

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

ATTY. NORAVIR A. GEALOGO														
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Contact Person

8702-8302														
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Company Telephone Number

1	2	3	1
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Month Day

Fiscal Year

I-ACGR									
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FORM TYPE

0	4	2	3	20
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Month Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Total Amount of Borrowings

Domestic Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

STAMPS														
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27 July 2020

Securities and Exchange Commission

G/F Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

Attention: Atty. Rachel Esther J. Gumbang-Remalante
Director, Corporate Governance and Finance Department

Philippine Stock Exchange, Inc.

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

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

Philippine Dealing and Exchange Corporation

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

Attention: Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department (ICDD)

Re: Electronic Submission of the 2019 Integrated Annual Corporate Governance Report (I-ACGR) of the Bank of the Philippine Islands

Gentlemen:

In compliance with SEC Memorandum Circular 20, Series of 2016, and in connection with SEC Memorandum Circular 5, Series of 2013, SEC Memorandum Circular 12, Series of 2014, SEC Notice, Guidelines for the Alternative Filing of Reports, Applications, Compliance, Requests and Other Documents through Electronic Mail with the SEC During the Effectivity of the ECQ Period, issued 30 March 2020, SEC Notice, Extension of the Deadline for the Submission of the Integrated Annual Corporate Governance Report (I-ACGR), issued 22 April 2020, SEC Notice on Adjusted Filing Procedures and Processing Times for Annual Reports and Requests for Documents during the SEC Main Office's Temporary Closure, issued 14 July 2020, Notice that the SEC Main Office and SEC Ortigas Building to Remain Closed until 26 July 2020, and Notice on the Further Extension of the Deadline for the Submission of the Integrated Annual Corporate Governance Report (I-ACGR) dated 22 July 2020, we electronically submit, herewith, the 2019 Integrated Annual Corporate Governance Report (I-ACGR) of the Bank of the Philippine Islands.

This electronic submission is made following receipt of the conditional approval given by the Corporate Governance and Finance Department of the SEC, in its letter dated 20 July 2020, granting exemption on the required signatory in the company's 2019 I-ACGR with respect to Independent Director Eli M. Remolona, Jr., who is abroad at the time of this filing and therefore unable to personally sign the I-ACGR. A copy of the letter approval is attached as an annex to the I-ACGR.

We wish to also advise the Corporate Governance and Finance Department that BPI is currently in the process of migrating its company website from the old website at bpiexpressonline.com to the new site on bpi.com.ph. In this regard, some of the links provided in our 2019 I-ACGR necessarily refer to webpages in the old company website which, as of the date of submission of the report, have not yet been migrated.

Respectfully submitted.



DON CESAR TEODORO L. SEVILLA II
Corporate Governance Officer



NORAVIR A. GEALOGO
Chief Compliance Officer

Cc:

Securities and Exchange Commission

Attention: Hon. Vicente Graciano P. Felizmenio, Jr.
Director, Markets and Securities Regulation Department

Miracle Anne D. Rodriguez
*Assistant Director, Corporate Governance Division
Corporate Governance and Finance Department*



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **DECEMBER 31, 2019**
2. SEC Identification Number **PW-121** 3. BIR Tax Identification No. **TIN: 000-438-366-000**
4. Exact name of issuer as specified in its charter **BANK OF THE PHILIPPINE ISLANDS**
5. Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
- BANK OF THE PHILIPPINE ISLANDS**
Ayala North Exchange Tower 1,
Ayala Ave. Corner Salcedo St., Legaspi Village,
Makati City
7. Address of principal office **ZIP CODE 1229**
Postal Code
8. **(632) 246-5902**
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	As required by the SEC, all of the Bank's annual reports contain comprehensive profiles of the Board of Directors which disclose the age, qualifications, date of appointment, relevant experience and directorships both in the BPI group as well as in other companies, listed or otherwise. In compliance with SEC Memo. Cir. No. 11, s2014, the Bank also posts biographical details of the Board of Directors and Senior Management on the company website. Directors comply with all fit and proper qualifications and requirements of the BSP, SEC and PSE and remain qualified throughout the term. This includes required working knowledge, experience or expertise and competence relevant to the Banking Industry. In addition, apart from the President and CEO, BPI has four former bank CEOs on its 2019 Board who not only collectively provide a wealth of technical, banking, and risk management experience but, more importantly, also embody prudent judgment and integrity characterized by sound decision-making and professionalism. As bank CEOs, they are also hardwired to understand what matters in the business and driven to build strategies to win that trust.	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
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		

