



2021 Integrated Annual Corporate Governance Report (I-ACGR)

COVER SHEET

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S.E.C. Registration Number

B	D	O		L	E	A	S	I	N	G		A	N	D		F	I	N	A	N	C	E		I	N	C			
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(Company's Full Name)

B	D	O		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R		O	R	T	I	G	A	S		
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M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y		P	H	I	L	I	P	P	I	N	E	S		
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(Business address: No. Street City / Town / Province)

KATHERINE U. RESARI

Contact Person

(632) 8840-7000 LOCAL 45469

Company Telephone Number

1	2		3	1
Month		Day		
Fiscal Year				

Integrated Annual Corporate Governance Report (I-ACGR)

FORM TYPE

Any day in April

Annual Meeting

Secondary License Type, If Applicable

C	G	F	D
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Dept. Requiring this Doc.

Amended Articles Number/Section

Amount of Borrowings

Total No. of Stockholders

Total

Domestic	Foreign

To be accomplished by SEC Personnel concerned

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CASHIER

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

27 May 2022

SECURITIES AND EXCHANGE COMMISSION
Corporate Governance and Finance Department
G/F Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

Attention: **Atty. RACHEL ESTHER J. GUMTANG-REMALANTE**
Director, Corporate Governance and Finance Department

Dear Atty. Gumtang-Remalante:

In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 15, Series of 2017, we submit herewith the **2021 Integrated Annual Corporate Governance Report ("I-ACGR")** of **BDO Leasing and Finance, Inc. (BDOLF)**, together with its attachments.

We trust you find the foregoing in order.

Sincerely,

BDO Leasing and Finance, Inc.
By:


Katherine U. Resari
Compliance Officer

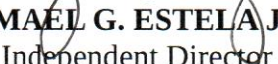
BDO Leasing and Finance, Inc.
39/F BDO Corporate Center Ortigas
12 ADB Avenue, Ortigas Center
Mandaluyong City 1554
Tel +632 8688-1288 loc. 65819/ 65175/ 45303

BDO Leasing and Finance, Inc.
2021 Integrated Annual Corporate Governance Report (I-ACGR)

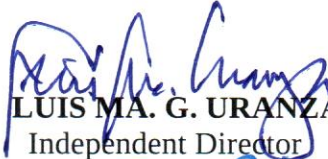
IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of _____, 2022, at _____ City, Philippines.


ELMER B. SERRANO
Chairman


MANUEL Z. LOCSIN JR.
President


ISMAEL G. ESTELA JR.
Independent Director


JOSEPH JASON M. NATIVIDAD
Corporate Secretary


LUIS MA. G. URANZA
Independent Director


VICENTE S. PEREZ JR.
Independent Director


KATHERINE U. RESARI
Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 30 2022, affiants exhibiting to me competent proofs of their identity, to wit:

Affiant
Elmer B. Serrano
Manuel Z. Locsin Jr.
Luis Ma. G. Uianza
Ismael G. Estela Jr.
Vicente S. Perez Jr.
Katherine U. Resari
Joseph Jason M. Natividad

Competent Evidence of Identity
Passport No. [REDACTED] valid up to July 30, 2022; TIN [REDACTED]
Passport No. [REDACTED] valid up to January 9, 2028; TIN [REDACTED]
Passport No. [REDACTED] valid up to August 15, 2028; TIN [REDACTED]
SSS No. [REDACTED]; TIN: [REDACTED]
[REDACTED], valid up to January 14, 2030; TIN [REDACTED]
Passport No. [REDACTED], valid until September 22, 2029
Passport No. [REDACTED], valid until October 5, 2028; TIN [REDACTED]

known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed.

Notary Public

Doc No. 359
Page No. 73
Book No. XXI
Series of 2022


KIM BRIGUERA-DACARA
NOTARY PUBLIC FOR THE CITY OF MANDALUYONG
APPOINTMENT NO. 0204-2
UNTIL JUNE 30, 2022 (B.M. 3795)
BP LIFETIME ROLL NO. 1010007
PTR NO. 4867544 / 1-3-22 / MANDALUYONG
SOLE NO. VI-0004637
5TH FLR., BDO CORPORATE CENTER ORTIGAS
15 ADE AVE., MANDALUYONG



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2021**
2. SEC Identification Number **97869**. 3. BIR Tax Identification No. **000-486-050-000**
4. Exact name of issuer as specified in its charter **BDO LEASING AND FINANCE INC.**
5. **MANILA, PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **BDO CORPORATE CENTER ORTIGAS 12 ADB AVE., MANDALUYONG CITY** **1550**
Address of principal office Postal Code
8. **(632) 8688-1288**
Issuer's telephone number, including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	<p>The Board is composed of eleven (11) seats with two vacancies as of December 31, 2021. (Director Jeci Lapus (independent Director), passed away on July 11, 2021, while another director, Mr. Antonio Cotoco (Non-executive) resigned effective December 31, 2021. These vacancies were not filled due to unavailability of qualified nominees. Nine directors, however, are still sufficient to constitute a quorum for transaction of business)</p> <p>The members of the Board are all professionals with various expertise in fields relevant to BDOLF's strategic plans such as marketing, strategy formulation, financing regulations, information technology, sustainability, and risk management. 7 of the Company's Directors are bankers with local and international banking experience, 3 were former Public Administrators and 1 is a lawyer. See Profile of Directors on pages 13-16 and pages 29-30 of the 2021 SEC 17-Annual Report. (Annex A)</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p> <p>For the qualification standards, see Selection, Nomination and Election of Board Members on page 6 of the Revised Corporate Governance Manual. (Annex B)</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	The Company's Board has a diverse and balanced composition. See Profile of Directors on pages 13-16 and 29-30 of the 2021 SEC 17-Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	There were no changes in the personal circumstances of each director that would otherwise disqualify them as Directors. Their profiles can be viewed on pages 13-16 (Item 9) and 29-30 of the 2021 SEC 17- Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	The Company's Board is composed of 4 Non-Executive Directors including the Chairperson, 3 Independent Directors and 2 Executive Directors. See Governance Structure on pages 29-30 Item 13 of the 2021 SEC 17-Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	See Page 2, Section 1, on Board Governance Responsibilities (Board Governance Framework – Director Orientation and Continuing Education) of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
2. Company has an orientation program for first time directors.	COMPLIANT	See page 2 Section 1 on Board Governance Responsibilities (Board Governance Framework – Director Orientation and Continuing Education) of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>All directors of the Company complied with the annual corporate governance training requirement of four (4) hours for 2021. All directors attended the in-house corporate governance seminar last 01 September 2021 via virtual meeting. It concentrated on the impact of geopolitics on digital business, design and delivery for customer facing digital products and digital leadership. Please see page 34 of the SEC 17 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>The Company adopts the Board Diversity Policy of the BDO Group which prescribes that a Nomination Committee will consider all aspects of diversity in order to maintain an appropriate balance of skills, background, experience and knowledge of the Board.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BOARD%20DIVERSITY%20POLICY.pdf</p> <p>See page 2, Section 1, Item 4 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>In 2021, the Company's Board has 2 female and 7 male Directors. See Corporate Governance Report on page 29 of the 2021 SEC 17-Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
Optional: Recommendation 1.4			

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	See Page 2, Section 1, Item 4 Board Governance Framework (Board Diversity) in the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	Atty. Joseph Jason M. Natividad is the Corporate Secretary. See Page 3, Section 1, Item 5 - Board Governance Framework (Independent Officers) in the Revised Corporate Governance Manual for his duties and functions. See page 17 of the 2021 SEC 17-Annual Report for his qualifications. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	He is a separate individual from the Compliance Officer.	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	He is not a member of the Board.	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	See attached Annex C for the Certificate of Attendance of Atty. Joseph Jason M. Natividad. He attended the 2021 BDOLF Corporate Governance Seminar held on 1 September 2021.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	See Annex D for the sample transmittal to directors on the distribution of board materials.	
Recommendation 1.6			

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1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Company has a dedicated independent Compliance Officer functionally reporting to the Audit Committee. Ms. Angelita C. Tad-y served as Compliance Officer until March 1, 2021 and was replaced by Ms. Katherine U. Resari effective March 2, 2021 who served as Compliance Officer for the remainder of the year. See page 4 of the Revised Corporate Governance Manual for her duties and functions and pages 17-18 of the 2021 SEC 17-Annual Report for her profile and qualifications. (Annex E)</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	The Compliance Officer has a rank of Vice President, with adequate stature and authority in the corporation.	
3. Compliance Officer is not a member of the board.	COMPLIANT	She is not a member of the Board.	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	See attached Certificate of Attendance of Ms. Katherine U. Resari. She attended the 2021 BDO Corporate Governance Seminar last 1 September 2021. (Annex F)	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	<p>In discharging their fiduciary duty, directors perform functions such as the review and guidance of corporate strategy, risk management policies and procedures, annual budgets and business plans, and monitoring their implementation; the setting of financial objectives, monitoring corporate performance; and approving the issuance of capital stock distribution of dividends, strategic plans, major capital expenditures, acquisitions, equity investments, fixed assets, mergers, joint ventures, divestments, and significant related party transactions.</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

