roadways	4,260.09 tonnes	4,260.43 tonnes
Biomass Capacity	164 MW	164 MW
Geothermal Capacity	1,189 MW	1,189 MW
Mini Hydro Capacity	431 MW	433 MW
Solar Capacity	339 MW	369 MW
Wind Capacity	62 MW	75 MW
Disbursed Loan Amount per RE Technology Type	Biodiesel: ₱68.5 million Bioethanol: ₱201 million Biomass: ₱16.7 billion Geothermal: ₱4.3 billion Hydro: ₱15.7 billion Solar: ₱12.5 billion Wind: ₱2.9 billion	Biodiesel: ₱137 million Bioethanol: ₱570 million Biomass: ₱22.5 billion Geothermal: ₱17 billion Hydro: ₱28.1 billion Solar: ₱12.6 billion Wind: ₱2.9 billion
Bioethanol Production	44.12 million liters per year	44.12 million liters per year
Biodiesel Production	60 million liters per year	60 million liters per year

Biodiesel

Installed Capacity 60 ML/Y*	Disbursed Loan Amount ₱137 million	GHG avoidance per year based on Net (in tonnes CO ₂ e) 12,000
GHG avoidance per year based on Gross (in tonnes CO ₂ e) 153,732	Equivalent passenger vehicle off the road per year 32,640	Equivalent tree seedlings grown for 10 years 2,541,996



Bioethanol

Installed Capacity 44.12 ML/Y*	Disbursed Loan Amount ₱571 million	GHG avoidance per year based on Net (in tonnes CO ₂ e) 35,296
GHG avoidance per year based on Gross (in tonnes CO ₂ e) 49,540	Equivalent passenger vehicle off the road per year 10,518	Equivalent tree seedlings grown for 10 years 819,153



Biomass

Installed Capacity 164 MW	Disbursed Loan Amount ₱22.5 billion	Net Energy Generation (MWh/year) 1,013,497	Gross Energy Generation (MWh/year) 1,202,683
Value of energy generation per year (Php/year) ₱4.9 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 410,604	GHG avoidance per year based on Gross (in tonnes CO ₂ e) 487,250	
Equivalent passenger vehicle off the road per year 103,451	Equivalent tree seedlings grown for 10 years 8,056,785	No. of households/families (average of 6 persons per family) supplied by RE 230,131	
Amount of agricultural wastes converted to feedstock/power T/Yr 1,583,082	No. of farmers supported 170,915		



Geothermal

Installed Capacity 1,189 MW	Disbursed Loan Amount ₱17.0 billion	Net Energy Generation (MWh/year) 5,848,520	Gross Energy Generation (MWh/year) 6,498,355
Value of energy generation per year (Php/year) ₱28.7 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 2,369,446	GHG avoidance per year based on Gross (in tonnes CO ₂ e) 2,632,717	
Equivalent passenger vehicle off the road per year 558,969	Equivalent tree seedlings grown for 10 years 43,532,535	No. of households/families (average of 6 persons per family) supplied by RE 1,328,002	

Hydro

Installed Capacity 433 MW	Disbursed Loan Amount ₱28.1 billion	Net Energy Generation (MWh/year) 1,255,024	Gross Energy Generation (MWh/year) 1,387,445
Value of energy generation per year (Php/year) ₱6.1 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 508,455	GHG avoidance per year based on Gross (in tonnes CO ₂ e) 562,104	
Equivalent passenger vehicle off the road per year 119,344	Equivalent tree seedlings grown for 10 years 9,294,506	No. of households/families (average of 6 persons per family) supplied by RE 284,974	

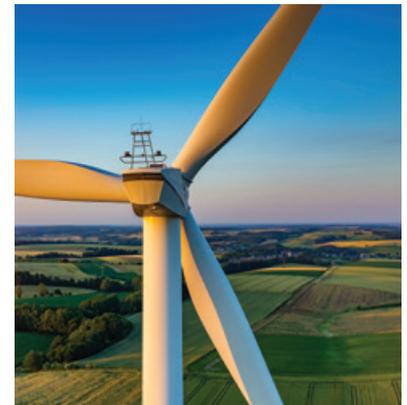
Solar

Installed Capacity 369 MW	Disbursed Loan Amount ₱12.6 billion	Net Energy Generation (MWh/year) 458,950	Gross Energy Generation (MWh/year) 549,141
Value of energy generation per year (Php/year) ₱2.2 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 228,086	GHG avoidance per year based on Gross (in tonnes CO ₂ e) 270,230	
Equivalent passenger vehicle off the road per year 57,374	Equivalent tree seedlings grown for 10 years 4,468,307	No. of households/families (average of 6 persons per family) supplied by RE 104,212	



Wind

Installed Capacity 75 MW	Disbursed Loan Amount ₱2.9 billion	Net Energy Generation (MWh/year) 206,419	Gross Energy Generation (MWh/year) 218,620
Value of energy generation per year (Php/year) ₱1.0 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 104,525	GHG avoidance per year based on Gross (in tonnes CO ₂ e) 111,113	
Equivalent passenger vehicle off the road per year 23,591	Equivalent tree seedlings grown for 10 years 1,837,284	No. of households/families (average of 6 persons per family) supplied by RE 46,871	



BDO Sustainable Energy Finance Project Map

- ① 37.5 MW of 150 MW Wind Power Plant (Burgos, Ilocos Norte)
- ① 6.8 MWp Solar PV Power Plant (Burgos, Ilocos Norte)
- ① 70 MW RoR Hydro Electric Plant (Alilem, Ilocos Sur)
- ② 140 MW Hydro Electric Plant (Benguet)
- ③ 31.8 MW Several RoR Hydro Projects (Benguet)
- ④ 19 MW Several RoR Hydro Projects (Benguet)
- ② 100 MWp Solar Farm (Tarlac City, Tarlac)
- ① 2 MWe Biogas-Fed Power Plant (Tarlac City, Tarlac)
- ② 12 MWe Biomass-Fired Power Plant (Orani, Bataan)
- ③ 0.3 MWp Solar Rooftop (Ortigas Center, Pasig City)
- ④ 63.29 MWp Solar PV Farm (Calatagan, Batangas)
- ⑤ 8 MW RoR Hydro Electric Plant (Bugasong, Antique)
- ③ 7 MWe Biomass-Fired Power Plant (Brooke's Point, Palawan)
- ① 192.5 MW Geothermal Power Plant (Valencia, Negros Oriental)
- ② 49 MW Geothermal Plant (Nasulo, Negros Oriental)
- ① 14.12 Million liters per year, as per DOE (Talisay City, Negros Occidental)
- ② 30 Million liters per year, as per DOE (Negros Occidental)
- ④ 20 MW Turbogenerator (Silay City, Negros Occidental)
- ⑤ 133 MWp Solar Facility (Cadiz City, Negros Occidental)
- ⑥ 0.325 MWp Solar Rooftop (Bacolod)
- ⑦ 0.5 Solar PV (Zamboanga City)
- ⑧ 0.32 MWp Solar Rooftop (Zamboanga del Sur)
- ⑤ 15 MWe Biomass-Fired Power Plant (Sultan Kudarat, Maguindanao)
- ① 60 ML/Y Biodiesel Production Plant (Bagong Ilog, Pasig)
- ⑬ 1.17 MWp Solar PV Rooftop (Western Bicutan, Taguig City) **NEW**
- ⑭ 28.76 MWac/ 1,553MWac Solar PV Plant (Jaisalmer district of Rajasthan, India) **NEW**
- ⑯ 2.4 MW Mini-hydro Power Plant (Maramag, Bukidnon) **NEW**
- ③ 14.1 MW of 762.80 MW Wind Power Plant (Jaisalmer district of Rajasthan, India) **NEW**

RE Project	No. of Projects	MW Capacity
Biodiesel	1	60ML/Y*
Bioethanol	2	44ML/Y*
Biomass	15	164
Geothermal	6	1,189
Hydro	13	433
Solar	14	369
Wind	3	75
Total MW	54	2,230

* Million liters per year



- ⑥ 20 MWe Rice Husk-Fired Power Plant (Alicia, Isabela)
- ⑦ 19 MWe Cogeneration Plant (San Mariano, Isabela)
- ⑥ 15 MWe Biomass-Fired Power Plant (Burgos, Isabela)
- ⑨ 12 MWe Rice Husk-Fired Power Plant Phase 1 (San Jose City, Nueva Ecija)
- ⑩ 12 MWe Rice Husk-Fired Power Plant Phase 2 (San Jose City, Nueva Ecija)
- ⑪ 12 MWe Biomass-Fired Power Plant (Llanera, Nueva Ecija)
- ⑫ 6 MWe Biomass-Fired Power Plant (San Jose City, Nueva Ecija)
- ⑥ 132 MW Hydroelectric Power Plant (Nueva Ecija - Pangasinan)
- ⑯ 0.32 MWe Rice Husk-Fired Cogeneration Plant (Sta. Maria, Bulacan)
- ② 24 MW of 54 MW Wind Power Plant (Pillila, Rizal)
- ⑦ 1.8 MW Mini-Hydro Project (Buhi, Camarines Sur)
- ⑥ 2.1 MW RoR Mini Hydro Plant (San Miguel, Catanduanes)
- ⑨ 1.5 MW RoR Mini Hydro Plant (Obi, Catanduanes)
- ⑨ 5.2 MWp Solar Rooftop (Ormoc and Sorsogon)
- ③ 140 MW Geothermal Power Plant (Manito, Albay)
- ④ 112.5 MW Geothermal Power Plant (Tongonan, Leyte)
- ⑤ 588.4 MW Geothermal Power Plant (Tongonan, Leyte)
- ⑩ 12.9 MW of 25.8 MW RoR Mini Hydro Electric Plant (Jabonga, Agusan del Norte)
- ⑪ 1.6 MW Mini-Hydroelectric Plant (M. Fortich, Bukidnon)
- ⑫ 10 MW Hydroelectric Power Plant (Oriental Mindoro)
- ⑥ 106 MW Mindanao Power Project (Kidapawan, North Cotabato)
- ⑩ 28.59 MWp Solar PV Power Plant (Digos, Davao del Sur)
- ⑭ 6 MWe Biomass-Fired Power Plant (Surallah, South Cotabato)
- ⑮ 10 MW Biomass-Fired Power Plant (New San Roque, Pili, Camarines Sur)
- ⑪ 1.128 MWp Solar Rooftop (Carmona, Cavite)
- ⑫ 0.015 MWp Solar Rooftop (Umingan, Pangasinan)

BDO Resource Consumption

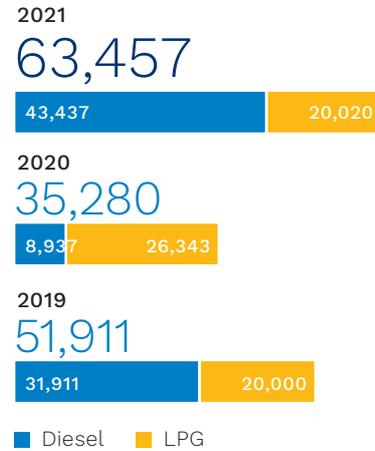
Water Consumption
(in '000 cu.m)



Electricity Consumption
(in '000 kWh)



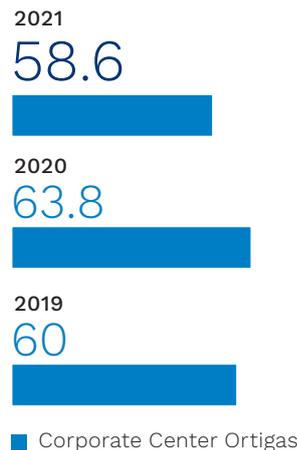
Fuel Consumption
(in liters)



GHG Emissions^{1,2}
(in tonnes CO2e)



Recycled Water
(in million liters)



(1) Calculated following the operational control approach of the Greenhouse Gas Protocol. Moreover, Scope 2 emissions were computed using the 2015-2017 National Grid Emission Factors provided by the Department of Energy.
 (2) Scope 1 emissions were based on the fuel consumption of the company, while Scope 2 emissions were based on the purchased electricity of the company

BDO’s resource consumption in 2021 continued to be directly impacted by government-imposed lockdowns during the pandemic. Three particular factors account for the increased consumption from both pre-pandemic 2019 figures and the 2020 consumption figures: lockdowns, BDO’s split operations strategy, and the temporary relocation of BDO offices in Makati City.

Lockdowns and prolonged high alert levels were more frequent in 2021 due to the Delta surge. Offices and branches observed shortened work hours and more groups implemented work-from-home arrangements which meant lower electricity use and water consumption. However, these were also offset by the continuous implementation of the Bank’s business continuity strategy for Split Operations, where business groups and support groups maintained physical presence in both corporate hubs at Makati City and Ortigas Center in Mandaluyong City, along with other key sites in Metro Manila. Split operations effectively doubled the office space needs for business and support groups in these locations.

At the same time, BDO implemented temporary office transfers throughout 2021, as it emptied the BDO Corporate Center Makati's (CCM) North and South Towers to clear the way for the planned construction of a new BDO CCM campus in the same location. Business groups and support offices were relocated to several buildings nearby (BDO Towers Valero, BDO Towers Paseo, BDO Salcedo Tower, and The Podium West Tower), while both North and South Towers were still in operation.

BDO also opened 12 additional branches nationwide to better serve clients in areas where financial services were greatly needed.

The Bank remains committed to measuring its resource consumption and managing its carbon footprint as it continues to grow as the country's largest bank with the most number of branches and corporate facilities.

Resilient Recovery for Economic Frontliners

On the second year of the COVID-19 pandemic, BDO branches — the Bank's frontline unit — showed that continuous operation was not just about survival, but also about the agility to embrace and thrive in the new normal. True to the Bank's Customer-Focused value, branch frontliners took on the critical task of providing uninterrupted access to financial services, in order to address BDO customers' most pressing and evolving financial needs, and to keep the economy going with much needed cash.