		Two-fifths of the Board are directors of publicly-listed companies that include business leaders at the helm of the country's top companies and conglomerates. Unchallenged in their depth of understanding and appreciation of what the Bank needs to do to continue its 168-year legacy as the principal architect of the country's financial inclusion landscape, they also safeguard its listed status, protect shareholder rights, and strengthen investor relations. Over a quarter of the Board are astute professionals who can best assess and evaluate the risk and control policies, processes, and systems of the Bank. Including the five bank CEOs and directors with regulator experience, about 70% of the Board are equipped with specialist and generalist experience, training, and education to guide the most critical functions in the Bank. Last but not least, a healthy respect and cautious, heedful, and constructive regulatory perspective is also brought onboard by 13% of the directors. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Skills & Experience, Age Diversity, Gender Diversity, ESG Involvement) pp. 94-96; (Leaders' Biography) pp. A137-A146 https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Leaders' Biographies) https://bpiexpressonline.com/p/1/751/board-of-directors (Composition, Qualification, Diversity and Independence)	
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<https://www.bpiexpressonline.com/p/1/783/composition-qualification-diversity-and-independence>

Recommendation 1.2

1. Board is composed of a majority of non-executive directors.

COMPLIANT

At the Bank's 2019 ASM, six out of the 15-member board elected were classified as Independent, or having no interest or relationship with BPI at the time of election, appointment, or re-election. Fourteen or 93% of the Board were Non-Executive Directors, who are not involved in the day-to-day management of banking operations.

The only Executive Director is the Bank's President and CEO.

Reference documents/links:

- **2019 Integrated Annual Report**
(Leaders' Biographies, pp. A137-A146); (Board Composition pp. 92-93); (Independence page 97)
<https://www.bpiexpressonline.com/p/1/270/annual-reports>
- **2019 Annual Report (SEC Form 17-A)**
<https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main>
- **BPI website**
<https://bpiexpressonline.com/p/1/751/board-of-directors>

Recommendation 1.3

1. Company provides in its Board Charter and Corporate Governance Manual a policy on training of directors.

COMPLIANT

Along with the demand for greater disclosure and transparency, corporate boards continue to face more and more complex oversight challenges. As stated in the Board Charter and Manual of Corporate Governance, it is therefore incumbent on our directors to conduct the business and operations of the bank consistent with the highest professional and regulatory standards and to guide bank policy and direction with a superior degree of wisdom,

		prudence, good business judgment and competence. The Bank therefore ensures that our directors receive relevant and continuing training to enable our directors to have a robust understanding of the business of banking, to keep abreast with current issues and regulatory changes in the sector and to strengthen their ability to meet these governance responsibilities. <u>Reference documents/links:</u> • Corporate Governance Manual (Board Charter, Sec. II.A.12.a, pp. 32-33; Orientation and Continuing Education, Sec. II.A.12.c, pp. 34-35) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance (Board Charter) https://www.bpiexpressonline.com/p/1/1346/board-charter	
2. Company has an orientation program for first time directors.	COMPLIANT	The Board policy, as stated in the Manual on Corporate Governance, is to ensure that directors acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	The Office of the Corporate Secretary, together with the Bank's Corporate Governance Department, Compliance Division, ensures that the Board of Directors, in their own capacity or as sponsored by the Company, are able to attend the requisite programs, seminars and roundtables with accredited service providers during the year. The orientation program for first time directors shall be for at least eight (8) hours while the annual	

		continuing training shall be at least for four (4) hours, on topics relevant in carrying out their duties and responsibilities as directors. Reference documents/links: • Corporate Governance Manual (Orientation and Continuing Education, pp. 34-35) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • 2019 Annual Report (SEC Form 17-A) (Continuing Education, page 59) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • 2019 Integrated Annual Report (Director Education and Training, Training received by the Board of Directors in 2018 and 2019 page 101) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	The Bank's Board Diversity Policy, adopted in 2015, underscores diversity at the Board level as an essential element of sound corporate governance, risk management, sustainable and balanced development, and effective business strategy. Reference documents/links: • BPI website (Board Diversity Policy) https://www.bpiexpressonline.com/media/uploads/5e31181547f0b_BPI_Board_Diversity_Policy.pdf (Composition, Qualification, Diversity and Independence) https://www.bpiexpressonline.com/p/1/783/composition-qualification-diversity-and-independence • 2019 Integrated Annual Report	

		(Skills & Experience, Age Diversity, Gender Diversity, ESG Involvement, pp. 94-95); (Leaders' Biography, pp. A137-A146) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	Diversity—in terms of gender, age, cultural background, education, professional experience, engagement in sustainability and ESG initiatives, skills, knowledge, length of service, and other regulatory requirements—is duly considered in the design and selection of the Board's composition. Measurable objectives are based on the regulatory requirements as well as best practice recommendations stated in governance codes such as the SEC Code of Corporate Governance for Publicly-Listed Companies. Progress is reported yearly in the Bank's Integrated Annual Report in the section on Board Diversity. Reference documents/links: • 2019 Integrated Annual Report (Skills & Experience, Age Diversity, Gender Diversity, ESG Involvement pp. 94-95) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Board Diversity Policy) https://www.bpiexpressonline.com/media/uploads/5e31181547f0b_BPI_Board_Diversity_Policy.pdf (Composition, Qualification, Diversity and Independence) https://www.bpiexpressonline.com/p/1/783/composition-qualification-diversity-and-independence	
Recommendation 1.5			