		<p>In 2021, the Board of Directors approved the acts contained in pages 29-36 in the 2021 Annual Report. The acts of the Board pertaining to these items were properly and timely disclosed to the PSE after the Board meetings.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	<p>As provided in the Company's Revised Corporate Governance Manual (see page 9 – Item b (2) – Specific Duties and Responsibilities of the Board of Directors), the Company's Board of Directors approve the Company's strategic objectives and business plans.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>Meetings of the Board were held in 2021, to specifically discuss the appointment of key officers and Directors of the company while the Company is in transition to a holding company. See pages 29-30 of the 2021 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	<p>See page 4- Duties, Functions and Responsibilities of the Board of the Revised Corporate Governance Manual</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>Regular meetings of the Board were held in 2021 for the appointment of key officers and Directors of the company while the Company is in transition to a holding company. See pages 29-30 of the 2021 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	

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Supplement to Recommendation 2.2

1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	The Company's Vision, Mission Statement and Core Values is found in its website, which is subject to change upon approval by the SEC of the conversion of the company to a holding company. These are reviewed every three (3) years. https://www.bdo.com.ph/leasing/about-leasing	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	The strategy execution process encompasses the focus areas of the Company and its strategic initiatives which in 2021 is mainly to convert the company into a holding company upon approval by the SEC, See pages 9-10 of the 2021 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	

Recommendation 2.3

1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	In 2021, the Chairperson of the Company's Board of Directors is Ms. Teresita T. Sy since September 20, 2005. She is also the Chairperson of the Board of Directors of BDO Unibank, Inc., where she has been a member since 1977. Concurrently, she serves as the Chairperson and/or Director of various subsidiaries and affiliates of BDO Unibank such as BDO Private Bank, Inc., BDO Capital & Investment Corporation, BDO Foundation, Inc., and BDO Life Assurance Company, Inc. Ms. Sy also serves as Adviser to the Board of BDO Network Bank, Inc. Ms. Sy is also the Vice Chairperson of SM Investments Corporation (PLC) and Adviser to the Board of SM Prime Holdings, Inc. (PLC). She also sits as Chairperson of SM Retail, Inc. A graduate of Assumption College with a Bachelor of Arts and Science degree in Commerce major in Management, she brings to the board her diverse expertise in banking and finance, retail merchandising, mall and real estate development.	
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Recommendation 2.4

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>The Company, through BDO-Human Resources Group (HRG) has a Succession Planning Policy which covers the following processes:</p> <p>1. Key Role and Talent Identification – involves identification of key leadership and technical individual contributor roles in the Company, determination and definition of required competencies for each identified key role, identification and assessment of readiness of talents, and establishment of talent inventory.</p> <p>Potential successors are either tapped internally or externally and are developed to be ready to be the successors in 2-3 years' time.</p> <p>2. Assessment and Building of Succession Bench Strength – involves coordination between the Business Unit and HRG in strategizing and implementing specific initiatives to continue to develop, attract and hire talents, and increase talent retention to further build and strengthen talent pool.</p> <p>The Company has also adopted a talent management program wherein each of the functional areas would already be documented and dovetailed to a specific career development program that the Company has in place. The program could be an internal program, i.e. leadership programs, or an external structured program.</p> <p>BDO-HRG's amended succession planning policy was approved by the Nominations Committee and Board of Directors on December 4, 2021 and was noted by the Corporate Governance Committee on December 7, 2021, for implementation across the BDO Group.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>COMPLIANT</p>	<p>See attached Policy on Retirement of Directors approved by the Board of Directors on May 30, 2018. (Exhibit 1)</p>	
<p>Recommendation 2.5</p>			

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	The Company's remuneration policy is geared towards attracting, retaining and motivating employees and members of the Board. See page 31 of the 2021 SEC 17-Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	All qualified employees may be entitled to an annual merit increase in salary, based on their performance for the immediately preceding year. This has a long-term and compounding effect to the fixed pay, which serves as basis for their retirement benefit. See page 31 of the Company's 2021 SEC – 17 Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	The concerned directors are required to recuse in the deliberation.	

Optional: Recommendation 2.5

1. Board approves the remuneration of senior executives.	COMPLIANT	The Company follows the Board approved Remuneration policy of its parent, BDO Unibank Inc.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	COMPLIANT	The measurable standard established by the Company is the Key Result Areas Plan for each employee every year, which specifies the focus area of performance and the results expected that are aligned with the strategy of the Company. The performance of these standards is the basis for the yearly appraisal rating of employees. The Company adopts the policy of its Parent, BDO Unibank Inc., that the remuneration framework for senior management includes fixed pay, bonus and the Employee Stock Option Plan (ESOP) as a long term incentive program. A claw back mechanism is in place, where the benefits and rights accruing from the ESOP can be revoked or forfeited, if the eligible employee is terminated from service for cause or in the event of imposition of an administrative or disciplinary sanction or penalty against the eligible employee at any time during and after the vesting period prior to exercise. It is linked to corporate and individual performance, based on annual	

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		appraisal of senior management officers. See page 31 of the 2021 SEC-17 Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The policy for the selection, nomination and election of directors are on page 6 of the Revised Corporate Governance Manual published in the BDOLF website. Please see Section 13, page 30-33 of the Revised Corporate Governance Manual – Promoting Shareholder Rights/Right to Nominate. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	See Page 4, Section 3, Item – Establishing Clear Roles and Responsibilities of the Board. - Duties, Functions and Responsibilities of the Board.(Selection, Nomination and Election of the Board of Directors), and Page 15, Section 3, Item – Establishing Clear Roles and Responsibilities of the Board, Board Committees (Nomination Committee), of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	See Page 4, Section 3, Item – Establishing Clear Roles and Responsibilities of the Board - Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors). https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	

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4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	<p>The short listing of candidates by the Nominations Committee is done by pre-screening and checking the qualifications of nominees from the pool of candidates versus the standard. See Page 4, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors in the Revised Corporate Governance Manual.)</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT	<p>The Nominations Committee leads in the process of identifying and evaluating nominees for directors. It evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the Company. The result of the evaluation determines the role and key attributes than an incoming director should have. See Page 4, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors), and Page 15, Section 3, Item – Board Committees (Nomination Committee), in the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	<p>See Page 6, Selection, Nomination and Election of Board Members in the Revised Corporate Governance Manual. This is handled by the Nominations Committee.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder	COMPLIANT	<p>See page 6, Selection, Nomination and Election of Board Members in the Revised Corporate Governance Manual.</p> <p>The Company, thru its Nominations Committee, uses to the extent possible external search firms or external databases in selecting</p>	

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bodies) when searching for candidates to the board of directors.		the pool of candidates for the new members of the Board. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	The Board has established policies and procedures on related party transactions (RPTs) in accordance with BSP and SEC regulations. These include definition of related parties, coverage of RPT policy, guidelines in ensuring arms-length terms, identification and prevention of management potential or actual conflicts of interest, adoption of materiality thresholds, internal limits for individual and aggregate exposures, whistle-blowing mechanisms, and restitution of losses and other remedies for abusive RPTs. See the Company's RPT Policy. https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	Material related party transactions (RPT) are vetted and approved by the RPT Committee, composed of two independent directors including the Chairman and non-executive director. RPT whose value meets or exceeds 10% of the Company's total assets, require review of an external independent party to evaluate the fairness of its terms and conditions and approval of 2/3 vote of the Board, with at least a majority of the independent directors voting affirmatively. See attached Related Party Transactions Policy (Exhibit 2), which can also be viewed through the following link: https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf	

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3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	<p>It covers DOSRI, Subsidiaries, Affiliates and Other Related Parties. See Annex B (Related Party Transactions Policy) in the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>See attached Related Party Transactions (RPT) Policy, which can also be viewed through the following links: https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf</p>	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	COMPLIANT	<p>The revised RPT policy provides that transactions that amount to or exceed 10% of the Company's total assets (singly or aggregated within a 12 month period) are required to be reported to the Securities and Exchange Commission. This type of RPT must be approved by at least 2/3 vote of the Board of Directors, with at least a majority of the independent directors voting to approve the proposed transaction. In case a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.</p> <p>The Company also defined a materiality threshold of PHP10 million for credit transactions and PHP1 million for non-credit transactions. This type of material RPTs need to be endorsed by the Related Party Transactions Committee before it can be approved by the Board of Directors.</p>	