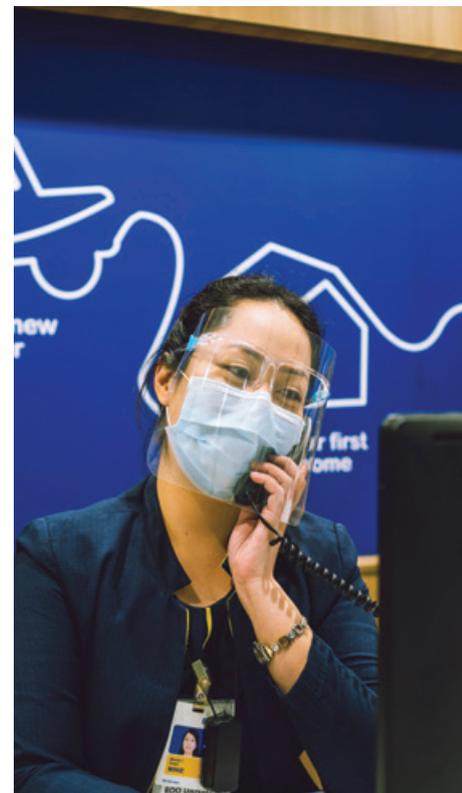
BDO branches continued to operate even during higher alert level periods by strictly observing mandatory health protocols to keep both employees and customers safe. The Bank's manpower resources were adjusted based on the community quarantine classification and COVID-19 status in areas where they operate, and this was communicated widely to customers so they can plan and prepare for their transactions accordingly.

The value of vaccination

To protect the Bank's frontliners, BDO prioritized weekly COVID-19 testing for branch employees. Once vaccines became available, BDO launched its vaccination program for employees and their families, once again prioritizing branch frontliners. Regular COVID-19 screening tests were held at BDO corporate offices and large office hubs, while vaccines and boosters were administered in coordination with the branches' respective local government units.

As a result, 98.2% of branch personnel were vaccinated in 2021, enabling them to be fully prepared and protected to serve the needs of our customers wherever and whenever face-to-face transactions were possible and necessary.

Other prevention measures observed at BDO branches were the following: 1) a mandatory temperature check for all upon entering bank premises, and a second mandatory check for employees at midday; 2) wearing of face masks and face shields; 3) provision of health kits to employees, specifically alcohol for hygiene and vitamins for personal consumption; 4) provision of alcohol and sanitizers for the use of customers; and 5) imposed physical distancing inside branch premises.



Throughout the pandemic, 99% of BDO branches remained open and ready to provide banking services, albeit with reduced manpower and shortened bank hours.

In terms of infection control, COVID Care telemedicine facilities were made available to employees for consultations with doctors and health diagnostic services. COVID-19 tests were done weekly during surge periods, such as during the Delta variant surge from July to October 2021. Otherwise, testing was conducted twice monthly for client-facing employees and once for those working in the backroom. Employees who turned out to be close contacts of a confirmed positive case were automatically scheduled for a Reverse Transcription Polymerase Chain Reaction (RT-PCR) test for COVID-19. Upon testing, the concerned employees were required to go on home quarantine and advised to isolate from other household members, while awaiting test results. Employees who tested positive were given a complete health kit containing a thermometer, a pulse oximeter, medicines for colds and cough, a gargle solution, and vitamins. Contact tracing was conducted through the QSafe app.

Branches with COVID-positive cases were disinfected through daily misting done by accredited service providers that adhere to Occupational Safety and Health Standards on disinfection methods. In addition, workstations and high-touch areas were subject to regular deep cleaning and disinfection.

To supplement the branches' prevention and infection control measures, employees were kept informed on proper safety and hygiene practices via email and on-site posters. The vaccinations, as well as related policies and programs to help prevent the virus from spreading, are aligned with the UN Sustainable Development Goal (SDG) 3 on ensuring Good Health and Well-being.

Keeping the economy running

Demonstrating its commitment to support the country's economy during the pandemic, the bank kept 99% of its branches open, with some branches able to resume Saturday banking despite reduced manpower. A "buddy branch" system was also implemented to support transactions for clients of closed branches or those with shortened hours. BDO opened 12 new branches in 2021 — proof that presence and access for clients remained a top priority.

While some clients chose to do banking transactions in the comfort of their homes, there were still a substantial number of clients who preferred or needed to transact at branches.

For clients who have shifted towards convenient and safe online banking, BDO promoted the features of its digital channels. Online transactions and services include viewing of account balances and transaction details, sending money and paying bills, and new account opening. As online payment activity soared during the pandemic, BDO branches also took the opportunity to promote BDO Pay. Developed by the Bank's digital banking group, BDO Pay enables customers to make payments using a QR code, request funds, and split bills.

At the branches, a new Customer Relations Management (CRM) system for onboarding new clients was implemented as part of the branch transformation initiatives of the bank. Clients could open a new account in these convenient ways. First, clients submit the new account application form online without visiting the branch. Clients are then

98.2%

BDO Branch
Personnel Vaccinated

12

New BDO
Branches Opened

invited to a virtual interview, for the Bank to perform the Know-Your-Customer validation process. Another way to open accounts would be using a dedicated laptop or using the client's own digital device, all inside the branch; hence without need for filling up of paper forms.

Branches also adopted a new queue management system that offered paperless transactions processing where clients can input their transactions in a kiosk in the branch, instead of filling up forms. For a more seamless and safer customer experience, clients have the option to book an appointment online for their branch visits, receive a QR code to be scanned once they reach the branch, and immediately fall in queue. This new customer experience generated positive response in lesser physical interactions, time-saves and an efficient digitized way of banking.

With continuous operations throughout the year, BDO branches showed consistent growth in deposits, with peso savings and current accounts posting 14% growth in 2021. Foreign currency denominated savings accounts growth was at 11% and total funds grew by 8%.

These services not only paved the way for clients to have better financial access when they needed it most, but they also support SDG 17 on Partnerships for the Goals, specifically target 17.8, which aims to “fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology.”

BDO Network Bank

As the Philippines' largest community bank, BDO Network Bank (BDONB) brings modern and relevant banking services to unbanked and underserved communities. Unbanked Filipino adults are at 51.2 million, out of a total 72 million adults, according to the latest financial inclusion survey report of the Bangko Sentral ng Pilipinas (BSP). BDONB aims to fill this gap with a wide range of banking products that include loans, deposits, remittances, bills payment and other banking services through its network of 351 branches and loan offices, and 334 Automated Teller Machines across the Philippine archipelago. In 2021, BDONB marked a 34% increase in its number of branches and loan offices compared to pre-pandemic numbers in 2019, and a 20% increase from the previous year.

MSME Financing

BDONB focuses on the development of the Micro, Small, and Medium Enterprises (MSME) market segment. In 2021, MSME loan bookings rose 75% from the previous year and MSME loans were made available in 45 new offices. MSME standalone offices increased by 23% compared to 2019 and an increase of 16% in 2021 compared to 2020. BDONB personnel servicing this market segment likewise grew by 13%. MSME teams drive financial education by advising clients on how to improve their businesses, and reinforcing the importance of saving and connecting with the bank to manage their finances. BDONB teams also led various outreach initiatives to communities affected by the pandemic and natural disasters.

14%

CASA Deposit Growth

11%

Foreign Currency
CASA Deposit Growth



Rose Joy Reyes, BDO Network Bank depositor in Naga. BDONB made it possible for her to continue her business during the pandemic, ensuring ease of transactions from Luzon to Mindanao.

75%

MSME Loan
Booking Growth

Client Success Stories



Merlinda Coronado, is a persistent business owner from humble beginnings. She started selling two sacks of sweet potatoes in the wet markets of Nagcarlan, and eventually grew her business up to a point where she now delivers tons of sweet potatoes from Tarlac, Zambales, and Bataan to the provinces of Cavite and Batangas. The loan granted to her by BDONB helped her buy additional sweet potatoes to supply her growing number of clients. Because of the continuous growth of her business, she was also able to buy a truck to help her with her deliveries and employ 15 employees who also have their own families to support.

Arlene Gener expressed her gratitude to BDONB for her access to additional inventory after she applied for and received a business loan in 2020. She is a widow, mother of two kids, and a former overseas Filipino worker in Dubai where she served as a family driver for three years. She returned to the country and became an entrepreneur in 2017. Using the money she saved from working abroad, Arlene started her rice retailing business in the Sta. Maria, Bulacan Public Market. Today, she is one of its biggest retailers, selling an average of 500 sacks of rice per week, and providing work for her three employees.



Dranreb Magpoc is a former OFW who worked in Riyadh at a banking institution for two years. He left this stable job because he couldn't stand being away from his family, and returned to the Philippines to support his wife who manages their grocery store in Cainta, Rizal. The couple availed of the BDONB business loan that helped their business grow as they were able to open another stall. The additional income produced from their business helped them cover the tuition of their children. He and his family are grateful for their situation given that many lost their jobs during the pandemic.

Liza Castro is a single mom to two kids and a Master Teacher at Batad Central School in Iloilo province. A client since 2016, Liza is thankful to BDONB for helping her open various businesses such as online selling of health products and a pisonet business. Pisonet was coined from the words peso (piso) and internet (net), and refers to vending machine-type computer kiosks that allow users to access the internet in small increments of time. The business addresses the needs of gaming enthusiasts, students, or professionals who cannot afford the minimum hourly rates of regular internet cafes or only need to use the internet for a short time. Liza's earnings made it possible for her to renovate her house and buy her own multi-cab, a small light truck for business. With advice from BDONB, she was able to consolidate her debt and manage her proceeds.



Leofer Alviola, married with two kids and a local government employee, started a meat dealing business at the Digos Public Market in Davao del Sur. She has been a BDONB client for over 15 years and has availed of loans multiple times. Her first loan was used for additional capital, while succeeding loans were used for business growth. During the height of the pandemic, she was able to expand her own meat corner. The expansion successfully addressed the needs of customers who wanted to avoid going to the more heavily populated public market.

Salary Loans for Public School Teachers

Of the salary loan releases in 2021, 58% were for teachers in Mindanao where the BDONB's main area of operations is located. In 2021, loan balance grew by 21.5%, the highest Accounts Receivable on record. Loan releases grew substantially by 40% compared to 2019 due to easing of pandemic restrictions. BDONB's customer base grew by almost 25% as it continues to expand in rural areas nationwide. In terms of Salary Loans reach, there was an increase of 26% in 2021 compared to 2019 and an increase of 20% in 2021 as compared to 2020 figures.

BDONB provides other support services for teachers. Bank employees arranged for financial wellness discussions to help teachers manage their finances. During the second year of the pandemic, BDONB continued to support the *Brigada Eskwela* (School Brigade) and *Balik-Eskwela* (Back to School) initiatives of the Department of Education by providing school supplies such as bond paper, pad paper, printers, and ink, and health protection supplies like alcohol and face masks to public schools in remote areas of the country. BDONB also closely worked with BDO Foundation and SM Foundation to donate laptops and computer equipment.

More than the provision of loans as start-up capital to small businesses and salary loans to public school teachers and government employees to fund their needs, BDONB's main campaign is to drive inclusive economic growth across all its market coverage. By teaching clients to borrow with purpose, BDONB forges strong and lasting banking relationships with the unbanked and underserved market so that they also understand the value of saving, investing, and growing their finances for a healthy financial future.

BDO Foundation: Financial Inclusion through financial education

As the COVID-19 pandemic continued to severely impact the economic well-being of Filipinos in 2021, BDO Foundation's efforts to promote financial inclusion gained greater significance and scale.

Working closely with the Bangko Sentral ng Pilipinas (BSP), BDO Foundation continued to collaborate with the Department of Education (DepEd), Overseas Workers Welfare Administration (OWWA), Civil Service Commission (CSC), and Armed Forces of the Philippines (AFP) for the implementation of financial education programs. Building on the success of these partnerships, the Foundation and the BSP also partnered with the Bureau of Fire Protection (BFP), Philippine National Police (PNP), Bureau of Fisheries and Aquatic Resources (BFAR), and Agricultural Credit Policy Council (ACPC) for the launch of new financial education programs in 2021.

The partnerships benefit public school students, teachers and non-teaching personnel; overseas Filipino workers (OFWs) and their families; civil servants; uniformed and civilian personnel of the armed forces; personnel of the government's fire service agency; the police; fisherfolk; and farmers.

The financial education programs, which support BDO Foundation's financial inclusion advocacy and BSP's National Strategy for Financial

21.5%

Salary Loan
Balance Growth

40%

Salary Loan
Releases Growth

25%

BDONB Customer
Base Growth



BDO Foundation has developed 26 financial education videos, all of which are available for viewing on the BDO Unibank YouTube channel.

Inclusion, help strengthen the capability of government agencies to provide financial literacy training to their beneficiaries. The programs are embedded and mainstreamed in the existing training and development initiatives of the partner agencies. They aim to equip the target audience with the tools, knowledge, and resources to make sound financial decisions through lessons on saving, budgeting and financial planning, debt management, entrepreneurship, investments, insurance, digital literacy, scam prevention, and retirement planning.

In 2021, several projects were completed to support the deployment of the programs nationwide.