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2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	NON-COMPLIANT		<p>Although a formal voting system is not in place, material RPTs are presented during the Annual Stockholders Meeting, together with the other acts of the Board for ratification by stockholders. The majority of non-related party shareholders thereby are afforded the mechanism to exercise their votes on material related party transactions.</p> <p>With the postponement of the ASM in 2021, this was not complied. This was, however, regularized in the 2022 ASM when all acts by the Board and Management were ratified. Refer to page 3 of the Minutes of the 2022 ASM.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2022-ASM-Minutes.pdf</p>
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Recommendation 2.8

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>See page 7 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>See page 11 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>The assessment process for senior management is part of the Board Performance Self-Assessment Form. This is being done</p>	

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		<p>annually.</p> <p>For the independent control functions, this is being done through the yearly Appraisal Report, which is individually reviewed by the respective board-level committees.</p>		
Recommendation 2.9				
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	The Key Result Areas (KRA) Plan which is the effective performance management framework ensures that individual performance is tracked versus standards set by Management and Board.		
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	All employees are similarly assessed using the pre-defined KRA, which considers the employees' functions.		
Recommendation 2.10				
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	<p>See Internal Control and Risk Management on page 8 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf</p> <p>The Board Audit Committee (BAC) also ensures that a review of the effectiveness of the Company's internal control, including financial, operational and compliance controls and risk management is conducted annually. The result of the BAC's annual assessment is validated by the Company's Corporate Governance Committee.</p>		

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2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	<p>The Company has a Conflict of Interest Policy which enjoins the directors and employees to act in a manner that will serve the best interest of BDO and its shareholders. This requires that all business decisions and actions must be aligned to the principles and values of BDO, and should not be driven by personal motivations or influenced by personal relationships which may interfere in the exercise of objective and independent judgment. Any financial and personal interest or benefit in any transaction involving BDO must be disclosed. When presented with a situation involving a potential conflict of interest, it is necessary to disclose the possible conflict in writing to the Supervising Officer, in case of officer or employee, or to the Board of Directors, in case of Director.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Conflict%20of%20Interest%20Policy.pdf</p>	
3. Board approves the Internal Audit Charter.	COMPLIANT	<p>See attached Internal Audit Charter. (Exhibit 3)</p> <p>The 2019 Internal Audit Policy Statement re-approved and re-confirmed by the Board Audit Committee in June 2020 remains in effect for Year 2021.</p>	
Recommendation 2.11			

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<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>COMPLIANT</p>	<p>See Internal Control and Risk Management on page 8 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>The Risk Management Committee of the Board, as part of its duties and responsibilities, approves the enterprise risk management framework and written risk management plan developed by management, defining the policies, limits, and strategies for managing and controlling major risks of BDO. See Section III on its Terms of Reference.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf</p> <p>The Company also has in place appropriate tools or methods to identify material credit, market, liquidity and operational risks, which form part of regular reporting to RMC. Additionally, stress tests for identified material risks are performed regularly to determine their impact on capital. For credit risk, in particular, Risk Management Group performs a Rapid Portfolio Review in cases of adverse news on particular segment of borrowers or exposures.</p>	
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>COMPLIANT</p>	<p>See Enterprise Risk Management Framework designed to enhance risk management framework through a holistic and integrated framework so that all material risks faced by the Company are identified, measured, evaluated, mitigated, and monitored and appropriately managed. See page 27 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
<p>Recommendation 2.12</p>			

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1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	See page 12 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	Yes.	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	Yes. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	See page 33 of the Revised Corporate Governance Manual https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	This is covered in the Related Party Transactions Policy published in the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	The types of decision requiring board approval: <ul style="list-style-type: none"> • Corporate strategy, risk management policies and procedures, governance policies and practices, annual budgets and business plans, annual and interim financial statements, key operational initiatives, selection of CEO, the hiring, resignations and promotions of senior officers, succession planning, remuneration and nomination of directors. • Issuance of capital stocks, distribution of dividends, strategic plans, major capital expenditures, amendments of Articles of Incorporation and By-Laws, acquisitions, equity investments, fixed assets, mergers, joint ventures, divestments, and significant related party 	

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transactions

See page 4-19 Duties, Functions and Responsibilities of the Board in the Revised Corporate Governance Manual

https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

COMPLIANT

The Board has established 6 committees to assist in the performance of its roles and functions. See Establishing Board Committees page 15-18 of the Revised Corporate Governance Manual.

https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

COMPLIANT

See page 16 and 26 of the Revised Corporate Governance Manual.

https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf
https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf

See External Audit on page 16 and Strengthening the External Auditor's Independence on page 26 of the Revised Corporate Governance Manual.

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2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	<p>The Audit Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See page 33 of the 2021 SEC 17-Annual Report on the Audit Committee composition.</p> <p>Qualifications of the members are as follows:</p> <p>Ms. Ma Leonora V. De Jesus was first elected to the Board of Directors of the Company on May 12, 2008. She is presently the Chairperson of the Company's Board Audit Committee, and a member of the Corporate Governance Committee, Nomination Committee, and Related Party Transactions Committee. She is also an Independent Director of BDO Network Bank, Inc. and STI Education Systems Holdings, Inc. Ms. De Jesus also serves as Director of Risks, Opportunities Assessment and Management (ROAM), Inc. In addition, she is an accredited SEC trainer on corporate governance. In the past, Ms. De Jesus was an Independent Director of BDO Capital & Investment Corporation, Equitable Savings Bank, PCI Capital Corporation, BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.), and SM Development Corporation. She was formerly the University President of the Pamantasan ng Lungsod ng Maynila, and was a professorial lecturer at the University of the Philippines, Diliman, and at the De La Salle Graduate School of Business and Governance. She was also a member of the Board of Governors of the Philippine National Red Cross. Ms. De Jesus was a trustee of the Government Service Insurance System (GSIS) from 1998 until 2004, and was a member of the cabinets of President Corazon C. Aquino, President Fidel V. Ramos and President Joseph E. Estrada. She has had trainings in Housing Finance at Wharton School of Business, and Essentials of Portfolio Management at the New York Institute of Finance. She holds Bachelor's, Master's and Doctorate degrees in Psychology from the University of the Philippines.</p> <p>Atty. Jesse H.T. Andres was elected to the Board of Directors of the Company on September 20, 2005, and is presently the Chairman of the Corporate Governance Committee, Nomination Committee, and the Related Party Transactions Committee, and a member of the Company's Board Audit Committee and Risk Management Committee. Moreover, he also serves as Independent Director of BDO Network Bank, Inc. He is likewise a</p>	
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Director in Benguet Corporation, a publicly listed company (PLC). In September 2004, he was appointed member of the Board of Trustees of the Government Service Insurance System (GSIS) where he also served as the Chairman of the Corporate Governance Committee for six (6) years. He was also Chairman of the Board of GSIS Family Bank from June 2007 to October 2010. Since July 1, 2011, he has been the Managing Partner of the Andres Padernal & Paras Law Offices. From 1996 to 2003, he was a Partner at PECABAR Law Offices, where he became Co-Head of the Litigation Department in 2001. He was also Chief of Staff (Undersecretary) of the Office of the Vice-President (2004-2010). Previously, he was Senior Manager of the Philippine Exporters' Foundation, and Board Secretary of the Department of Trade and Industry's Garments and Textile Export Board. Atty. Andres holds a Bachelor of Arts degree in Economics from the School of Economics, University of the Philippines (U.P.) and a Bachelor of Laws degree from the U.P. College of Law.

Mr. Vicente S. Pérez Jr. was elected to the Board of Directors of the Company on April 7, 2017, and is the Chairman of the Company's Risk Management Committee. He is currently an Independent Director of BDO Unibank, Inc., BDO Finance Corporation and DoubleDragon Properties Corp. He is also a Non-Executive Director of Singapore Technologies Telemedia Pte Ltd. Mr. Pérez is currently the Chairman of the Alternergy Group, Philippine renewable power companies in wind, hydro and solar. He was Philippine Energy Secretary from 2001 to 2005. Mr. Pérez briefly served in early 2001 as Undersecretary at the Department of Trade and Industry and as Managing Head of the Board of Investments.