- DepEd issued DepEd Order No. 022, Series of 2021, detailing its Financial Education Policy to ensure that financial education will be taught nationwide using the materials developed by BDO Foundation. The policy covers all learners, teachers, and non-teaching personnel from public and private elementary, junior and senior high schools, as well as learning centers for Special Education, Alternative Learning Systems, Indigenous Learning Systems, and the Madrasah Education Program covering Muslim culture, customs, and traditions.
- The Foundation and DepEd partnered with Huawei Philippines as sponsors for a teacher competition called the “Search for the Best Supplemental Learning Materials in the Teaching of Defined Key Concepts in Science and Mathematics.” The nationwide contest was designed to encourage teachers to submit innovative learning modules that integrate financial literacy into the teaching of Science and Math subjects. The partnership with Huawei included the donation of 33 laptops to selected public schools.
- AFP officers conducted a focus group discussion funded by BDO Foundation, to identify the financial literacy lessons that the armed forces will cover in its training courses.
- The Foundation, BFAR, and BSP created the Fish N’ LEarn game, an innovative gamified teaching tool designed to make financial literacy lessons engaging for fishers. Through the training intervention, participants are expected to learn lessons on conserving marine resources, saving for the future, expanding sources of income, proper use of insurance, and debt management. The target audience will be provided with instructional materials, cards, and play money produced by BDO Foundation.
- In partnership with BSP, CSC, AFP, BFP, and BFAR, four learning modules were drafted for civil servants, armed forces personnel, firefighters, and fishers. Three new financial education videos for the armed forces were produced. Five virtual learning sessions were conducted for DepEd, CSC, and BFAR personnel. An online training session was also facilitated for farmers in partnership with East-West Seed.

For the fourth consecutive year, BDO Foundation supported the BSP’s Financial Education Stakeholders Expo, a five-day virtual event that gathered financial education advocates. Together with the BDO Trust and Investments Group, the Foundation featured the Personal Equity and Retirement Account or PERA in its virtual booth. Working with BDO Remit, film actor and BDO brand ambassador Piolo Pascual shared financial literacy lessons and his personal approach to money management in a plenary session on “Preparing the Filipino Youth for a Financially Healthy Future.”



The financial education program for public schools, BDO Foundation’s partnership project with the DepEd and BSP, aims to institutionalize financial education in the K to 12 curriculum and in the regular training programs for teachers and non-teaching personnel.

2,676,297
No. of beneficiaries reached to date through financial education programs



The Fish Right program of the United States Agency for International Development (USAID) supports the financial education program for fisherfolk.

Guided by the “We find ways” philosophy, BDO Foundation continues to serve communities in need despite the lockdowns and limited mobility during the pandemic, mindful of the Bank’s commitment to sustainable development, social responsiveness, and nation-building.

Other projects

- Donation of 170 computers and ten scanners to public schools in partnership with BDO Network Bank in support of DepEd’s Basic Education Learning Continuity Plan during the pandemic
- Donation of over 900 books to Caritas Manila and the Manila City Library
- Sponsorship of SEAMEO INNOTECH’s “Digital Well-being of Filipino Learners: A Webinar on Youth Cybersafety and Digital Citizenship,” an online event that featured discussions on how educators can cultivate a secure online environment for learners amid the pandemic

Sustainability Partnerships

BDO believes in the power of collective action to generate greater understanding and action for sustainability. Bearing in mind the environmental, social, and governance topics important to our stakeholders, the year 2021 saw the Bank engage in key partnerships to advance sustainability initiatives in the region and in the Philippines.

Regional Collaboration: Asian Transition Finance Study Group

The energy transition from fossil fuel to renewable sources of energy is key to the global response to climate change. For financial institutions, this means divesting from fossil fuel financing and shifting to renewables, while encouraging enabling technology and supporting clients throughout the transition. In Asia, the transition journey takes on a complexity of its own, given, among others, the lack of a common framework to enable financial support for transition to happen in ASEAN countries.

The Asian Transition Finance Study Group was established in September 2021, led by MUFG Bank of Japan, in pursuit of an Asian version of transition finance that is more realistic and achievable for Asian nations. The Study Group aims to supplement existing guidelines on transition finance to help financial institutions implement the guidelines. The Group recognizes that both private and public funds will be critical in achieving the transition, and thus, clear guidelines and approaches to transition finance will be instrumental in supporting the mobilization of private capital.

BDO joined regular meetings throughout 2021 and continuing in 2022, with other key financial institutions from Japan, Indonesia, Malaysia, Thailand, Singapore, and Vietnam, along with the International Finance Corporation, and other US and European financial institutions which invest and lend in Asia. The Study Group’s recommendations and activities will be shared with key Asian economic and climate meetings, including the Asia Green Growth Partnership Ministerial Meeting.

BDO believes that its sustainability journey, along with other Asian financial institutions, will be more gradual in pace compared to counterpart banks in Europe and the United States. But in collaborating with others, BDO welcomes the opportunity to bring everyone towards the same direction and better manage the energy transition for Asian nations.

Business and Human Rights: Partnership with the Philippine Commission on Human Rights

BDO partnered with the Philippine Commission on Human Rights (CHR) to better understand and uphold the role of business, and in particular the Bank, in respecting and protecting human rights.

The partnership aims to build BDO's capacity to create and implement its own Human Rights policy across its operations; help BDO create its own Human Rights Impact Assessment Tool that can inform BDO's risk assessment for social risks; and overall, manage BDO's human rights impact and responsibility to respect and protect the human rights of its stakeholders.

The CHR has conducted sessions on the UN Guiding Principles on Business and Human Rights with BDO senior officers, and with a core group of key employees who are part of the Bank's technical working groups on ESG focus areas. In 2022, BDO and the CHR will continue to conduct learning sessions for key business units and support units, particularly in relation to human rights in the workplace, in lending, and in the Supply Chain.



Empowering Women in MSMEs: Financial Education with the International Labour Organization

Early in 2021, BDO participated in the study "Rebuilding Better: Assessment of Women Entrepreneurs' Needs and Available Support Services during COVID-19 in Malaysia, Philippines and Thailand" conducted by the International Labour Organization's (ILO) Rebuilding Better: Fostering Business Resilience Post-COVID-19 Project. Supported by J.P. Morgan, the Project aims to support women entrepreneurs to recover from the COVID-19 pandemic and adopt more sustainable and resilient business models by strengthening their access to training, finance and markets, while incorporating digitalization as a cross-cutting theme.

BDO shared financial inclusion initiatives that target micro, small, and medium enterprises: BDO Network Bank's focus on the unbanked and underserved in communities outside of urban areas, and BDO Foundation's financial education programs across various sectors of society. These sectors cover public school students, teachers, non-teaching personnel, Overseas Filipino Workers, government employees, military personnel, police personnel, firefighters, fisherfolk, and farmers.

The study, which aimed to inform the strategy and workplan of the Rebuilding Better Project, recommended that when it comes to access to finance, the Rebuilding Better Project should include financial and non-financial options for women entrepreneurs who do not want to take on debt, given that many entrepreneurs are hesitant to do so during the COVID-19 crisis, and should also seek opportunities to link financial support with non-financial support, such as through financial literacy training.

In 2022, BDO will collaborate with the ILO in a series of webinars for women entrepreneurs addressing their needs for financial products and services, as well as financial advice on budget management, savings, credit, and investments.



International
Labour
Organization

Human Capital Sustainability Strategy

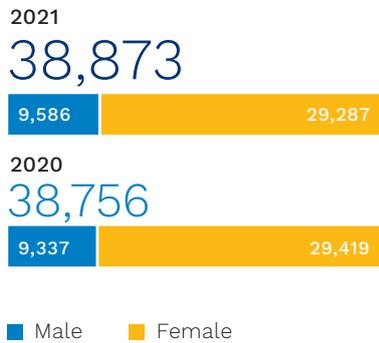


Sustainability is everyone’s responsibility at BDO. The Bank aims to develop a “can lead” workforce with a sustainability mindset that BDO bankers can bring to work, at home, and wherever they find themselves in the world. BDO bankers strive to live the core values of Customer Focus, Out-of-the-Box Thinking, Right Attitude, and Excellent Execution with a sustainability perspective embedded in everything they do.



Employee Profile

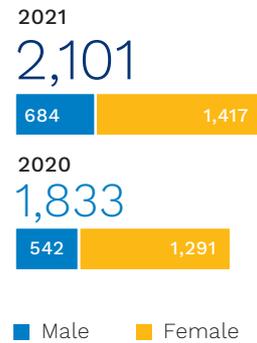
Employee Count



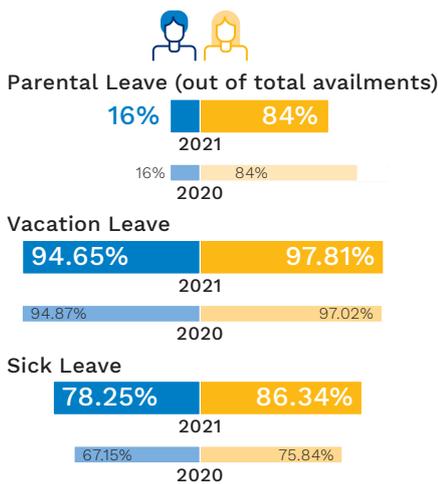
New Hires



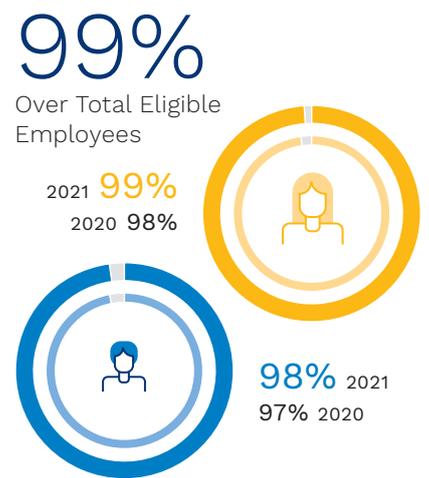
Employee Separations



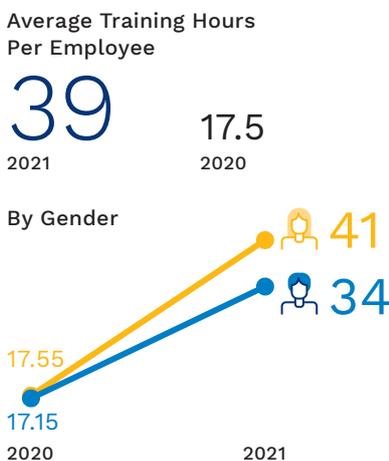
Leave Availments



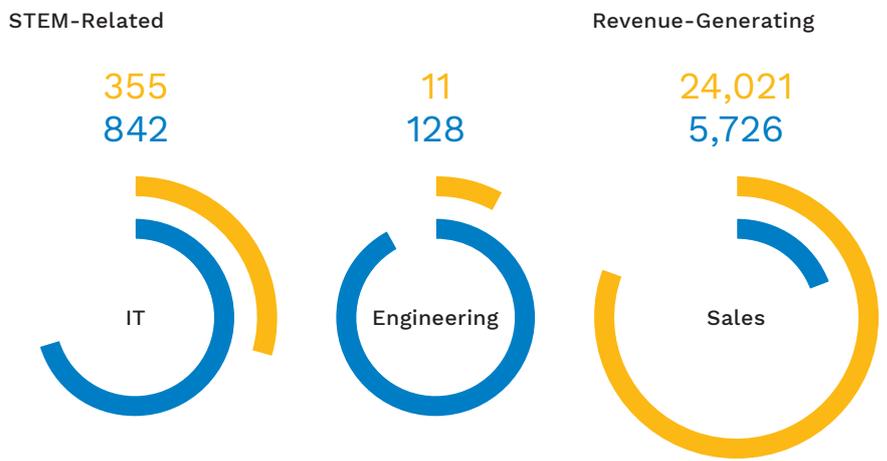
Employee Appraisal



Training & Development

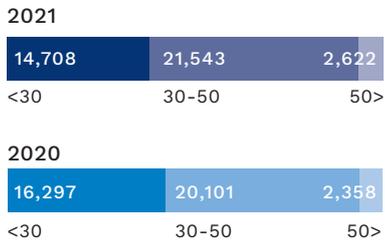


Employee Functions

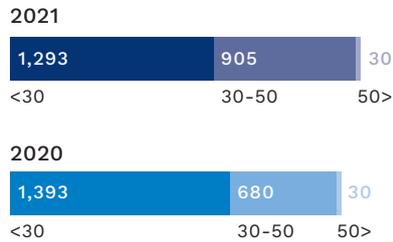


By Age Group

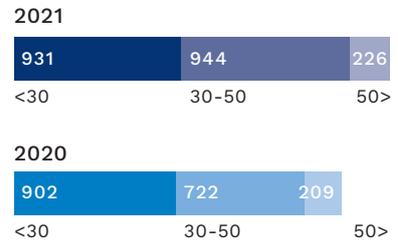
Employee Count



New Hires



Employee Separations



Employee Count by Location

Luzon

30,568
2021

30,540
2020

Visayas

3,680
2021

3,634
2020

Mindanao

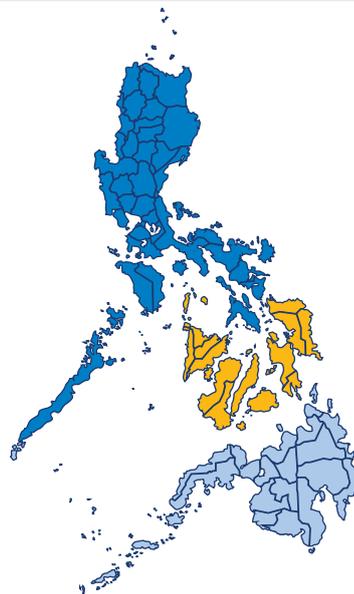
4,526
2021

4,487
2020

Abroad

99
2021

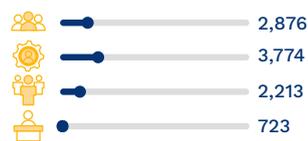
95
2020



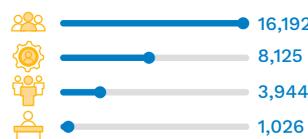
By Level

2021 Gender Diversity

Male

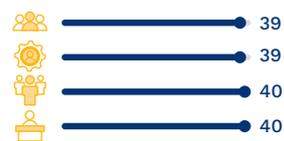


Female



Average Training Hours

2021



2020



Employee Appraisal

2021



2020



Rank and File
 Junior Management: First line managers or supervisors
 Middle Management: Managerial roles below senior management
 Senior Management: Executives up to two levels from the Chief Executive Officer (e.g. Senior Vice President, First Vice President)

The second year of the pandemic brought new challenges for the BDO organization on top of already existing ones. But this period also presented new opportunities that allowed the Bank to enhance existing workplace policies and procedures in order to better provide for employees' needs, and at the same time promote workplace effectiveness and efficiency.