Prior to his government service, Mr. Pérez had 17 years banking experience, first in Latin America debt restructuring at Mellon Bank in Pittsburg, and later in debt capital markets in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997, when he co-founded Next Century Partners, a private equity firm based in Singapore. In 2005, he was briefly a government appointed director of Philippine National Bank until its privatization. In September 2020, Mr. Pérez was appointed Honorary Consul of the

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		Kingdom of Bhutan in the Philippines. Mr. Pérez obtained his Masters in Business Administration from the Wharton Business School of the University of Pennsylvania in 1983 and a Bachelor's degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University where he lectured an MBA class on renewable power at the Yale School of Management.	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Yes. Audit Committee members have relevant background, skills and experience as enumerated above.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of the Audit Committee is Ma. Leonora V. De Jesus, Independent Director. She is not Chairman of any other Board Committees. See pages 32-36 of the 2021 SEC 17 Annual Report and pages 26 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	All services provided by the External Auditor are required to be approved by the Audit Committee. See External Audit on pages 26-27 and Strengthening the External Auditor's Independence on page 26 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone	NON-COMPLIANT		In light of the cessation of the Company's leasing and financing operations in 2020, no executive sessions with the Heads of Control

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from management present.			Functions (i.e. Internal audit, compliance and Risk management functions) and the Non-Executive Directors were held for the year while the Company is in transition to a holding company.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	In 2021, Audit Committee held 6 meetings. See attached Certification of the Office of the Corporate Secretary for Board Committee Attendance. (Annex G)	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	This is part of the Terms of Reference of the Audit Committee. See Internal Audit Division on page 16 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	See page 17 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf The function of identifying the quality of directors is vested on the Nominations Committee, which is a separate and distinct committee.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	Yes. The Corporate Governance Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See pages 33-34 of the 2021 SEC 17- Annual Report on membership composition. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	Yes. The Chairman of the Corporate Governance Committee is Atty. Jesse H.T. Andres, Independent Director. See pages 33-34 of the 2021 SEC 17- Annual Report.	

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		https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meets at least twice during the year.	COMPLIANT	<p>In 2021, the Corporate Governance Committee held 5 meetings. See page 34 of the 2021 SEC 17- Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	<p>See Risk Management Committee on pages 17-18 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	<p>The Risk Management Committee is composed of 3 members, majority of whom are Independent Directors including the Chairman. See pages 34- 35 of the 2021 SEC 17-Annual Report for the membership composition .</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	<p>The Chairman of the Risk Management Committee is Mr. Vicente S. Perez, Jr., Independent Director. Mr. Perez is not the Chairman of the Board nor Chairman of any other board-level committee. See pages 32-36 of the 2021 SEC 17-Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	<p>See pages 15, and 34-35 of the 2021 SEC 17-Annual Report for the members of the Risk Management Committee. Two members are seasoned bankers with extensive local and international banking experience, while the third member is a, lawyer and former banker and public administrator.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	

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Recommendation 3.5				
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	See Related Party Transactions Committee on page 18 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf		
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	The Related Party Transactions Committee is composed of 3 members all of whom are Non-Executive Directors, majority of whom are Independent Directors including the Chairman. See pages 35-36 of the 2021 SEC 17 -Annual Report on the membership composition. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf		
Recommendation 3.6				
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Each committee has its own Terms of Reference that clearly define the composition, duties and responsibilities, which are approved by the Board. These are published in the Company's website at: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf		
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Yes. This is included in the Terms of Reference of each committee.		
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Yes. These are published in the Company's website at: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf		
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.				
Recommendation 4.1				

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<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>COMPLIANT</p>	<p>BDOLF follows procedures set by SEC and BSP on tele/videoconferencing of board and/or committee meetings. See attached SEC Memorandum No. 15, Series of 2001 (Exhibit 10), SEC Memorandum No. 6, Series of 2020 (Exhibit 11) and BSP Circular No. 969, Series of 2017 (Exhibit 12) and the Terms of Reference of BDOLF Committees.</p> <p>The Terms of Reference of BDOLF Committees can also be viewed through the following link:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Reference-2019.pdf</p> <p>See attached disclosure on the attendance and participation of directors to Board meetings and Board-level Committee meetings, while attendance to shareholders' meetings can be seen in the Minutes of Stockholders' Meeting.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO-Leasing-and-Finance-Inc-Certification-on-Board-Attendance-5January2022-redacted.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p> <p>https://www.bdo.com.ph/leasing/company-disclosures</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The directors are expected to prepare diligently for the meetings to evaluate and add value to the items presented, actively participate and contribute meaningfully to the discussions of the Board. See Board and Committee meetings on page 18-19 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdfhttps://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The directors are expected to prepare diligently for the meetings to evaluate and add value to the items presented, actively participate and contribute meaningfully to the discussions of the Board. See Board and Committee meetings on page 18 of the Revised Corporate Governance Manual.</p>	

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		https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	See Multiple Board Seats on page 19 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	This is part of the Multiple Board Seats Policy on page 19 of the Revised Corporate Governance Manual, https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	Executive Directors Mr. Manuel Z. Locsin Jr./President and Mr. Luis S. Reyes Jr./Treasurer do not serve in the boards of any other listed companies outside the group. See page 14 or the 2021 SEC 17-Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	Schedule of regular board meetings for the coming year is set in advance before the start of the new calendar year and published in the Board Calendar of Activities for the information and guidance of all directors and advisers. See Board Meetings-Frequency on page 18 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	

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		%20Corporate%20Governance.pdf	
3. Board of directors meets at least six times during the year.	COMPLIANT	In 2021, the Board met 8 times. See attached disclosure on the attendance and participation of directors to Board meetings. https://www.bdo.com.ph/sites/default/files/pdf/BDOL_Finance-Inc-Certification-on-Board-Attendance-5January2022-redacted.pdf	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	The Company's Board meetings have always been attended by more than 2/3 of the members deciding on any matter for approval by the Board. See attached meeting attendance of directors, which are above 80% in all meetings. (Annex G) For 2021, the Board has unanimously voted on all board decisions, hence, the requirement of at least 2/3 minimum quorum has been consistently complied with.	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	NON-COMPLIANT		In 2021, the 3 Independent Directors constitute 27% of the full Board (11 seats). See Independent Directors on page 20 of the Revised Corporate Governance Manual and Composition on page 29 of the 2021 SEC 17- Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf In view of the cessation of the leasing

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			and financing business of BDOLF in October 2020, the Company no longer elected an additional Independent Director in 2021.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	The Independent Directors possess all qualifications and none of the disqualifications to hold the positions. Please refer to the Independent Directors' qualifications in the reply to Recommendation 3.2.2 above.	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	The Company has no voting trust agreements and restrictions in the By-Laws that constrain the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	NON-COMPLIANT		<p>Independent Directors Ma. Leonora de Jesus and Atty. Jesse Andres reached the term limit of nine years on January 1, 2021. Ms. de Jesus and Atty. Andres served on a holdover capacity in view of the postponement of the Company's 2021 Annual Stockholders' Meeting due to the following as previously disclosed to the public:</p> <ol style="list-style-type: none"> 1. Pending request for reconsideration of the order of suspension of the Company's Registration Statement by the Securities and Exchange Commission (SEC); and 2. The conversion of BDOLF to a holding company and the pending request for the surrender

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			<p>of its secondary license with the SEC.</p> <p>New Independent Directors to replace Directors De Jesus and Andres were already elected in the 2022 Annual Stockholders' Meeting held last 20 April 2022.</p>
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	NON-COMPLIANT		<p>Independent Directors Ma. Leonora de Jesus and Atty. Jesse Andres reached the tenor limit of nine years on January 1, 2021. Ms. de Jesus and Atty. Andres served on a holdover capacity in view of the postponement of the Company's 2021 Annual Stockholders' Meeting.</p> <p>New Independent Directors to replace Directors De Jesus and Andres were already elected in the 2022 Annual Stockholders' Meeting held last 20 April 2022.</p>
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	NON-COMPLIANT		<p>Independent Directors Ma. Leonora de Jesus and Atty. Jesse Andres reached the tenor limit of nine years on January 1, 2021. Ms. de Jesus and Atty. Andres served on a holdover capacity in view of the postponement of the Company's 2021 Annual Stockholders' Meeting.</p> <p>New Independent Directors to replace Directors De Jesus and Andres were already elected in the 2022 Annual Stockholders' Meeting held last 20 April 2022.</p>
Recommendation 5.4			

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1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The Chairperson of the Board is Ms. Teresita T. Sy while the President is Mr. Roberto E. Lapid until April 30, 2021. Upon his retirement from the Company, Mr. Manuel Z. Locsin Jr. assumed the position as Officer-in-Charge, and was appointed President on April 20, 2022.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<p>Their roles are separate and distinct from each other to achieve a balance of authority, clear accountability, and better capacity for independent decision making. See Chairperson of the Board and Chief Executive Officer on pages 21-22 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>The Chairman and President have no family relationship.</p>	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	<p>The Chairperson of the Board is a Non-Executive Director as prescribed by the BSP. The Company has a Lead Independent Director (Ma. Leonora V. De Jesus) who was appointed by the Board from amongst the Independent Directors. See her functions on page 23 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	<p>The Related Party Transactions Policy of the Company requires any member of the reviewing committee or the Board who has a potential interest in any proposed related party transaction shall abstain from the discussion or deliberation.</p> <p>Related-Party-Transaction(RPT)-Policy-as-of-October-2019.pdf (bdo.com.ph)</p>	
Recommendation 5.7			

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1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	NON-COMPLIANT		In light of the cessation of the Company's leasing and financial operations in 2020, no executive sessions with the Heads of Control Functions (i.e. Internal audit, compliance and Risk management functions) and the Non-Executive Directors were held in 2021 while the Company is in transition to a holding company upon approval by SEC.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	The Company's President for the last 2 years is Mr. Roberto E. Lapid, who retired from the company on April 30, 2021.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	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 Company conducted the 2020 assessment of the Board's performance from February to May 2021. See page 30 of the 2021 SEC 17 - Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	Yes, this is part of the yearly Board Self-Assessment.	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT	Yes, this is part of the yearly Board Self-Assessment.	