Equal Opportunity Employer

BDO is committed to promote a work environment that fosters diversity, equity, and inclusion, where everyone receives fair and equal treatment, equal rights, and opportunities regardless of gender, ethnicity, race, age, religion, sexual orientation, and disability, and are valued for their unique contributions to BDO's success.

The Bank ensures that employment practices and policies are in compliance with labor laws, regulations, and standards in countries where it operates. BDO seeks the best talents who are selected, engaged, compensated, and promoted, as the case may be, based on merit and performance.

BDO Culture and Values

"We find ways" is at the heart of BDO's culture of service, excellence, and innovation. Our employees share and live up to our common C-O-R-E values as BDO bankers.

Customer-Focused. Everything each BDO banker does is in the service of the customer's financial objectives and interests. This redefines the Bank's role beyond simply providing financial services, to a driver of financial inclusion. The Bank reaches out to current clients and the large number of unbanked and underserved Filipinos, and partners with them to fulfill their aspirations toward a more sustainable financial future.

Out-of-the-Box Thinking. Every BDO banker is encouraged to challenge conventional banking practices, beliefs, and processes for a better way to achieve client's objectives, without compromising quality, ethics, or good governance. As the country's largest bank, innovation and ideation are born out of the Bank's drive to think differently and from diverse perspectives.

Right Attitude. All BDO bankers are encouraged to go the extra mile to meet the client's objectives. This is demonstrated in every BDO banker's commitment to excellent customer service and strong customer relationships. Incorporated in BDO's human resource trainings is the development of values such as integrity, team spirit, hard work, and service. Complementing BDO's commitment to build long term relationships with customers is the bank's efficient business processes and user-friendly digital tools.

Excellent Execution. As the largest full-service financial institution in the Philippines, BDO is committed to doing it right, on time, and according to expectations each and every day.



BDO is an equal opportunity employer and values employees' unique contributions to the Bank's success.

Employee Safety and Well-being

BDO is committed to ensuring the physical, social, and mental well-being of its more than 38,000 employees in the Philippines and abroad, and prioritizing occupational health and safety at all times. The Bank abides by the general labor standards and the occupational health and safety standards, in all the countries where it operates.

BDO's Health & Safety Committee is composed of Senior Management Team members from Premises and Facilities Management, Security & Investigation Division, Human Resources, Branch Banking Group, Consumer Banking Group, and the bank employees' labor union. The Health & Safety Committee manages and drives the Health & Safety Program of the Bank. Documents of the Committee activities are submitted on a regular basis to the DOLE, which in turn, audits the Bank with the same regularity.

The COVID-19 pandemic continued to be the greatest challenge to BDO bankers' health and safety, as the pandemic entered its second year in 2021. The Bank's mandate remained clear: mitigate the rising number of COVID-19 infections nationwide as it impacts employees, and within the Bank, achieve herd immunity with at least 70% vaccination among employees.

To address this critical task, the Human Resources (HR) Group provided continuous HR services that made sure employees had access to necessary healthcare, particularly amid the surge of the COVID-19 Delta variant. Employee safety was reinforced and maintained through (1) regular and more frequent antigen testing and PCR-testing; (2) contact tracing of affected employees; (3) quarantine and isolation monitoring; (4) health care assistance; (5) additional leave benefits; and (6) financial assistance. The Bank also distributed COVID-19 health kits among employees, and set-up additional PCR testing sites nearer to branches and offices. These efforts effectively identified emerging cases among employee clusters and helped mitigate spread through immediate quarantine and isolation.

In terms of vaccination, the biggest challenge was to convince employees to get inoculated, given varying levels of anxiety on the safety, effectiveness, and side effects of various vaccines made available in the country. HR collaborated with concerned business groups within BDO and the SM HR Group in the roll-out of an Employee Vaccination Program that would allow employees and bank custodials throughout the country to have access to COVID-19 vaccines. BDO partnered with local government units and with SM Malls that served as vaccination venues, to facilitate employee vaccination for two vaccine doses and a first booster towards the end of the year. The Vaccination Program was also promoted through widespread dissemination of health advisories, active monitoring of unvaccinated employees in different business units, and management encouragement during team meetings. Employees were also allowed to go on leave if their vaccination appointment fell on a workday. By the end of 2021, all these efforts resulted in a 97% vaccination rate for the Bank's total population, exceeding its initial target of 70%.

97%
BDO Employees
Vaccination Rate



Magpa-BOOSTER na!

Getting a booster shot provides you with additional protection from the COVID-19 virus.

Here's what you need to do:

- Watch out for announcements on the schedule in BDO and in your respective LGUs.
- Sign-up to reserve your slot.
- Complete the online survey on the HR Portal to log your completion status.



bdo.com.ph We find ways®

In the 4th quarter of 2021, the Vaccine Program was extended to employee dependents, both adults and minors. Employees were also allowed to donate vaccines to their preferred beneficiaries through BDO Foundation. By December 2021, booster vaccination was implemented for BDO senior employees and those with co-morbidities, following government guidelines on priority groups.

A major component of the Bank's COVID-19 response was also providing the following additional accommodations for employees:

- Additional sick leaves for COVID-19 quarantine / isolation
- Official business leave for vaccination day
- Official business leave for those who had close contact with a positive case, while waiting for test results
- Flexibility to work from home based on the employee's role and business unit's function
- Rotational Team A and Team B reporting on site
- Split of critical teams into dual reporting sites

All these efforts made BDO bankers feel safe and well-protected in the workplace and at home, given the extended vaccine coverage for their family members. Employee attendance improved overall and employees learned to adjust their work load capacity to continue to deliver services, in situations where a skeletal workforce had to be enforced due to quarantine requirements. Employees also showed willingness to go the extra mile in ensuring that critical activities in their respective teams were prioritized.

Having peace of mind helped employees maintain their productivity and effectively allowed continuous delivery of essential services to customers and clients, even with limited manpower capacity and changing pandemic policies mandated by the government.

Employee Rights ¹⁰²⁻⁴¹

The pandemic presented a unique set of challenges and opportunities for BDO's Labor Union. In 2021, a new set of officers was elected to represent employee members in the Labor Management Council. Much of the Council's work focused on employee health and safety, as the country entered a different phase of the pandemic marked by the prolonged Delta surge. Communication lines were strengthened and discussions were made more open as Management and the Union worked hand-in-hand to protect employees and maintain industrial peace and harmony at the Bank, while meeting its commitment to the public to deliver essential services.

Employee Training and Development

Among the changes that became necessary as a result of the pandemic was shifting from face-to-face into virtual training. Despite social distancing restrictions, employees are enabled to pursue continuous learning through online courses and virtual instructor-led classroom trainings. One of the urgent needs was to develop virtual learning courses that supported sales and marketing efforts, through virtual selling and virtual targeted communication to customers.

The Bank also pursued blended learning opportunities where virtual learnings were complemented with manager coaching and hands-on training for new hires. This approach strengthened team relationships and facilitated knowledge transfer more efficiently.

Throughout 2021, the Bank continued to offer online courses related to Regulatory/Mandatory topics, Products and Services, Systems and Processes, Soft Skills, and Development Programs. Mandatory courses include the Code of Business Ethics and Conduct, Anti-Money Laundering Act, Data Privacy Fundamentals, Operational Risk Management, Business Continuity, Anti-Sexual Harassment in the Workplace, Social Media Awareness, and Social Engineering Attack.

HR also continued to drive the Bank's flagship leadership development programs — the Officership Development Program (ODP) and Management Development Program (MDP) — with all classes held virtually. The MDP equips leaders with skills to develop high potential employees to take on managerial roles and enhances the productivity of their teams. The ODP is a full-time training program that aims to equip aspiring junior officers with the technical knowledge, as well as leadership, communication, and customer service skills in performing their new role as Junior Assistant Managers in the Bank. It enables individual contributors to develop the mindset and behaviors of a leader. In 2021, a total of 416 employees participated in the MDP compared to 215 the previous year, while 419 trained for the ODP in 2021, compared to 214 in 2020. Passing these leadership programs is one of several criteria that makes an employee eligible for promotion.

On the other hand, business skills training courses effectively equip employee learners with updates on products, services, systems and processes, while consultative selling workshops enable client-facing learners to offer clients with the appropriate financial solutions they need. Leadership workshops continue to focus on coaching and communication. Overall, these courses enable employees to effectively perform their respective roles in supporting the business and responding to customer's needs in the context of "We Find Ways," particularly during challenging business conditions, such as the ongoing pandemic.

In 2021, HR-Training also created a series of eLearning courses on Sustainability at BDO for employees bank-wide. Sustainability Consciousness 101 was designed for onboarding new employees and officers, Sustainability 102 was for all incumbent employees, while Sustainability 103 was tailor-fit for people managers who are expected to be role models and to promote the sustainability mindset among teams they manage. All courses provide an overview of BDO's sustainability philosophy and framework, current initiatives based on the latest BDO Sustainability Report, and expectations for BDO bankers in collectively driving sustainability in the work they do at the Bank and as individuals at home or anywhere outside the Bank. These courses will be rolled out in 2022.

Digitization

In line with the digital transformation that was made more urgent by the pandemic, HR fast-tracked the transformation of its processes and systems of core HR functions into one integrated digital system to standardize and improve efficiency. HR migration and implementation of the employee data management system was successfully conducted in July 2021. Other core HR functions on Recruitment and Performance Management are next in line for digitization and targeted for release in the new HR System in 2022.

All these accomplishments and strides in 2021 have made BDO more resilient and responsive to the needs of both its employees and clients. The Bank is now poised to transition to the next normal with a strong foundation to continue finding ways to make life better for all its stakeholders.

BDO Green Champions at work and at home ¹⁰²⁻⁴³

At BDO, sustainability begins at home, literally and figuratively. While the Bank ensured that sustainability is an integral part of its business, it also made sure that employees, who are BDO's main brand ambassadors, adopted and practiced the same sustainable mindset.

The Bank continuously promoted its initiatives through various internal communication channels, including its employee newsletter, The Wayfinder, and an emailer called eNewsgram. It also enjoined employees to share their own sustainability initiatives so colleagues can draw inspiration from them.

In sharing their own journeys, BDO also encouraged everyone to participate in the SM Green Movement, an environmental project led by BDO's parent company, SM Investments Corporation. The SM Green Movement aims to lessen the SM Group's carbon footprint by promoting a greener lifestyle at home and at work among employees of the Group.

Launched in 2019, the SM Green Movement showcases how each company within the SM Group contributes to sustainability. More importantly, it also serves as a platform for employees to share their own green practices with everyone across SM's ecosystem.

In 2021, BDO bankers got to know more about their own sustainability advocates — the BDO Green Champions. Among them are Sharlene May Cua and Tonette Amistoso of the Institutional Banking Group; June Abigail Josue and Chiqui On of the Consumer Banking Group; Mark Rhyan Montenegro of Comptrollership; and Francis Tumpag and Renan Ferrer of the Branch Banking Group.

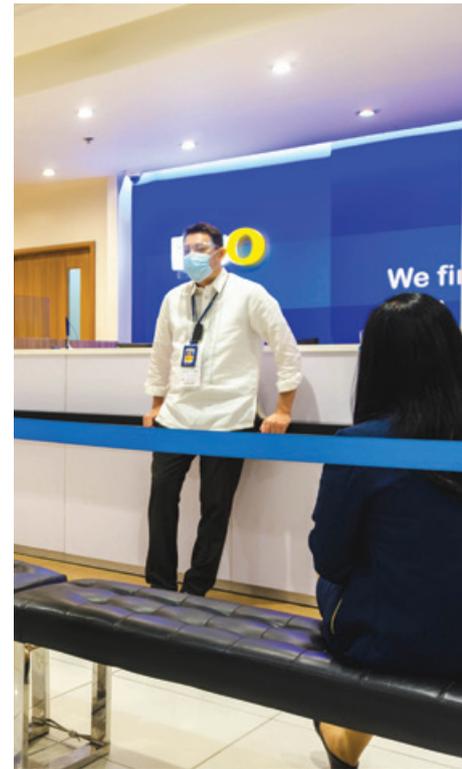
It's the little things that matter the most. Through their own small but meaningful actions, the BDO Green Champions are able to contribute to a greener, more sustainable world for future generations. Here, in their own words, are some of their green practices:

Sharlene May Cua

China Desk, Institutional Banking Group

"Fostering sustainability may be a huge task, but starting it in our own little way makes it a lot easier. Not long ago, the topic of renewable energy and energy efficiency piqued my interest. That's when I started to participate in trainings and capacity-buildings tackling these topics. Listening to experts not only enhanced my knowledge on renewable energy and efficiency, but also allowed me to share my learnings with others.

Since we are also spending more time at home because of the pandemic, I became more conscious about the energy that I consume. I began to explore energy-saving smart appliances and made sure I have efficient cooling and lighting at home. In my own little way, I'm able to lessen our country's carbon footprint."



BDO bankers are the Bank's brand ambassadors in adopting and practicing a sustainability mindset.