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4. Each committee conducts a self-assessment of its performance.	COMPLIANT	Yes, this is part of the yearly Board Self-Assessment.	
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	<p>In 2019, BDOLF appointed the Institute of Corporate Directors (ICD) as external facilitator for the Board Effectiveness Evaluation. ICD facilitated a peer and self-evaluation process on the Board, Board Committees, and individual directors. The results thereof were supplemented by interviews with the individual directors. Feedback from Board Advisors and nominated members of BDOLF senior management was also obtained through interviews.</p> <p>The 2019 ICD Board Effectiveness Evaluation was released in 2020.</p>	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	<p>The Board recognizes the importance and benefits of conducting an annual self-assessment to determine its effectiveness. The Board, through the Corporate Governance Committee, undertakes the evaluation of its performance as a collective body, its Committees including the performance of the Chairperson to determine whether they are functioning effectively, pinpoint areas for improvement and assess whether it possesses the right mix of backgrounds and competencies. The Corporate Governance Committee reports the results of the self-assessment to the Board.</p> <p>A Director Peer Evaluation is also conducted annually. Each director is requested to rate his/her colleagues on the Board using a prescribed questionnaire.</p>	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	The result of the yearly self-assessment is published either in the Annual Report which is distributed to the shareholders or in the Company's website hence, they may comment on the information published.	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for	COMPLIANT	The Revised Code of Business Conduct and Ethics (Exhibit 4) is published in the corporate website at :	

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professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.			https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT		The Human Resources Group and the Office of the Corporate Secretary are responsible for overseeing the implementation of this Code across the BDO Unibank Group. This was disseminated groupwide through the eNewsgram. Officers and staff were required to sign the Acknowledgment Receipt Form to document that they have read and understood the provisions of the Code. See page 9 of the Code – Responsibility for Implementation. https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT		The Revised Code of Business Conduct and Ethics is published in the corporate website at : https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf	
Supplement to Recommendation 7.1				
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT		See page 4 item 6 Acceptance/Solicitation of Gifts, Bribery and Corruption under Observance of Standards of Conduct for Individuals of the Revised Code of Business Conduct and Ethics. Likewise, the institution commits to comply with anti-corruption and bribery laws in all jurisdictions it operates. https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf	
Recommendation 7.2				
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT		All directors and employees are required to acknowledge that they have read and understood the Code stipulating their compliance with the standards and policies set forth therein. The Code applies at all times to all members of the Board of Directors and BDO Unibank Group employees in their dealings with clients, business partners and service providers. See page 1 of the Code – Applicability of the Code and Commitment to the Code.	

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2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	See page 9 of the Code – Responsibility for Implementation, and Approval and Disclosure	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	See page 24 Section 8. Enhancing Company Disclosure Policies and Procedures of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	COMPLIANT	The 2021 Audited Financial Statements (AFS) was disclosed to the PSE on 02 March 2022, 61 days from Dec. 31, 2021, which is compliant with the 90-day recommended period. The interim reports for 1 st , 2 nd and 3 rd quarter of 2021 were disclosed to the PSE 44 (17 May 2021), 41 (10 August 2021), and 29 (29 October 2021) days, respectively after the end of each quarter. https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31	
2. Company discloses in its annual report the principal risks associated with the identity of the company's	COMPLIANT	1. The principal risk to minority shareholders could arise from Related Party Transactions. However, because all RPTs are done on an arms' length basis and are compliant with BSP regulations, this risk is properly managed and controlled. For material RPTs, the	

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controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.		<p>Related Party Transactions Committee reviews the transaction to ensure that there is no preferential treatment and that it is done at arm's length before these are endorsed to the Board for approval. See page 36 of 2021 SEC 17-Annual Report.</p> <p>2. See pages 7-9 of the 2021 SEC 17-Annual Report showing the company's major stockholders</p> <p>3. See Item 12 pages 23 to 28 of BDOLF's 2021 SEC 17- Annual Report for disclosures on Certain Relationships and Related Transactions.</p> <p>4. No imbalances exist.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p>	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	<p>See page 1 Applicability of the Personal Trading Policy to all directors, officers and employees of BDO Unibank, Inc. and its subsidiaries (Exhibit 5) which is published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/PERSONAL%20TRADING%20POLICY.pdf</p>	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	<p>Actual dealings of shares are disclosed in PSE Edge within 3 days after transaction date. The disclosures are published in the corporate website at :</p> <p>https://www.bdo.com.ph/leasing/companydisclosures/files/pdf</p>	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from	COMPLIANT	<p>See quarterly disclosure to PSE of BDOLF's Public Ownership Report and List of BDOLF's Top 100 stockholders for 2021, which can also be viewed through the following links:</p> <p>PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31 https://www.bdo.com.ph/leasing/investors-relations</p>	

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the market (e.g. share buy-back program).		BDO's Conglomerate Map can be viewed at BDO's website through the following link: Board, Management & Organizational Structure BDO Unibank, Inc.	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	See pages 13-16 (Board of Directors) and pages 21-23 (Security Ownership of Management and Board of Directors) in the 2021 SEC 17 - Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	The qualifications of key executives are in pages 13- 18 of the 2021 SEC 17 - Annual Report The security ownership of management is in pages 21-23. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	See Article III, Section 5 (Compensation of Directors) and Article IV, Section 2 (Compensation of Officers) of the Amended By-Laws, which can also be viewed in BDOLF's website through the following link: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_by_Laws.pdf	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	See page 5-6 Remuneration and Other Incentives of Directors and Senior Management of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	

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3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	The remuneration of each member of the Board of Directors for 2021 is presented in page 20 of the 2021 SEC 17 - Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>See attached Annex B (Related Party Transactions Policy) of the Revised Corporate Governance Manual.</p> <p>Refer to pages 7, 33 Annex B (Related Party Transactions Policy) of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>The updated Related Party Transaction Policy of the Company was enhanced in order to conform with the requirement of SEC Memorandum Circular No. 10 (Series of 2021).</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>Aside from the Advisement Report to be submitted to the SEC, the Company's RPT policy requires public disclosure of material RPTs that meet or exceed 10% of the Company's total assets by including a summary thereof in the Integrated-Annual Corporate Governance Report. In 2021, there were no material RPTs that meet or exceeded 10% of the Company's total assets.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	See Conflicts of Interest Policy wherein directors and employees are required that any financial and personal interest or benefit in any transaction involving BDO must be disclosed. When presented with a situation involving a potential conflict of interest, it is necessary to disclose the possible conflict in writing to the	

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		Supervising Officer, in case of officer or employee, or to the Board of Directors, in case of Directors. This is documented through the Conflict of Interest (COI) Form. This policy is published in the corporate website thru the Annual Corporate Governance Report https://www.bdo.com.ph/sites/default/files/Conflict%20of%20Interest%20Disclosure%20Form.pdf	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	The process of ensuring that RPTs are conducted in a fair and at arms' length manner could be found in the Related Party Transactions Policy. The Revised Related Party Transactions Policy provides a general approval matrix to be observed to ensure proper review and approval of transactions between the Company and a Related Party. In 2021, the Company did not have related party transactions that breached the threshold set by SEC Memorandum Circular No. 10 (Series of 2019) https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf .	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	Material facts or events are disclosed to PSE EDGE under "Company Disclosures". See below link to said section of PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31 Company disclosures are also available in BDOLF's website and can be viewed using the following link: https://www.bdo.com.ph/leasing/company-disclosures	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	The Company's RPT Committee composed of Independent Directors, evaluates the fairness of the transaction price on acquisition or disposal of assets. Further, the Company's Related Party Transactions Policy requires that related party transactions, whose values meet or exceed 10%	

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		<p>of the Company's total assets, require review of an external independent party to evaluate the fairness of its terms and conditions and approval of 2/3 vote of the Board, with at least a majority of the independent directors voting affirmatively.</p> <p>For 2021, there were no material RPTs equivalent to ten percent (10%) or more of the Company's total assets requiring such third party evaluation.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf</p>	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	In 2021, there were no shareholder agreements or other agreements which will impact on the control, ownership and strategic direction of the company, requiring disclosure.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	<p>Company has a board-approved Corporate Governance Manual in place.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	<p>The latest version of the Corporate Governance Manual was submitted to the SEC and PSE on March 4, 2021. It can be viewed in BDOLF website and PSE EDGE at:.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31</p>	