Renan Ferrer

BDO Aklan – CityMall Branch, Branch Banking Group

“In our home, I started a green living project by planting flowering trees and fruit-bearing trees such as Palawan Cherry Blossom, rambutan, santol, jack fruit, and a lot of ornamental plants. My other siblings also embrace the idea by growing organic backyard vegetables such as pechay, siling labuyo, okra, eggplant, patola, squash, calamansi, cucumber, and string beans for our family’s consumption. We also sell our excess harvest in the market. The concept of farm-to-table has been a practice in most neighborhoods in our province. The idea of helping others and being a responsible individual for the benefit of the community and the environment is an efficient way of living sustainably and peacefully.”

June Abigail Josue

Service Fulfillment Unit, Consumer Banking Group

“I have been donating plastic materials to The Plastic Flamingo (www.theplaf.com), a social enterprise that aims to tackle marine plastic pollution in the country. They transform collected plastics into eco-lumbers: posts and planks. Since I discovered that group, I have been consciously avoiding buying grocery products made of plastic materials.”



Chiqui On

**Collections Assurance, Reporting and Testing,
Consumer Banking Group**

“I am fostering sustainability by minimizing use of paper and plastic in my daily work and personal activities. I avoid printing reports if these can be submitted digitally. I also bring and use my own tumbler and utensils when buying takeout.”

Mark Rhyan Montenegro

Loans Administration, Comptrollership

“At work, I re-utilize used papers by printing on the clean side. It helps the Bank save on cost. Also, I manually shred used papers/forms to save on electricity cost. At home, we use rain water to clean our toilets and water our plants. This practice has helped us save on water costs. We also use solar equipment to charge multiple devices instead of plugging them into electrical sockets.”





Tonette Amistoso

Commercial Banks, Institutional Banking Group

“We all know that climate change, global warming, and resource depletion are real and their impact on human and other living things can be devastating. It’s high time that we grab any opportunity to help reduce our carbon footprint. As a minimalist, I make sure that everything I own and use are put to its maximum purpose. I am more mindful of the products that I buy, making sure that they are, as much as possible, recyclable. I try to repurpose most of the things that I buy so I am able to minimize our household’s waste. I always bring a reusable shopping bag whenever I visit the grocery.”

Francis Tumpag

BDO Cebu Mandaue – North Branch, Branch Banking Group

“My household is practicing the 3 Rs (Reduce, Reuse, Recycle) to foster sustainability and protect the environment. To reduce waste, we buy only what is needed and select items with less packaging. Using eco bags while shopping at SM stores and other supermarkets allows me to use less packaging as well. We also repurpose used glass bottles as containers for staples like vinegar, soy sauce, salt, sugar, and we convert PET bottles into pots for our plants. We are also able to conserve water and other resources by ensuring that we fix leaking water pipes, managing the use of our LPG, and turning off electronic appliances when not in use, among others.”



Some of the BDO Green Champions are also featured in the SM Green Movement website. To view the video interviews with Tonette Amistoso, Sharlene May Cua, Mark Rhyan Montenegro, Francis Tumpag, and other sustainability advocates of the SM Group, visit this link: www.smgreenmovement.com/our-green-champions/.

Disaster Response Sustainability Strategy



In identifying Disaster Response as one of its key sustainability strategies, BDO takes into consideration the physical risks that come with the geographical location of the Philippines that makes it vulnerable to climate change. Disasters critically impact the safety and well-being of our employees, customers, and communities, and pose disruption and damage to the bank's operations and facilities.

To best mitigate the environmental and social impact of natural and man-made disasters, the Bank chose to focus its resources on the aftermath of such events — to immediately provide relief, fund rehabilitation, and help advance recovery of disaster-stricken communities in the Philippines. This supports the United Nations Sustainable Development Goal 13 on Climate Action — to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.



BDO Foundation: Finding ways to serve the Filipino

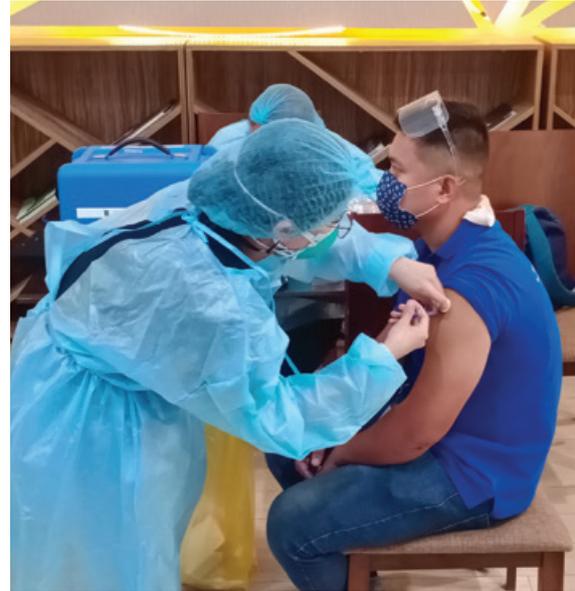
As the coronavirus lingered and variants threatened the well-being of Filipinos, BDO Foundation, the corporate social responsibility arm of BDO Unibank, continued to find ways to make its disaster response programs more responsive to the needs of underserved sectors of society.

Pandemic response

In the second year of the pandemic, BDO Foundation continued to help control the spread of the virus, assist frontliners, and provide aid for people vulnerable to the effects of the health crisis. The Foundation helped communities cope with COVID-19 amid the surge in cases by supporting the healthcare programs of partner local government units.

BDO Foundation’s pandemic response included the following:

- Distribution of food assistance in marginalized communities all over the country in partnership with Ako Bakwit, Caritas Philippines, Tanging Yaman Foundation, and social action centers
- Donation of hygiene kits to health workers and patients in Capiz, Iloilo, and Negros Oriental provinces
- Provision of manpower support — nurses and medical technicians — for the vaccine rollout of General Santos City and Iloilo City to mitigate the surge in cases due to the Delta variant of the COVID-19 virus



BDO Foundation has donated vaccines for frontliners in key cities with the highest COVID-19 cases.

Relief Operations

Served more than
49,000
calamity-stricken families

COVID-19 Pandemic Response

Served
16,750 families
2,055 health workers and patients
1,800 vaccinees



- Contribution to the Project Balik Buhay Salary and Bonus Assistance for our Bidas program, which provided financial incentives to nurses stationed in the intensive care units, emergency rooms, and COVID wards of hospitals in Cebu, an initiative supported by the Department of Health and Office of the Presidential Assistant for the Visayas
- Vaccination of beneficiaries nominated by vaccine donors from BDO

BDO Foundation's COVID-19 programs benefited 16,750 families, 2,055 health workers and patients, 1,800 vaccinees in General Santos and Iloilo, nurses in eight hospitals, and 1,066 vaccinees nominated by donors as well as people in 30 parishes and persons deprived of liberty in 48 prisons. The initiatives were backed by BDO Unibank and BDO Network Bank branches, local government units, medical organizations, hospitals, non-governmental organizations, and volunteers who provided logistical assistance on the ground.

Relief operations

In line with its disaster response advocacy and in the spirit of *bayanihan* or volunteerism, BDO Foundation provided relief aid and mobilized volunteers for provinces placed under a state of calamity due to typhoons, earthquakes, volcanic eruptions, and fires.

The initiative benefited more than 49,000 calamity-stricken families devastated by Typhoons Bising (international name: Surigae), Fabian (Cempaka), Maring (Kompasu), and Odette (Rai), as well as survivors of a fire incident in Occidental Mindoro and the Taal Volcano eruptions.



BDO Foundation provided food assistance to non-governmental organization Ako Bakwit for the benefit of economically disadvantaged and displaced persons affected by the pandemic.

Handog sa 'Yo ng BDO Foundation Food Assistance

Distributed food packs to
20,000
underserved families in
25 provinces



Rural Health Units (RHUs)

21
Rehabilitated RHUs
in the provinces

10
Previously rehabilitated RHUs,
maintained and repaired

Helped improve delivery
of primary patient care
to more than

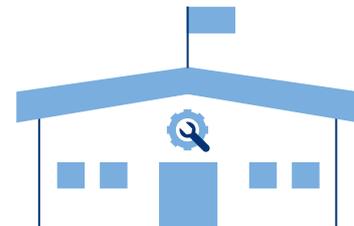
700,000
individuals

121
Renovated RHUs
to date



Tech-Voc Training Facility

More than
140
students stand to
benefit every year



The relief work was made possible with the support of BDO and BDO Network Bank branches. Volunteers from church groups, the military, local government units, and non-governmental organizations provided logistical support.

Handog sa 'Yo ng BDO Foundation

BDO Foundation provided food assistance for economically disadvantaged communities all over the country as part of a Christmas gift-giving initiative dubbed Handog sa 'Yo ng BDO Foundation. In partnership with Caritas Philippines, the social arm of the Philippine Catholic Church, the Foundation distributed food packs to 20,000 underserved families in 25 provinces in Luzon, the Visayas, and Mindanao.

Handog sa 'Yo was aimed at giving back to the community during the holiday season and supplementing the food supply of families during hard times. Implementation was made possible with the support of parishes and diocesan social action centers as well as BDO and BDO Network Bank branches.

Rehabilitation and upkeep of Rural Health Units

BDO Foundation intensified efforts to rehabilitate rural health units (RHUs) in economically disadvantaged and disaster-affected areas all over the Philippines to facilitate access to quality healthcare services during the pandemic. Despite logistical limitations caused by COVID-19, the Foundation renovated 21 RHUs in the provinces of Batangas, Bohol, Catanduanes, Ilocos Sur, Iloilo, Isabela, Masbate, Negros Occidental, Samar, and Surigao del Norte.

BDO Foundation improved the health centers' layout, interiors and exteriors, lobbies and waiting areas, offices, birthing clinics, consultation rooms and treatment rooms, pharmacies, and facilities. The Foundation also installed new furniture and fixtures to accommodate more patients. Construction also included breastfeeding stations for nursing mothers, play areas with books and toys for children, and comfortable waiting lounges for senior citizens. With renovations completed, rural doctors, nurses, and midwives are now better equipped to provide primary patient care to more than 700,000 individuals, many of whom cannot afford to go to hospitals.

In addition to the rehabilitation of RHUs, BDO Foundation also completed the maintenance and repair of 10 previously rehabilitated health centers in Agusan del Sur, Aklan, Biliran, Camarines Sur, Ilocos Sur, North Cotabato, Nueva Ecija, Samar, and Sorsogon provinces for the benefit of more than 560,000 people.

Officers from BDO Unibank and BDO Network Bank branches helped the Foundation identify RHUs that needed assistance.

Through its rehabilitation program, the Foundation contributes to the achievement of Sustainable Development Goal 3 to ensure healthy lives and promote the well-being of all people at all



Volunteers prepare to distribute food packs to underserved families in Zambales as part of the Handog sa 'Yo ng BDO Foundation Christmas gift-giving program.



According to Dr. Rachele Jean Sanchez, municipal health officer of Placer in Surigao del Norte, "On behalf of Placernons, I would like to express our gratitude to BDO Foundation for finding ways for us amid this pandemic."

ages. As a pandemic response, the initiative is critical as RHUs support efforts to curb the spread of the coronavirus. Health centers provide free antigen testing and implement the vaccination programs of local government units.

Construction of Tech-Voc Training Facility

BDO Foundation continued to look after the welfare of disaster-affected Filipinos long after the typhoons have gone. Dumangas town in Iloilo province was hard hit by Super Typhoon Yolanda (Haiyan) in 2013. To help rebuild the community, the Foundation constructed a technical-vocational training facility at the Don Bosco Technical and Vocational Education and Training Center – Dumangas, in partnership with the Salesian Society of St. John Bosco.

The two-storey structure serves as a workshop, where senior high school students can learn technical-vocational livelihood skills. The building enables administrators to introduce new courses, accommodate more enrollees, and teach more learners.

It supports Don Bosco’s mission to educate, evangelize, and capacitate Filipino youth. The Center educates economically disadvantaged and out-of-school youth for gainful employment in the Philippines and abroad. More than 140 students stand to benefit every year from the facility the Foundation built.

BDO Foundation’s initiative in Iloilo contributes to the achievement of Sustainable Development Goal 8 to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Other projects

- Distribution of food assistance to more than 2,200 underserved families in Aklan, Capiz, Cebu, Davao del Sur, Iloilo, Leyte, Metro Manila, Pangasinan, Rizal, and Samar in partnership with BDO Network Bank, Beiersdorf Philippines, Jesuit Communications Foundation, and U.S.-Philippines Society
- Donation of more than 1,400 healthcare products and other items to Ako ang Saklay Foundation for underserved families in Nueva Ecija
- Sponsorship of the sixth general assembly of Zero Extreme Poverty Philippines 2030 themed “Creating a Better Normal Towards Sustainable Communities”, which served as a venue for discussions of efforts to address the effects of the pandemic



BDO Foundation built a technical-vocational training facility in Dumangas, Iloilo to support Don Bosco’s efforts to educate disadvantaged youth in the Visayas.

Governance-based Sustainability Strategy



We continuously enhance our corporate governance framework to sustain superior business performance anchored on the principles of accountability, transparency, integrity, and fairness, together with our partners.



Good Governance to Create a Sustainable Future

Corporate governance in BDO is about effective oversight, strict compliance with regulations, and sustainable value creation to promote the best interest of its various stakeholders.

BDO affirms its deep commitment to the highest standards of corporate governance practice firmly anchored on the principles of accountability, fairness, integrity, transparency, and performance consistently applied throughout the institution. BDO's good market reputation has been built on the solid foundation of an ethical corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance.

BDO complies, where appropriate, with the Philippine Securities & Exchange Commission (SEC) Code of Corporate Governance for Publicly-Listed Companies and with the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. It follows relevant international best practices of corporate governance issued by globally recognized standards-setting bodies such as the Organization for Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard (ACGS) which serve as essential points of reference.

Our Board of Directors and Governance Structure

Responsibility for good governance lies with the Board. It is responsible for providing effective leadership and overall direction to foster the long-term success of the Bank. It oversees the business affairs of the Bank, reviews the strategic plans and performance targets, financial plans and budgets, key operational initiatives, capital expenditures, acquisitions and divestments, annual and interim financial statements, and corporate governance practices. It oversees management performance, the enterprise risk management, internal control systems, financial reporting and compliance, related party transactions, continuing director education, and succession plans for the Board and the Chief Executive Officer (CEO). It considers sustainability issues related to the environment and social factors as part of its sustainable banking practices.

The Board is composed of 11 seats, with one vacancy as of December 31, 2021 reserved for an independent director¹. The members of the Board are all professionals with various expertise in fields relevant to BDO's business and strategic plans such as banking, accounting and finance, law, merchandise marketing, strategy formulation, bank regulations, information technology, sustainability, and risk management. It is led by a Non-Executive Chairperson with five Independent Directors, three Non-Executive Directors, and two Executive Directors who are the Vice Chairman and the President & CEO.

The present composition of the Board exceeds the minimum regulatory standards which require that independent and non-executive directors account for the majority. Independent and Non-Executive Directors of the Bank comprise 82% (nine of 11) of the Board. With five of 11 Board seats allocated for independent directors, the Bank goes beyond the 1/3 minimum requirement of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission. Independent Directors comprised the majority

¹ Atty. Gilberto C. Teodoro, Jr., Independent Director, resigned from the Board of Directors effective October 7, 2021. His replacement, Mr. Vipul Bhagat, Independent Director, was appointed by the Board of Directors on January 8, 2022.

(six of 11 or 54.50%) of the Board until April 2021², conforming with international best practices. Independent directors chair eight of nine Board Committees, namely Risk Management, Audit, Corporate Governance, Related Party Transactions, IT Steering, Nominations, Compensation, and Trust. This provides independent and objective judgment on significant corporate matters and ensures that key issues and strategies are objectively reviewed, constructively challenged, thoroughly discussed and rigorously examined.

The Board is aided by four advisors who are considered as integral parts of the Board and whose influence are akin to directors. Their opinions and recommendations are taken into consideration by the Board members. The presence of a female Board advisor provides an independent view of the Bank and complements the two female non-executive directors.

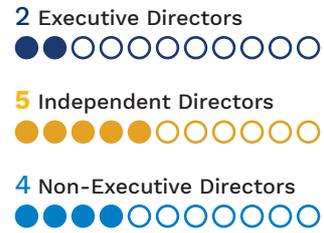
The Board is responsible for the screening of new directors through the Nominations Committee. The Nominations Committee leads the process of identifying and evaluating the nominees for directors. It evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Bank. The result of the evaluation determines the role and key attributes an incoming director should have. The Nominations Committee receives recommendations for potential candidates and uses, to the extent possible, external search firms or external databases in selecting the pool of candidates for the new members of the Board. The Nominations Committee recommends the most suitable candidate to the Board for appointment or election as director.

For reelection of incumbent directors, the Nominations Committee also considers the results of the most recent annual evaluation of the performance of the Board, Board Committees, and peer evaluation made by the Board members and advisors or by an independent third party evaluator, attendance record in meetings, participation in Board activities and overall contribution to the functioning of the Board.

In evaluating the suitability of an individual board member and promoting diversity in the composition of the Board, the Nominations Committee annually reviews the Board and Board Committee composition to ensure appropriate balance of skills, competencies, experience of its members, and diversity to ensure the alignment with the new regulations. The Committee recommends to the Board of Directors the slate of nominees for election to the Board of Directors during the Bank’s annual stockholders’ meeting. The Committee takes into account the relevant qualifications of every candidate nominated for election, with competence and integrity as the primary factors, including other criteria such as, among others, physical and mental fitness,

Board snapshot

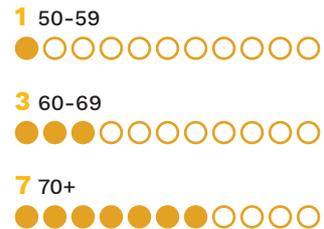
DIRECTOR INDEPENDENCE



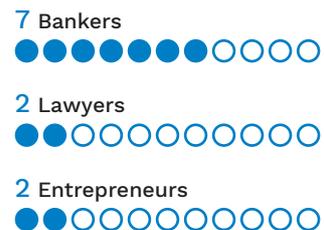
DIRECTOR DIVERSITY



DIRECTOR AGE



SKILLS, EXPERIENCE & BACKGROUND



² Former Lead Independent Director, Mr. Jones M. Castro, Jr., was reclassified to non-executive director on April 23, 2021, in order to comply with the nine-year term limit for independent directors.

relevant educational and professional background, personal track record, experience and training, commitment to contribute, willingness to serve, and interest to remain engaged and involved, without regard to race, gender, ethnic origin, religion, age, or sexual orientation.

The Board is also responsible for approving the selection and appointment of a competent executive management led by the President and CEO including the heads of units who exercise control functions i.e. Chief Compliance Officer, Chief Risk Officer, and Chief Internal Auditor. Fit and proper standards are applied in the selection of key officers and utmost consideration is given to their integrity, technical expertise, and banking industry experience.

Considering the changes done, complexity and scope of the Bank's business, the Board believes that its current size and composition provide sufficient diversity among its directors, foster critical discussion, and promote balanced decision-making. It views diversity at the Board level, which includes differences in skills, experience, gender, sexual orientation or preference, age, education, race, business and other related experience, as an essential element in maintaining an effective board for strong corporate governance.

During the year, the Board approved, reviewed, and oversaw the Bank's financial budget and capital funding, business targets and strategies, quarterly declaration of dividends, and the release of the 2020 audited financial statements within 57 days from year end. Its oversight functions include the review of operational and financial performance of senior management and work of the various committees in accordance with their Terms of Reference.

In 2021, the Board focused on the Bank's strategic plans. Six special Board meetings were called in 2021 to specifically discuss the Bank's strategies for an enhanced customer journey, seamless digital transformation, effective wealth management initiatives, and robust cyber security measures. The Board approved and confirmed the expanded business model of its overseas branch to include dealing and offering of securities and collective investment schemes, and providing custodial services.

The Board continued with its efforts in countering the effects of COVID-19 pandemic in its operations. Constant monitoring of the adequacy of the Bank's provision was made at Board level in 2021. Similarly, the Board kept track of the Bank's COVID-19 response programs, particularly the regular testing and vaccination of its employees.

The Board also oversaw matters related with sustainability. It approved a three-year transition plan aimed at embedding sustainability principles in the Bank's corporate governance framework, risk management systems, strategic objectives, and operations.

Improving Board Effectiveness

Board Performance

A yearly self-assessment is conducted focusing on the performance of the Board, directors, Committees and senior management, through the Corporate Governance Committee, using an approved set of questionnaires. The performance evaluation process begins with sending out customized Board Evaluation Questionnaires to each director and advisor. They are required to complete the questionnaire and explain the rationale of their response. The results of which are tabulated and consolidated. In 2021, the Corporate Governance Committee endorsed to the Board the continuous engagement of the services of an external facilitator for its yearly self-assessment. To the Committee, engaging an independent party every year, rather than every three years as recommended by the SEC, provides more governance inputs to the Board and allows comparability and continuity of aspects examined.

For 2021, the Bank reappointed PwC Philippines (PwC) as external facilitator for the 2021 Board Effectiveness Evaluation (BEE) as continuation of being the external facilitator for the 2019 and 2020 BEE. PwC facilitated a peer and self-evaluation process on the Board, Board Committees, and individual directors.

Continuing Education for Directors

The continuing education program for directors is an ongoing process to ensure the enhancement of their skills and knowledge. Every year, all directors and key officers are given updates and briefings, and are required to attend a corporate governance seminar on appropriate topics to ensure that they are continuously informed of the developments in the business and regulatory environments, including emerging opportunities and risks in the banking industry. All directors of BDO Unibank complied with the annual corporate governance training requirement of four hours in 2021. Nine directors of BDO Unibank attended the in-house corporate governance seminar facilitated by Gartner Executive Programs last September 1, 2021. It concentrated on the impact of geopolitics on digital business, design and delivery for customer facing digital products, and digital leadership. Two directors attended the corporate governance seminar facilitated by the Institute of Corporate Directors last September 30, 2021 with topics on sustainability, artificial intelligence, and digitalization, among others.

Chairperson of the Board

The Chairperson is primarily responsible for leading the Board and ensuring its effectiveness. She provides leadership to the Board, fosters constructive relationships between directors, promotes an open environment for critical discussions and constructive debate on key issues and strategic matters, and ensures that the Board of Directors exercises strong oversight over the Bank's business and performance of senior management. She takes a lead role in ensuring that the Board provides effective governance of the Bank and continues to operate at a very high standard of independence with the full support of the directors.

Independent and Non-Executive Directors' Meeting

A regular meeting is held by Independent and Non-Executive Directors (INED) with the heads of the control functions (i.e. Chief Risk Officer, Chief Compliance Officer, and Chief Internal Auditor) as well as the external auditor, without the presence of management or any bank executive, to discuss various matters or issues outside the Audit Committee and Risk Management Committee meetings. The meeting is chaired by the Lead Independent Director. In 2021, the INED conducted three (3) sessions and the results of these sessions were discussed with the Bank's Executive Directors in three (3) separate sessions.

Board Committees

The Board has established nine committees to help in discharging its duties and responsibilities. These committees derive their authority from and report directly to the Board. Their mandates and scopes of responsibility are set forth in their respective Terms of Reference, which are subjected to annual review and may be updated or changed in order to meet the Board's needs or for regulatory compliance. The number and membership composition of committees may be increased or decreased by the Board as it deems appropriate, consistent with applicable laws or regulations specifically on the majority membership and chairmanship of independent directors in various committees. As of December 31, 2021, eight of nine board-level committees are chaired by Independent Directors.

The Board of Directors

- Responsibility for good governance lies with the Board.
- It is responsible for providing effective leadership and overall direction to foster the long-term success of the Bank.
- It oversees the business affairs of the Bank, reviews the strategic plans and performance targets, financial plans and budgets, key operational initiatives, capital expenditures, acquisitions and divestments, annual and interim financial statements, and corporate governance practices.
- It oversees management performance, the enterprise risk management, internal control systems, financial reporting and compliance, related party transactions, continuing director education, and succession plans for the Board and CEO.
- It considers sustainability issues related to the environment and social factors as part of its sustainable banking practices.

Executive Committee

- Exercises power of the Board in the management and direction of the affairs of the Bank.
- Acts as main approving body for loans, credits, advances or commitments and property-related proposals.
- Reviews and recommends for Board approval major credit policies, including delegation of credit approval limits.

Board Audit Committee

- Oversees the financial reporting process, system of internal control and risk management systems, internal and external audit functions, and compliance with governance policies, applicable laws and regulations.
- Reviews the integrity of the reporting process to ensure the accuracy and reliability of financial statements and compliance with financial reporting standards and disclosure requirements set for publicly-listed companies.
- Monitors and evaluates the adequacy, soundness and effectiveness of the Bank's established internal control and risk management systems, policies and procedures including implementation across all units of the Bank.

Corporate Governance Committee

- Assists the Board in formulating the governance policies and overseeing the implementation of the governance practices of the Bank as well as its subsidiaries and affiliates.
- Conducts annual performance evaluation of the Board of Directors, its committees, executive management, peer evaluation of directors, and conducts a self-evaluation of its performance.
- Oversees the continuing education program for directors and key officers and proposes relevant training for them.

Trust Committee

- Reviews and approves transactions between trust and/or fiduciary accounts, accepts and closes trust and other fiduciary accounts, and approves the investment, reinvestment and disposition of funds or property.
- Evaluates trust and other fiduciary accounts at least once a year.
- Reviews Trust and Investment Group's overall performance, profile of funds and assets under its management, industry position, and the risk management reports.
- Approves offering of new products and services, establishment and renewal of lines and limits with financial institutions, and investment outlets and counterparties.

Risk Management Committee

- Responsible for the oversight of the enterprise risk management program of the Bank.
- Responsible for approving risk appetite levels, risk management policies, risk tolerance limits and approves the appropriate strategies for managing and controlling risk exposures, including preventing and/or minimizing impact of losses if risk becomes real.
- Oversees the implementation and review of the risk management plan including the system of limits of discretionary authority delegated by the Board of Directors to management under its purview and ensures that immediate corrective actions when limits are breached.
- Responsible for evaluating the continued relevance, comprehensiveness and effectiveness of the risk management framework.
- Works with the Audit Committee in certifying in the Annual Report the adequacy of the Bank's internal control and risk management systems and controls.

Nominations Committee

- Leads process of identifying candidates for election and appointment of directors and all other positions requiring appointment of the Board of Directors, giving full consideration to succession planning and the leadership needs of the Group. In particular, this process includes the profiling of the skills and competencies of the currently serving directors, the gaps in skills and competencies identified and the search for candidates who are aligned with the Bank's directions to fill the gaps. It then makes appropriate recommendations to the Board.
- Makes recommendations to the Board on the composition and chairmanship of the various committees.
- Reviews structure, size and composition of the Board, including the balance of skills, knowledge and experience and the independence of the non-executive Directors, and makes recommendations to Board with regard to any changes.

Compensation Committee

- Provides oversight on directors' compensation and remuneration of senior management and other key personnel, ensuring that the compensation scheme is consistent with the Bank's culture and strategy, effectively aligned with prudent risk taking and commensurate with corporate and individual performance.
- Ensures consistency of the compensation policies and practices across the Group.