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3. Company's MCG is posted on its company website.	COMPLIANT	https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	The latest version of the Corporate Governance Manual was submitted to the SEC on March 4, 2021. It can be viewed in PSE EDGE at: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	See page 3 of the 2021 SEC 17 - Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
b. Financial performance indicators	COMPLIANT	See page 9-12 of the 2021 SEC 17-Annual Report re: Management Discussion or Analysis and Plan of Operations https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
c. Non-financial performance indicators	COMPLIANT	Refer to the Sustainability Report attached to the 2021 SEC 17-Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
d. Dividend Policy	COMPLIANT	See page 31 of the 2021 SEC-17 Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	

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e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT	See pages 13-18 of the 2021 SEC 17 - Annual Report re: Directors and Executive Officers of the Company https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT	See Attached Certificate of attendance of Board meetings and committee meetings, respectively, in 2021. (Annex G)	
g. Total remuneration of each member of the board of directors	COMPLIANT	The remuneration of each Director is disclosed in page 20 of the 2021 SEC 17 -Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	See pages 37-38 of the 2021 SEC 17 -Annual Report re: Compliance with the SEC Code of Corporate Governance https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	See pages 33-34 of the 2021 SEC 17 - Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk	COMPLIANT	See pages 33-34 of the Audit Committee Report in the 2021 SEC 17 - Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	

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management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	See pages 17-26 of the Audited Financial Statements attached to the 2021 SEC 17 – Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	See page 26 Section 9. Strengthening the External Auditor's Independence and Improving Audit Quality of the Revised Corporate Governance Manual on the Audit Committee Oversight Function on the External Auditor. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	NON-COMPLIANT		The re-appointment of the external auditor was approved by the Audit Committee and endorsed to the Board in 2021. Due to the postponement of the Annual Stockholders' Meeting however, the ratification of such appointment by the shareholders was not done. This was complied already in the 2022 ASM held on 4/20/22.
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	No such removal or change has happened to date.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit	COMPLIANT	The signing partner of Punongbayan & Araullo (P&A) for financial audit of the Company is being rotated regularly to comply with	

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partner every five years.

the requirement of SRC Rule 68 (3)(b)(ix) on the five (5) year Rotation of External Auditors, as exhibited in the table below:

Signing Partner	Financial Audit Years
Mr. Benjamin P. Valdez	2007-2011
Mr. Romualdo V. Murcia III	2012-2016
Mr. Leonardo D. Cuaresma, Jr.	2017-2018

https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf

Recommendation 9.2

1. Audit Committee Charter includes the Audit Committee's responsibility on:

- i. assessing the integrity and independence of external auditors;
- ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and
- iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

COMPLIANT

See Terms of Reference of the Audit Committee published in the corporate website at:

<https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf>

2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an

COMPLIANT

See Terms of Reference of the Audit Committee published in the corporate website at:

<https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf>

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annual basis.				
Supplement to Recommendations 9.2				
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	See Terms of Reference of the Audit Committee (Exhibit 6) published in the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf		
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	See Terms of Reference of the Audit Committee published in the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Terms%20of%20Reference.pdf		
Recommendation 9.3				
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	See pages 12-13 Item 7 (Information on Independent Accountant) of the 2021 SEC 17 – Annual Report. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf		
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	To avoid conflict of interest and impairment of independence, the Audit Committee has in place the list of non-audit services, which may not be provided by the External Auditor. See page 26 last paragraph of Audit Committee Oversight Function in the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf		
Supplement to Recommendation 9.3				
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Yes. Fees paid in 2021 amounted to Php288 Thousand which includes audit and non-audit services. The non-audit fee paid to P&A does not outweigh the audit fees.		
Additional Recommendation to Principle 9				

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1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Mr. Romualdo V. Murcia III SEC Group A Accreditation Partner – No. 0628-AR-4 (until Sept. 4, 2022) Firm No. 0002-FR-5 (until March 26, 2021) Punongbayan & Araullo Grant Thornton 19th & 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave, Makati, 1200	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	Upon verification from the Company's external auditor, Punongbayan & Araullo is covered by the SEC Oversight Assurance Review (SOAR) Inspection Program, in compliance with SEC Memorandum Circular No. 9, Series of 2017. Date the external auditor was subjected to SOAR Inspection: September 3-14, 2018 Name of audit firm: Punongbayan & Araullo Members of the engagement team inspected by the SEC: The names of the members of the engagement team were provided to the SEC during the SOAR inspection.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	The 2021 Sustainability Report attached to the 2021 SEC 17 – Annual Report can be accessed at: https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	For 2021, the Sustainability report adopts globally recognized standards based on GRI reporting on sustainability and non-financial issues. The 2021 Sustainability Report is attached to the 2021 SEC 17 – Annual Report and can be accessed at: https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	

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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	See page 27, Section 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information in the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	COMPLIANT	See SEC 17Q Reports at 2021 SEC-1st Quarter_SEC 17Q.pdf (bdo.com.ph) 17Q-2nd-Qtr-2021.pdf (bdo.com.ph) 17Q-3rd-Qtr-2021.pdf (bdo.com.ph)	
b. Materials provided in briefings to analysts and media	COMPLIANT	See page 27, Section 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information in the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
c. Downloadable annual report	COMPLIANT	See Annual Report at: https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
d. Notice of ASM and/or SSM	COMPLIANT	See Annual Stockholder's Meeting (DIS)-2022 at: BDO-Leasing-and-Finance-Inc-Definitive-Information-Statement.pdf (No ASM in 2021)	

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e. Minutes of ASM and/or SSM	COMPLIANT	See Minutes of the 2022 Annual Stockholders Meeting at: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2022-ASM-Minutes.pdf (No ASM in 2021)	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	See BDOLF Amended Articles of Incorporation and By-Laws at https://www.bdo.com.ph/sites/default/files/pdf/Amended%20Articles%20of%20Incorporation%20(Article%20III).pdf	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	Yes. The Company website structure is compliant with the SEC mandated format.	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>The BDOLF internal audit function adheres to the governing regulations, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Code of Ethics and certain leading practices and guidance. In assessing controls, BDO Internal Audit employs the COSO Internal Control - Integrated Framework and the Control Objectives for Information and Related Technology.</p> <p>The internal control system is assessed by Internal Audit periodically, in accordance with the BDO risk-based audit methodology. Considering the cessation of the Company's leasing and finance operations in 2020 and the results of risk assessment, no audit was conducted in 2021.</p> <p>For Year 2021, however, no audits were conducted in view of the cessation of the company's leasing operations since October 2020.</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	See pages 34-35 of the 2021 SEC 17 – Annual Report, and pages 81-105 of the Notes to the 2021 Audited Financial Statements for the discussion of the Risk Management Framework, risk management procedures and processes, major risks of the Company and how these are adequately and consistently	

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		<p>evaluated, managed, controlled and monitored, and risk governance structure. Please also see page 27, Section 12 of the Revised Manual on Corporate Governance.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	COMPLIANT	See attached BDOLF Regulatory Compliance Manual (Exhibit 7) which is reviewed annually and changes are approved by the Board Audit Committee.	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	The Company follows BDO Unibank's effective IT governance process that covers structure, principles and processes. On top of the IT governance structure is the Board of Directors that provides oversight and strategic direction in the development and implementation of the IT governance process thru the Information Technology Steering Committee (ITSC). The IT governance principles define the role that IT will play within and across the organization. These principles are defined in the context of business strategy. In BDO Unibank where there are multiple business units, these principles are geared towards supporting the needs of each business entity including IT security and business continuity requirements and how IT will support them, collectively on a shared-service basis or individually. The end-to-end processes define the necessary series of steps with defined inputs,	

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		activities, deliverables, roles and associated responsibilities and authority. Results are then submitted to the ITSC for review and reporting to the Board.	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	<p>BDOLF Internal Audit is in-sourced with the Parent Bank. As provided under the Internal Audit Policy Statement (Internal Audit Charter):</p> <ul style="list-style-type: none"> - The purpose of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve BDOLF and subsidiary operations. - The Internal Audit Head reports functionally to the Board Audit Committee. - The Internal Audit is independent of the activities audited and from the day to day internal control processes, and is free to report audit results, findings, opinions, appraisals and other information through clear reporting line. - The Internal auditors are expected to have impartial and unbiased attitude in performing audits and to avoid conflict of interest. 	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	<p>The Chief Audit Executive of Parent bank is Ms. Estrellita V. Ong. See Role of Chief Internal Auditor (CIA) on page 28 of the Revised Corporate Governance Manual for her responsibilities.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	<p>This is part of the CIA responsibilities as described in the Revised Corporate Governance Manual (page 28)</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit	NOT APPLICABLE	This is not applicable since BDOLF Internal Audit is in-house.	