Information Technology Steering Committee

- Provides oversight and governance over the Bank's IT functions, including approvals of information technology-related policies and practices of the Bank and applicable guidelines.
- Informs the Board of both internal and external IT-related developments and activities, potential challenges and risks, progress vs. strategic objectives.
- Approves and endorses to the Board IT-related best practices, strategic plans, policies and procedures.
- Responsible for understanding, managing and mitigating technology risks that confront the Bank and its subsidiaries, ensuring that the risks are properly managed and mitigated, and monitoring of IT performance including status of major IT projects and issues.

Related Party Transactions Committee

- Assists the Board in its oversight of the conduct of all Related Party Transactions (RPTs) to protect the interests of the Bank and its stakeholders.
- Ensures proper disclosure of all approved RPTs in accordance with applicable legal and regulatory requirements and confirmation by majority vote at the Annual Stockholders' meeting of the Bank's significant transactions with related parties.

Further information regarding BDO's Board and Committees can be found in the Annual Report and at www.bdo.com.ph.

Independent Control Functions

Compliance

BDO's Compliance Group, through the Chief Compliance Officer (CCO), oversees the design of the Bank's compliance system and the overall compliance framework executed through a Compliance Program, and promotes their effective implementation. BDO Compliance Group reports to and is under the direct supervision of the Board Audit Committee. It is responsible for overseeing, coordinating, monitoring and ensuring compliance of the Bank with existing laws, rules and regulations through the implementation of the overall compliance system and program in accordance with the requirements of the BSP and other regulatory agencies, including but not limited to the identification and control of compliance risks, prudential reporting obligations as well as compliance training. BDO's Compliance System forms the processes, people, policies and other components that, as an integral unit, ultimately drive the Bank's initiatives to conform to industry laws, regulations and standards. In line with the Bank's initiatives is its commitment to ensure that activities of the Bank and its personnel are conducted in accordance with all applicable banking laws and regulations and industry standards, and this commitment to compliance serves to protect the Bank and its stakeholders. BDO's Compliance Group, as provided in its Charter, conducts independent compliance tests and reports to the Board Audit Committee any significant compliance issues or breaches.

The Anti-Money Laundering Department (AMLDD) under the Compliance Group, together with the Anti-Money Laundering Committee (AMLCom), focuses on the enforcement of the Bank's Anti-Money Laundering (AML) Counter-Terrorist Financing (CTF) Program, and Combating Proliferation Financing (CPF), in accordance with the Anti-Money Laundering Law as amended; Terrorism Financing Prevention and Suppression Act, and Anti-Terrorism Act (ATA) and their respective Implementing Rules and Regulations (IRRs). The Bank also adheres with BSP and Anti-Money Laundering Council (AMLC) Rules, Regulations and Directives. The AML Program of the Bank is articulated in the Bank's Board- approved Money Laundering and Terrorist Financing Prevention Program (MTPP) Manual, which covers AML/CTF/CPF policies and information such as: (i) customer on-boarding, (ii) customer risk assessment and due diligence, (iii) handling and monitoring of clients and their transactions, (iv) Covered and Suspicious reporting, (v) record-keeping, (vi) AML/CTF training (vii) AML System and technology platforms, and (viii) Institutional Risk Assessment. AMLDD likewise oversees the investigation of suspicious transactions under the auspices of the AMLCom that is comprised of select key senior officers of the Bank.

The Compliance Group and its compliance program endeavors to protect the Bank's franchise, manage compliance risks and simultaneously supports the business goals and growth of the institution by providing appropriate compliance insights and regulatory guidance to safeguard the Bank and its stakeholders.

Internal Audit

The Internal Audit Function covers the entire Group including foreign and local subsidiaries and offices. It adheres to the principles required by the ISPPA (International Standard for the Professional Practice of Internal Auditing), COSO Internal Control-Integrated Framework, COBIT (Control Objectives for Information and Related Technology), the Internal Audit Definition and Code of Ethics.

It provides assurance and a systematic, disciplined approach to evaluate and improve effectiveness of risk management, internal control, and governance processes. Upholding a commitment to integrity and accountability, Internal Audit provides value to senior management and governing bodies as objective source of independent advice, not only by promoting the professional development of its auditors but also by keeping abreast of relevant changes in regulations and trends in technology.

Internal Audit reports to the Board of Directors through the Board Audit Committee (parent bank and respective subsidiaries). It seeks BAC approval for the annual audit plan, provides updates on accomplishments, reports results of audit conducted and tracks resolution of audit findings. In its year-end closing report, Internal Audit attests to the fulfillment of its mandated responsibilities and provides overall assurance on the effectiveness of internal control, risk management and governance processes.

Compliance with the SEC Code of Corporate Governance

Publicly-listed companies are advised to disclose in their Annual Report the company's compliance with the Code of Corporate Governance and where there is non-compliance, to identify and explain the reason for such issue. We confirm that as of December 31, 2021, the Bank has substantially complied with the recommendations of the Code except for the following: 1) Policy on retirement age of directors; 2) Disclosure of executive remuneration on an individual basis; 3) voting system for majority of non-related party shareholders to approve material related party transactions during shareholders meeting; 4) voting mechanism such as supermajority or "majority of minority" to protect the minority shareholders against action of controlling shareholder. For a more detailed discussion on the matter, please refer to the BDO Annual Report.

Corporate Policies and Practices

BDO Code of Conduct and Business Ethics

As a financial institution, BDO believes that practicing right conduct and ethical behavior inspires and strengthens the confidence of all our stakeholders. The BDO Code of Conduct and Business Ethics (the Code) outlines the principles and policies that govern the activities of the Bank and sets forth the rules of conduct in the workplace and the standards of behavior of its directors, officers and employees in their activities and relationship with external stakeholders.

The Bank upholds the virtues of honesty and integrity among its employees and instills a sense of commitment toward duty and responsibility. All employees are expected to observe discipline in attending to their jobs and in interacting with co-workers. Supervisors and managers are expected to foster self-discipline and serve as role models to their subordinates. Bank officers are expected to intelligently and consistently apply the accepted principles of people management. All cases/violations must be reported. Failure to do so either by oversight or deliberate cover up is subject to appropriate disciplinary action.

The Office of the Human Resources is responsible for overseeing the implementation of this Code across the BDO Unibank Group. It receives reports of violations and ensures that a confidential investigation is undertaken. As necessary, it may endorse the handling of the investigation to the Cases Review Secretariat for the appropriate action and recommendation. The Audit Committee, at its discretion, may periodically report the Code of Conduct and Business Ethics cases to the Board of Directors. The Compliance Office will address lapses in compliance with regulatory requirements arising from the administrative cases due to the violation of this Code.

Internal Fraud, Breach of the Code, or other Unethical/Illegal Activities

BDO believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the industry. Any director or employee who becomes aware of any violations of law, regulations, or policies should report the same to appropriate authorities, with protection from reprisal and discrimination. Reporting of violations should be done in good faith and without malice. This is embodied in the BDO Policy of Disclosure of Sensitive/Confidential Matters to management that governs the policies and procedures in the handling of whistleblower cases.

Data Privacy

BDO implements strict compliance with data privacy and protection laws. All personal data, including sensitive and confidential information obtained in the course of employment, directorship, engagement of services, or other work or business-related relationships with BDO, shall not be divulged unless authorized in accordance with internal and regulatory requirements, and shall not be used for any personal or financial gain.

The Bank has in place a Data Privacy Management Program (DPMP), which serves as the framework for protecting the data privacy rights of the Bank's data subjects, to ensure compliance with the Philippine Data Privacy Act (PDPA). BDO's DPMP strives to comply with the Five Pillars of Data Privacy Accountability and Compliance of the National Privacy Commission.

- 1. Appointment of Data Privacy Officer.** The Bank appointed a Data Protection Officer (DPO) who is registered with the National Privacy Commission (NPC). Compliance Officers for Privacy (COPs) in each business and support unit (BSU) were also appointed to ensure proper coordination in the implementation of any initiatives related to the Bank's DPMP.
- 2. Conduct of Privacy Impact Assessment.** The Bank completed a Privacy Impact Assessment (PIA) for the whole BDO Group to assess privacy risks and ensure that necessary security measures are in place that will mitigate risks to personal data, and uphold the data privacy rights of individuals. The results of the PIA were reported to the Risk Management Committee (RMC) of the BDO Board.
- 3. Privacy Management Program and Privacy Manual.** The Bank's DPMP is part of its Data Privacy Manual (DPM), which serves as a framework for protecting the data privacy rights of the Bank's data subjects. The Bank codified its DPM to serve as a reference for all units of the Bank in complying with Republic Act 10173, also known as the Data Privacy Act of 2012. All bank personnel are required to comply with the terms set out in the Manual.
- 4. Implement Data Privacy and Protection Measures.** Even before the Data Privacy Act was passed into law, data privacy and protection measures were already in place in BDO's processing of personal data. However, implementation of these measures was not a one-time activity, but a continuous process. Foremost among these steps are the establishment of the Enterprise Data Privacy Policy, Data Privacy Statement, and Breach Reporting Procedures, including the templates for Consent, Data Sharing Agreement, and Outsourcing Agreement Supplements. Privacy risk monitoring was also enhanced using the existing operational risk management tools of the Bank. To ensure continuous education within BDO, an eLearning course on Data Privacy is sent to employees as part of an Awareness Program. The Bank has also intensified its data privacy awareness with an in-depth training for COPs and complaints management training for Customer Contact Center personnel.

5. **Exercise of Breach Reporting Procedures.** As a precaution and to proactively manage personal data breach incidents, the Bank documented in its Data Privacy Manual the detailed procedures in reporting potential personal data breaches. Breach reporting is also included in the Bank's Data Privacy Training and Awareness Program.

The RMC is also regularly updated with respect to the progress of the Bank's compliance to the PDPA. In view of its commitment to comply with data privacy requirements, and as part of its continuing assessment and development efforts, the Bank actively participates in data privacy forums of the NPC and liaises with other DPOs of the Bankers Association of the Philippines (BAP).

Consumer Protection Practices

BDO's financial consumer protection framework is anchored on disclosure and transparency, protection of client information, fair treatment, effective recourse, and financial education and awareness. The framework ensures that consumer protection practices are embedded in our operations and considered in the development and implementation of our products and services.

The Board is primarily responsible in maintaining an effective oversight on the Bank's consumer protection policies and programs. Senior management implements the Board-approved strategy and ensures that control mechanisms are in place. BDO's Consumer Assistance Management System reflects the Bank's commitment that our customers are treated fairly, honestly, and professionally at all stages of their relationship with the Bank. To ensure its effective implementation, BDO Customer Contact Center records customer complaints and monitors its resolution in adherence to established standard operating procedures and service level agreements. Customer feedback and complaints are analyzed and these are reported to the Board's Risk Management Committee on a periodic basis.

BDO devotes resources to ensure that customers are provided with accessible, affordable, independent, fair, accountable, timely, and efficient means for resolving complaints with their financial transactions. In 2021, CAMS logged around 8 million customer cases of which only 6% were problem-related in nature. Majority of the cases were inquiries (5.2 million or 65%) and requests (2.3 million or 29%).

Supply Chain and Approach to Procurement

BDO sources 99.6% of its supplies from a local supply chain. The Bank follows a Manual on General Procurement Guidelines that establishes the policies on procurement of products and services and provides a framework of efficient, consistent, transparent and compliant purchasing practices across all Business Units (BU) of the Bank. BDO also has an online Vendor Accreditation System (VAS) that serves as the central storage facility of all Bank accredited vendors/suppliers, and contractors. The VAS provides real time status of vendor evaluation for accreditation, allows the upload of required documents for vendor accreditation, and generates reports for monitoring and reference. The Bank works with its suppliers to generate awareness and understanding of sustainability principles to help identify and mitigate the supply chain's environmental and social impact. The Bank also aims to find ways to build its supply chain's resilience to both natural and man-made disasters brought about by climate change.

Acceptance/Solicitation of Gifts, Bribery, and Corruption

The Bank has zero tolerance for the solicitation and acceptance, directly or indirectly, of any gift (including entertainment services or activities), gratuity, commission or any form of payment from clients, business partners, suppliers and third party service providers in connection to a service that may, in any way, influence the Director's, Officer's or employee's decision-making in exchange for any unnecessary favorable treatment. Likewise, BDO commits to comply with anti-corruption and bribery laws in all jurisdictions it operates. BDO will not make political donations that may be interpreted as an attempt to encourage favorable treatment of BDO and/or its directors and employees.

Anti-Money Laundering, Counter-Terrorist Financing, and Proliferation Financing

BDO is committed to conduct business with the highest ethical standards and in full compliance with all applicable laws and regulations. The Bank seeks to prevent the flow of illicit funds on money laundering, combat terrorist financing, and proliferation financing by establishing policies and guidelines that would detect and report on red flags for these activities. These are articulated in the Board-approved Money Laundering and Terrorist Financing Prevention Program Manual (MTPP) which requires mandatory compliance from front liners and Bank officers.

BDO has also adopted the following pillars in its Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF) and Combating Proliferation Financing (CPF) initiatives:

- **Know Your Client (KYC).** Acquiring the necessary information and performing validation to establish the identity of the client, including beneficial owners, are part of the core processes in the Bank's efforts to prevent money laundering, and terrorist and proliferation financing. Policies, procedures and tools are in place to screen new and existing clients and transactions. For product-specific transactions such as trade, KYC and screening extend to counterparties, vessels, ports, routes, and commodities, standards for establishing and maintaining business relationships are explicit and defined.
- **Know Your Employee (KYE).** Managing attendant AML, CTF, and CPF risks; safeguarding assets; and the protection of stakeholders are among the primary considerations in maintaining a strong and responsible workforce. Recruitment and screening standards cover physical, mental, social, and moral aptitude in order to strictly adhere to the fit and proper rule for bank personnel as prescribed by relevant regulations. To implement the KYE process, there is continuing monitoring of employees' lifestyle, behavior and compliance with the Bank's code of conduct. Employees are required to uphold professionalism and integrity in all their dealings at all times and they are encouraged to report any form of adverse behavior or practice as espoused in the Bank's Corporate Governance Manual on whistle-blowing and anti-bribery and corruption.
- **Ongoing Monitoring and Independent Checking.** Product and transaction owners perform and actively monitor changes in profile, behavior, and transaction patterns of their customers through cyclical due diligence, daily and periodic monitoring reports, on-site visits, sales calls, and other means to secure updated information.

Designated Unit Compliance Coordinators (UCCs) for branches and business units check compliance with the AML Program of the Bank on a monthly basis. Moreover, the Bank's AML Department under the Compliance Group conducts year round Independent Compliance Testing (ICT) based on risk-based AML roadmap that is approved by the Bank's Board Audit Committee.

The Bank also employs an enterprise-wide AML monitoring system which generates alerts based on pre-defined scenarios and specific parameters. Alert scenarios were configured to flag accounts and transactions that may be suspiciously connected with sanctioned and designated lists. These alert scenarios are subject to annual review and assessment.

The Risk Classification Process (RCP) is a module under the AML system that runs risk classifiers on transactional behavior across the institution's customer database. The RCP automates the process of integrating the onboarding or prior risk classification of a client and the actual transactional behavior. The RCP process supports an updated and current customer risk profile.

For AML System and funds flow monitoring, an interim tool enables monitoring of customers' activities on an aggregate basis and equips the AML investigators to pull information on all accounts and transactions of particular customers and their related accounts.

- **Regulatory Reporting.** The Bank adheres to all the prescribed regulatory reporting requirements including Covered and Suspicious Transactions (CTRs and STRs). The Bank's AML system facilitates the reporting of CTRs and STRs, while a Robotics Process Automation (RPA) assists in the reporting procedures. CTRs are transactions above P500,000 in value, while STRs are transactions with suspicious indicators. STRs are reportable regardless of amount and these include attempted transactions.
- **Record Retention.** BDO strictly upholds the confidentiality and integrity of Bank records and adheres to AML rules and regulations on record management. Records are either retained for a minimum of five (5) years or in perpetuity.
- **Training.** AML, CTF, and CPF awareness initiatives and trainings are integral in the organization's compliance culture that promotes proficient management of money laundering risks. Regulatory advisories and AML bulletins are regularly cascaded to employees to promote familiarity and knowledge of regulations and emerging AML risks, typologies and crimes. All new employees are required to take mandatory AML, CTF, and CPF basic e-learning courses prior to deployment while existing personnel undergo regular AML e-learning modules, refresher courses, and classroom and virtual trainings conducted by the AML Department. Key personnel for the effective implementation of the Bank's AML program subscribe to external trainings conducted by regulators, industry specialists and global AML experts.

Stakeholder Communication 102-43

BDO implemented a comprehensive communication plan on the Bank's sustainability initiatives to generate wider awareness and understanding of how the Bank helps fuel the economy, protect the environment, and contribute towards positive social impact in the country.

Key themes for sustainability stories focused on the following:

- Support to micro, small and medium enterprises (MSMEs)
- Accreditation of the Bank's Sustainable Finance Framework by Sustainalytics, for future bond issuances
- Sustainable Finance projects
- Asia's Top Sustainability Advocate award
- Sustainability Bond issuance

The Bank's Corporate Communications team shared stories with traditional media (including national broadsheets, tabloids, and provincial publications), online news sites, as well as bloggers with targeted market segments as their followers. The stories were also widely shared on BDO's own social media accounts on LinkedIn and Facebook and select bloggers.

Throughout the year, the Sustainability Office also actively represented BDO in several virtual forums and webinars to share the plan on the Bank's sustainability initiatives as disclosed in the 2020 Sustainability Report. Among these were the HSBC Sustainability Summit on banks and achieving net zero; BusinessWorld Insights' Forum on how ESG criteria guides leading companies; the Nordic Embassies Forum on gender equality in the workplace; and the 5th Asia Sustainability Reporting Summit on corporate governance and sustainability.

Looking Ahead

The Bank is now in the era of digital transformation and we continue to look at ways to optimize the use of the new technologies to strengthen our corporate governance practices while remaining vigilant on the risk of digitization to our business operations. In ensuring that the Bank stays as the market leader in the Philippine financial services industry, we are focused on maximizing the effectiveness of our corporate governance practices as a business enabler and driver of our performance in the proper context of risks and rewards, opportunities and prospects for the Bank. This is essential going forward as we continue to compete and remain relevant to our various stakeholders. Globally, there is also an increasing call for companies to support the UN Sustainable Development Goals as part of sustainable business performance with emphasis on strategies that promote economic growth, environmental protection, efforts that address a range of social needs and a governance model that considers sustainability issues. BDO continues to be mindful of these and creating a positive impact on sustainability as it continues to report annually on its sustainability performance and contribution to the UN Sustainable Development Goals.

GRI Content Index



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs	Reason for Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational Profile		
102-1	Name of the organization	2, 4	
102-2	Activities, brands, products, and services	4-5, 8-9, 20-31, 32-53, 65-69	
102-3	Location of headquarters	91	
102-4	Location of operations	4	
102-5	Ownership and legal form	4	
102-6	Markets served	4, 22-23, 27, 29-30, 32, 45, 57	
102-7	Scale of the organization	4, 8-9	
102-8	Information on employees and other workers	56-64	
102-9	Supply chain	81	
102-10	Significant changes to the organization and its supply chain	None to report	
102-11	Precautionary principle or approach	8-9, 32-53	
102-12	External initiatives	8-9, 53-54	
102-13	Membership in associations	89	
102-22	Composition of the highest governance body and its committees	71-77	
102-23	Chair of the highest governance body	75	
Strategy			
102-14	Statement from senior decision-maker	6-7	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	5, 57-59, 79-83	
Governance			
102-18	Governance structure	14-15, 69-83	
Stakeholder Engagement			
102-40	List of stakeholder groups	18	
102-41	Collective bargaining agreements	56, 60	
102-42	Identifying and selecting stakeholders	18	
102-43	Approach to stakeholder engagement	17-18, 62, 83	
102-44	Key topics and concerns raised	16-18	

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs	Reason for Omission
Reporting Practice			
	102-45 Entities included in the consolidated financial statements	BDO Unibank, Inc. (parent) and Subsidiaries	
	102-46 Defining report content and topic boundaries	15-17	
	102-47 List of material topics	16	
	102-48 Restatements of information	None	
	102-49 Changes in reporting	None	
	102-50 Reporting period	January to December 2021	
	102-51 Date of most recent report	2020 (published in 2021)	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	91	
	102-54 Claims of reporting in accordance with the GRI Standards	Inside front cover	
	102-55 GRI Content Index	85-88	
	102-56 External assurance	No external assurance	

Material Topics

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs	Reason for Omission
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	10-18, 32-33	
	103-3 Evaluation of the management approach	14-15, 33	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	33	
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	12-18	
	103-3 Evaluation of the management approach	14-15, 20-21	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	32-33, 38-44	
	203-2 Significant indirect economic impacts	20-31, 46, 51-54, 56-57, 65-69	

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs	Reason for Omission
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	16
	103-2	The management approach and its components	10-18
	103-3	Evaluation of the management approach	16-17
GRI 302: Energy 2016	302-1	Energy consumption within the organization	46
Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	16
	103-2	The management approach and its components	10-18
	103-3	Evaluation of the management approach	16-17
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	46
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	16
	103-2	The management approach and its components	10-18
	103-3	Evaluation of the management approach	16-17
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	46
	305-2	Energy indirect (Scope 2) GHG emissions	46
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	16
	103-2	The management approach and its components	10-18, 55-61
	103-3	Evaluation of the management approach	55-61
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	56

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs	Reason for Omission
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	16
	103-2	The management approach and its components	10-18
	103-3	Evaluation of the management approach	60-61
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	56-57
	404-2	Programs for upgrading employee skills and transition assistance programs	60-61
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	16
	103-2	The management approach and its components	10-18
	103-3	Evaluation of the management approach	65-69
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	29-31, 49-53, 65-69

Sector Disclosures: Financial Services

	Disclosure	Page Number(s), Direct Answer and/or URLs	Reason for Omission
Product Responsibility			
Product Portfolio	DMA	Disclosure of management approach	10-18
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	20-31, 38-45
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	38-45
Active Ownership	DMA	Disclosure of management approach	10-18
	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	37, 38-45, 49-54, 66-69

Memberships in Associations

ACI Philippines the Financial Markets Association Inc.

Association of Bank Compliance Officers, Inc.

Association of Bank Remittance Officers, Inc.

Association of Philippine Correspondent Bank Officers, Inc.

Australian-New Zealand Chamber of Commerce Philippines, Inc.

Bank Marketing Association of the Philippines

Bank Security Management Association of the Philippines Incorporated

Bankers Association of the Philippines

Bankers Institute of the Philippines, Inc.

British Chamber of Commerce of the Philippines, Inc.

Clearing Officers Club, Inc.

Credit Card Association of the Philippines, Inc.

Dutch Chamber of Commerce in the Philippines, Inc.

Employers Confederation of the Philippines

Financial Executives Institute of the Philippines

French Chamber of Commerce in the Philippines - Le Club Inc.

Fund Managers Association of the Philippines, Inc. (FMAP)

German-Philippine Chamber of Commerce & Industry Inc.

Healthcare Information Management Association of the Philippines, Inc.

Information Systems Audit and Control Association, Inc. (ISACA)

Institute of Internal Auditors Philippines, Inc.

Israel Chamber of Commerce of the Philippines, Inc.

IT & Business Process Association of the Philippines, Inc.

Italian Chamber of Commerce in the Philippines, Inc.

Japanese Chamber of Commerce and Industry of Cebu, Inc.

Korean Chamber of Commerce Philippines (KCCP), Inc.

Makati Business Club, Inc.

Management Association of the Philippines

Money Market Association of the Philippines, Inc. (MART)

National Association of Securities Broker Salesmen, Inc.

Nordic Chamber of Commerce of the Philippines, Inc.

People Management Association of the Philippines, Inc.

Phil. Association of National Advertisers, Inc.

Philippine Payments Management, Inc.

Singapore Philippines Association Inc.

Spanish Chamber of Commerce in the Philippines

The American Chamber of Commerce of the Philippines, Inc. (AMCHAM Philippines)

The Canadian Chamber of Commerce of the Philippines, Inc.

The Japanese Association Manila Inc.

The Japanese Chamber of Commerce and Industry of the Philippines, Inc.

The Philippines-Japan Society, Inc.

Trust Officers Association of the Philippines, Inc.

Sustainability and ESG Awards and Recognition

Platinum Award

(2010–2021)

The Asset ESG Corporate Awards 2021

BDO Unibank: The Best of Asia awardee

(2005–2019, 2021)

Corporate Governance Asia

16th Asian ESG Award 2021

BDO Unibank, Asian Excellence awardee

(2011–2021)

Best Investor Relations Company

(Philippines) awardee

(2011–2021)

Best Corporate Communications awardee

(2014–2015, 2017–2021)

Asia's Best CSR awardee

(2020–2021)

Corporate Governance Asia

11th Asian Excellence Award 2021

3G Championship Award in Transparency

3G Championship Award in Service

Excellence

3G Excellence Award in Education & Literacy Programme

Global Good Governance Awards 2021

Top Sustainability Advocates in Asia

Asia Corporate Excellence & Sustainability

Awards (ACES) 2021

Best Local Currency Green Bond (Philippines)

(Energy Development Corporation PHP5 billion dual-tranche Asean green bond; BDO Capital & Investment Corporation as issue manager, lead underwriter and bookrunner)

The Asset Triple A Country Awards 2021

Water Deal of the Year

(Wawa JVCo PHP20 billion Term Loan Facility, BDO Unibank as lender and BDO Capital & Investment Corporation as lead arranger and sole bookrunner)

The Asset Triple A Infrastructure Awards 2021

BDO Foundation: COVID Management Initiative of the Year – Philippines

Asian Banking & Finance

Retail Banking Awards 2021

BDO Foundation, Inc. for COVID-19 Pooled Testing and Other Initiatives for Underserved Sectors of Society (Category: Health Promotion)

Enterprise Asia's Asia Responsible Enterprise Awards (AREA) 2021

Women in the Workforce

Rank #1 in Asian Banks and in the Philippines: Women as percentage of total staff

Rank #4 in Asian Banks and #3 in the Philippines: Percentage of women VPs

Rank #1 in the Philippines: Percentage of recent graduate hires that are women

Asiamoney Leaders for Women Survey 2021

For the complete list of accolades presented to BDO and its subsidiaries, please refer to the 2021 Annual Report.

Contact Information

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INVESTOR AND SUSTAINABILITY INQUIRIES

BDO Unibank, Inc. welcomes inquiries from analysts, investors, and the financial community.

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BDO Sustainable Finance

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The 2021 Sustainability Report can be viewed and downloaded online at www.bdo.com.ph/company-disclosures/sustainability-report.

The 2021 Annual Report and the Financial Supplements can be viewed and downloaded online at www.bdo.com.ph/company-disclosures/annual-reports.

BDO Unibank is regulated by the Bangko Sentral ng Pilipinas with contact number +63 (2) 8708-7087, email address consumeraffairs@bsp.gov.ph, and webchat at www.bsp.gov.ph.

For concerns, please visit any BDO branch nearest you, or contact us through our 24x7 hotline +63 (2) 8631-8000 or email us via callcenter@bdo.com.ph.

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