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activity.				
Recommendation 12.4				
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	See page 29 Independent Risk Management Function of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf		
Supplement to Recommendation 12.4				
1. Company seeks external technical support in risk management when such competence is not available internally.	NOT APPLICABLE	In 2021, the Risk Management Group did not avail of external technical support.		
Recommendation 12.5				
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	The Chief Risk Officer (CRO) is Ms. Angelita C. Tad-y until March 1, 2021, after which Ms. Katherine U. Resari was appointed CRO effective March 2, 2021. See pages 17-18 of the 2021 SEC 17 – Annual Report for the latter's qualifications and page 29 Role of the Chief Risk Officer of the Revised Corporate Governance Manual for her responsibilities. https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf		
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	The incumbent Chief Risk Officer has a rank of Vice President. She is appointed by the Board of Directors and reports directly to the Risk Management Committee. She is the Head of the BDOLF Risk Management Unit.		
Additional Recommendation to Principle 12				
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place	COMPLIANT	The Chief Internal Auditor (CIA) attests periodically to the Board Audit Committee and to the Board of Directors that a sound independent control system is in place and functioning well. The Chief Internal Auditor (CIA) functionally reports to the Audit Committee. Considering the cessation of the Company's leasing and finance operations in 2020 and the results of the risk		

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and working effectively.		<p>assessment following the BDO risk-based audit methodology, no audit was conducted in 2021.</p> <p>The Chief Compliance Officer (CCO) reports the status of the Company's compliance with laws, rules, and regulations to the Audit Committee as necessary. She also functionally reports to the Audit Committee.</p> <p>As the CIA and CCO are considered independent officers reporting to the Board Audit Committee, their respective reports are made, and should be made, directly to the Audit Committee of the Board and to the Chairperson of the Board. They do not functionally report to the President & Chief Executive Officer.</p>	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	<p>See Section 13. Promoting Shareholders Rights page 30-33 of the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	<p>The Revised Corporate Governance Manual is published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	<p>Yes. This is expressly stated in the voting Rights of shareholders in Article II Section 6 of the Amended By-Laws.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	<p>The equitable treatment of shareholders is enshrined in Article II Section 6 of Amended By-Laws and page 33 of the Revised Corporate Governance Manual. Our CG principle of FAIRNESS essentially applies among others, to the equal treatment and protection of shareholder rights as stated. Rights available to the majority shareholders are also available to the minority</p>	

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		<p>shareholders.</p> <p>BDOLF has only 1 kind of share: Common Share with 1 vote per share, except in the election of directors where one share is entitled to as many votes as there are directors to be elected.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	<p>BDOLF has been using poll voting. Cumulative Voting is allowed in the election of directors. This method is discussed in page 30 of the Revised Corporate Governance Manual and 2022 Definitive Information Statement.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p> <p>BDO-Leasing-and-Finance-Inc-Definitive-Information-Statement.pdf</p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	NON-COMPLIANT		<p>Although the Company has no structured voting mechanism such as supermajority or "majority of minority", the Company strives to achieve the Principle being recommended through the following:</p> <p><input type="checkbox"/> Affirmation of Shareholders' Voting Rights - The Company affirms the voting rights given to the minority shareholders relative to certain major corporate acts that require the approval of at least 2/3 of the shareholders, which effectively include already the "majority of the minority" shareholders.</p> <p>In the 2022 Notice of the Annual Stockholders' Meeting (ASM), the Company is reminding all shareholders including minority shareholders to vote during the ASM to reinforce their participation in the affairs of the company.</p> <p><input type="checkbox"/> Recognition of Shareholders' Appraisal Right - In accordance with</p>

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			<p>law, the Bank recognizes also the appraisal right of any shareholder in case of dissenting vote on any approved major corporate actions.</p> <p><input type="checkbox"/> Additional Mechanisms to protect Minority Shareholders - The Company has in place policies on Related Party Transactions to protect against improper conflict of interest, Personal Trading Policy to prevent insider trading where trading black-out is imposed on directors and employees of the Company when price-sensitive information is disclosed to the public and a Whistle Blower Policy to provide a channel for reporting of illegal practices, abuse of authority and fraudulent activity, etc. without fear of reprisal. Related party transactions are reviewed by the Related Party Transactions Committee consisting of Independent and Non-Executive Directors.</p>
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	<p>BDOLF Amended By-Laws allows this. Please see Article III Section 2 Amended By-Laws – Special Meetings which states that:</p> <p>“Special meetings of the stockholders may be called for any purpose by the President or by the Chairman upon order of the Board of Directors or the Executive Committee. The Secretary shall call a special meeting of stockholders whenever she is requested in writing to do so by holders of record of a majority of the capital stock of the Company entitled to vote to such meetings.”</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	<p>The Company recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the Amended By-Laws of the Company provide that all shares in each class should carry the same rights and any changes in the voting rights to be approved by them.</p> <p>Any stockholder, whether majority or minority has the right to</p>	

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		<p>nominate candidates for seats in the Board of Directors, access to any information relating to matters for which the management is accountable, propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>Policies and procedures have been put in place as well to protect the interests of minority shareholders such as the Related Party Transactions Policy to manage potential conflicts of interests arising from related party transactions and the Personal Trading Policy that prohibits insider trading. Please see page 33-35 Section 13 for the rights of the shareholders in the Revised Corporate Governance Manual.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>		
7. Company has a transparent and specific dividend policy.	COMPLIANT	<p>See BDOLF Dividend Policy Statement (Exhibit 8) at: https://www.bdo.com.ph/sites/default/files/pdf/Dividend%20Policy%20Statement.pdf</p> <p>"BDOLF recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders.</p> <p>The Board of Directors may, at its discretion and depending on the business results for the year and capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders normally announced at the Annual Stockholders' Meeting."</p> <p>Dividends are processed and paid based on PSE and SEC Rules as follows:</p> <p>Payment date should not be more than 18 trading days from the record date, and disclosure of record date must not be less than 10 trading days from said date.</p> <p>No dividend was declared in 2021.</p>		
Optional: Recommendation 13.1				
1. Company appoints an independent party to count	NON-COMPLIANT			Not complied in 2021 as there was no ASM held. This was complied in the

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and/or validate the votes at the Annual Shareholders' Meeting.			4/20/22 ASM per attached website link on the Minutes of ASM, where P&A was engaged to count and validate votes. https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	NON-COMPLIANT		Not complied in 2021 as there was no ASM held. This was complied in the 4/20/22 ASM per attached website link on the Notice of ASM published in PSE Edge on 3/7/22 (44 days before the ASM). https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	NON-COMPLIANT		The profiles of directors are normally included in the Notice of Annual Stockholders' Meeting (ASM). In view of the ASM postponement, however, such requirement cannot be met. This requirement was already included in the 2022 Notice of ASM.
b. Auditors seeking appointment/re-appointment	NON-COMPLIANT		The re-appointment of auditors are normally included in the Notice of Annual Stockholders' Meeting (ASM). In view of the ASM postponement, however, such requirement cannot be met. The re-appointment of the external auditor was already included in the

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			2022 Notice of ASM.
c. Proxy documents	NON-COMPLIANT		The proxy documents are normally included in the Notice of Annual Stockholders' Meeting (ASM). In view of the ASM postponement, however, such requirement cannot be met. This requirement was already included in the 2022 Notice of ASM.
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	NON-COMPLIANT		<p>Not complied in 2021 as there was no ASM held during the year. This was complied in the 4/20/22 ASM when the Notice of ASM already included the rationale for the agenda items.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-ASM-Notice-and-Agenda-April2022-as-of-15Mar22.pdf</p>
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	NON-COMPLIANT		<p>Not complied in 2021 as there was no ASM held. This was complied in the 4/20/22 ASM when the Minutes of the meeting was already published on 4/21/22.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=5dbb8848767b334a3470cea4b051ca8f</p>
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	NON-COMPLIANT		<p>Not complied in 2021 as there was no ASM held. This was complied in the 4/20/22 ASM when the Minutes was posted in the company website by 4/22/22, 2 business days from the end of the meeting.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2022-ASM-Minutes.pdf</p>

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Supplement to Recommendation 13.3

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	NON-COMPLIANT		Not complied in 2021 as there was no ASM held. This was complied in the 4/20/22 ASM when the relevant persons were in attendance to address any shareholder inquiries. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2022-ASM-Minutes.pdf
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Recommendation 13.4

1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	See Annex C Alternative Dispute Resolution (ADR) of the Revised Manual of Corporate Governance for complete details of the ADR. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	See Annex C of the Revised Manual of Corporate Governance at https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	

Recommendation 13.5

1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Being a subsidiary and part of BDO Group, the Company's Investor Relations function is centralized with the Parent Bank. NAME: Mr. Luis S. Reyes/EVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: (632) 8840-7000 locals 6069, 4809 and 3581 EMAIL ADDRESS: irandcorplan@bdo.com.ph	
2. IRO is present at every shareholder's meeting.	COMPLIANT	The Company's Investor Relations Officer is Mr. Luis S. Reyes who is present at every shareholder's meeting.	

Supplemental Recommendations to Principle 13

1. Board avoids anti-takeover measures or similar devices	COMPLIANT	BDOLF Amended By-Laws do not contain anti-takeover provisions, no issuance of "poison pill" preferred stocks, no standstill	
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that may entrench ineffective management or the existing controlling shareholder group		agreement, premium stock repurchases, etc.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT		<p>As of December 31, 2021, public float was 11.46%, per BDOLF's Public Ownership Report submitted to PSE. This is compliant with the minimum requirement per existing regulations at 10%.</p> <p>Trading was suspended by the Philippine Stock Exchange (PSE) since January 27, 2021.</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=57d00f99448b9c2b5d542af6f1e997b9</p>
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	<p>See page 27 Section 11. Promoting a Comprehensive And Cost-Efficient Access to Relevant Information; page 33 Shareholder Relations; page 33 Investors and page 33 Stakeholders' Engagement of the Revised Corporate Governance Manual. These contain the policies and practices to actively engage the shareholders anytime for a better appreciation of market sentiment towards the Company.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	<p>The Company practices secure electronic voting in absentia during ASMs. During the 2022 ASM, shareholders were allowed to attend via proxy and remote communication, and to vote in absentia.</p> <p>Refer to the Guidelines for participating via remote communication and voting in absentia as posted in the company's website for the 2022 ASM.</p> <p>(No ASM held in 2021)</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Guidelines-for-</p>	

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Participating-via-Remote-Communication-and-Voting-in-Absentia-as-of-2Mar22-2PM.pdf

Duties to Stakeholders

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

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>The Company's stakeholders are the shareholders, customers, employees, creditors, suppliers, service providers, counterparties, government, regulators, competitors, and communities in which the Company operates. See pages 33-35 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>See pages 33-35 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf</p>
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	<p>1. For Shareholders: NAME: Mr. Luis S. Reyes/SVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: (632) 840-7000 locals 6069, 4809 and 3581 EMAIL ADDRESS: irandcorplan@bdo.com.ph</p> <p>2. For Customers and Other Stakeholders NAME: Mr. Romell A. Gamboa TEL. NUMBER: 840-7000 (loc. 45410) EMAILADDRESS: help-bdofinance@bdo.com.ph</p> <p>See Policy on Disclosure of Sensitive/Confidential Matters to</p>
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		Management (Exhibit 9) at: https://www.bdo.com.ph/sites/default/files/pdf/Policy-on-Disclosure-on-Sensitive-Information.pdf	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	See Annex C of the Revised Corporate Governance Manual for the full details of Alternative Dispute Resolution Policy. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	BDOLF has not requested any exemption from SEC, PSE and BSP related to corporate governance. In fact, the Company has continued to follow, where appropriate, the international best practices of corporate governance issued by globally recognized standards setting bodies such as the Organization of Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard which serve as essential points of reference.	
2. Company respects intellectual property rights.	COMPLIANT	The Company does not infringe on the intellectual property rights of others. As an example, it uses only licensed software in its software applications. Proprietary protection of Intellectual Property Rights is a standard provision in the Software Licensing Agreement.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	The Board of Directors first approved on December 2015 the Company's Guiding Principles on Consumer Protection which serves as the Company's framework for defining its Consumer Protection Risk Management System (CPRMS). See page 37 of the 2021 SEC 17 - Annual Report.	

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		https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-ASM-Notice-and-Agenda-April2022-as-of-15Mar22.pdf	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	<p>The Company adopts Parent Bank's strict standards and procedures on the selection, qualification, accreditation and supervision of its suppliers/contractors. This is covered by the Parent Bank's General Procurement Guidelines.</p> <p>These include, among others, the following:</p> <p>A. Sourcing of Vendors/Suppliers/Contractors</p> <p>1. As a general rule, vendors, suppliers, and contractors shall be sourced through research via trade organizations, publications (including the internet), professional bodies, and other external entities, and through market consultation.</p> <p>2. The Parent Bank's Procurement unit, the Procurement and Supply Management Division (PSMD), shall accept walk-in vendors/suppliers/contractors and entertain referral from units as possible sources of goods or services.</p> <p>B. Vendor Accreditation</p> <p>Criteria shall include the following items:</p> <ul style="list-style-type: none"> a. financial, credit, and technical capability b. track record / reputation in the industry c. availability of capacity /network d. cost competitiveness e. business reciprocity with the Bank <p>C. Competitive Processes</p> <p>Canvassing/Bidding</p> <p>The Parent Bank invites a certain number of vendors/suppliers. They have to meet certain criteria before they can bid for work or a supply contract. The Bank awards the Contract to the one who offers the most advantageous commercial terms and who can demonstrate cost effectiveness, competence, and reliability.</p>	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures	COMPLIANT	See page 35 Section 15. Encouraging Employees Participation of the Revised Corporate Governance Manual.	

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that encourage employees to actively participate in the realization of the company's goals and in its governance.		https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_Revised%20Manual%20on%20Corporate%20Governance.pdf	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	COMPLIANT	The Employee Stock Option Plan has been in place since 2005. Please see page 31 of the 2021 SEC 17 - Annual Report – Employee Compensation Policy https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-ASM-Notice-and-Agenda-April2022-as-of-15Mar22.pdf	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	See pages 41-42 of the 2021 SEC 17-Annual Report https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-ASM-Notice-and-Agenda-April2022-as-of-15Mar22.pdf	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	See page 31 on the Continuing Education for directors in the 2021 SEC 17-Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	This is embodied in the Revised Code of Conduct and Business Ethics on Conduct Relating to Customers and External Constituencies and Acceptance/Solicitation of Gifts, Bribery and Corruption. See page 1 and 3 of the Code. https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OFF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	The Revised Code of Conduct and Business Ethics is published in the Company's website and intranet to be accessible to all covered individuals. The implementation of the Code was announced bankwide in the e-Newsgram. Covered individuals were required to sign an Acknowledgment Receipt Form signifying that they have read and understood the policies and programs enunciated in the Code. https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OFF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf	

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		F%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	<p>See Sanctions & Penalties of the Revised Code of Conduct and Business Ethics at:</p> <p>https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf which we quote:</p> <p>"Failure to comply with the requirements of the Code may lead to disciplinary measures commensurate to the violations.</p> <p>The Company will use principles of fair accountability and due process in investigating and making decisions on all matters pertaining to failure to abide by the Code.</p> <p>The Company reserves the right to impose corresponding sanctions and/or penalties for violation of the Code, which includes dismissal from service or from the Board of Directors, as the case may be, without prejudice to further legal, administrative or criminal charges depending on the offense."</p>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	<p>See Policy on Disclosure of Sensitive or Confidential Matters to Management at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Policy-on-Disclosure-on-Sensitive-Information.pdf</p> <p>Yes. This is clearly stated in the section on Protecting the Whistle Blower.</p> <p>Reporting Process Reporting may be done thru any available means such as but not limited to SMS text (e.g. BDO Watch), letter, email or phone call directly to the Office of the President (OP) or the appropriate Head of the Unit concerned. For concerns directly involving the President and the other Executive Directors, the report should be addressed to the Board of Directors thru the Office of the Chairperson. For RPT-related concerns, the report should be addressed to the Chairman, Related Party Transactions</p>	

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		Committee.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	See Reporting Process above.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	The Compliance Unit of BDOLF is responsible for overseeing the implementation of this policy. The Head of the Cases Review Committee Secretariat will submit a monthly report to the Compliance Officer, Cases Review Committee and the Audit Committee covering the number of reports received, actions taken and its latest status. The Audit Committee, at its discretion, may periodically report the whistle blower cases to the Board of Directors.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	Please refer to pages 44-48 of the 2021 SEC 17-Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	See pages 48 of the 2021 SEC 17 – Annual Report https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf	
2. Company exerts effort to interact positively with the	COMPLIANT	See pages 44-48 for the Corporate Social Responsibility of BDOLF as part of the BDO Group, in the 2021 SEC 17-Annual Report for its	

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communities in which it operates

community involvement. On environment-related programs, the Company has in place a Social and Environmental Management Systems Policy (SEMS Policy) to ensure that environmental and social consciousness are incorporated in the day-to-day operations of the Company for the benefit of all its stakeholders, employees, and the community in which it operates. It has also a provision that will limit the Company's exposure to certain industries that have an adverse impact on the environment and this is included in the evaluation of credit proposals. The Company also joined the "Go Green Program" of the BDO Group to raise awareness on environmental issues, promote good environmental practices in the workplace.
<https://www.bdo.com.ph/sites/default/files/pdf/2-BDOLF-Annual-SEC-17-A-Report-2021-Final.pdf>