1. Board is assisted by a Corporate Secretary.	COMPLIANT	The Board is assisted by a Corporate Secretary, Atty. Angela Pilar B. Maramag, who is not the Compliance Officer and is not a member of the Board of Directors. The Corporate Secretary has the following functions: - Serve as an adviser to the directors on their responsibilities and obligations; - Keep the minutes of meetings of the stockholders, the Board of Directors, the Executive Committee, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate; - Keep in safe custody the seal of BPI and affix it to any instrument requiring the same; - Have charge of the stock certificate book and such other books and papers as the Board may direct; - Attend to the giving and serving of notices of Board and shareholder meetings; - Be fully informed and be part of the scheduling process of other activities of the Board; - Prepare an annual schedule of board meetings and the regular agendas of meetings, and put the Board on notice of such agenda at every meeting; - Oversee the adequate flow of information to the Board prior to meetings. Materials for approval or for information shall be given to the members of the Board in advance prior to date of meeting to give them the chance to study and ask questions if necessary, even before the meeting itself; and - Ensure the fulfilment of disclosure requirements to the Securities and Exchange Commission and the Philippine Stock Exchange.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		

		Reference documents/links: • 2019 Integrated Annual Report (Role of the Corporate Secretary, pp. 104-105); (Profile of the Corporate Secretary), page A146) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Corporate Secretary, page 57) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main • Corporate Governance Manual (Duties and Responsibilities of Officers, Corporate Secretary; Sec. II. D., pp. 66-67) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Profile of the Corporate Secretary) https://www.bpiexpressonline.com/p/1/905/board-of-directors-2	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Reference documents/links: • BPI website (Induction and Continuing Education) https://bpiexpressonline.com/p/1/805/induction-and-director-education	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	Includes in the function of the Corporate Secretary: - Oversee the adequate flow of information to the Board prior to meetings. Materials for approval or for information shall be given to the members of the Board in advance prior to date of meeting to give them the chance to study and ask questions if necessary, even before the meeting itself; <u>Board reference materials are made available to the directors at least five days before the scheduled</u>	

		meeting. As an innovation to board governance, all materials for Board and Board committee meetings are uploaded through a secure system onto individual tablet devices specifically provided to the Board members to ensure immediate receipt and quick access. Reference documents/links: • 2019 Integrated Annual Report (Meetings and Attendance, pp. 102-104) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Duties and Responsibilities of Officers, Corporate Secretary, Sec. II. D., pp. 66-67); (Access to Information, Sec. II.12.d, page 35) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Board Governance, Meetings, Quorum and Attendance) https://www.bpiexpressonline.com/p/1/794/board-governance-meetings-quorums-and-attendance	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	At the management level, the compliance function is carried out by the Compliance Office, led by the Chief Compliance Officer (CCO). Designated by the Chairman of the Board, the CCO is not a member of the Board and has the rank of at least a Vice President. The CCO's qualifications are subject to the applicable provisions of the Manual of Regulations for Banks, particularly considering Fit and Proper criteria such as integrity or probity, competence, education, diligence, and experience and training. The CCO annually attends training on corporate governance.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		

		The Bank's Chief Compliance Officer as of December 31, 2019 is Atty. Noravir A. Gealogo (Vice President). Reference documents/links: • 2019 Integrated Annual Report (Chief Compliance Officer, page 127); (Profile of the Chief Compliance Officer, page A152) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Chief Compliance Officer, Section 2.h, pp.71-72) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Profile of the Chief Compliance Officer) https://www.bpiexpressonline.com/p/1/2244/head-of-control-risk-management-and-compliance	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	The Bank's Chief Compliance Officer as of December 31, 2019 is Atty. Noravir A. Gealogo (Vice President). She attended relevant Corporate Governance training in 2019. Reference documents/links: • BPI website (Induction and Continuing Education) https://www.bpiexpressonline.com/p/1/805/induction-and-director-education	

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	Directors must act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company as mandated by the Bank's corporate governance policy and the Board Charter. The corporate governance policy dictates that the Board of Directors act in alignment with bank's Credo wherein independent business judgment and core values of fairness, accountability and transparency are primary in every interaction and transaction with all of our stakeholders, including shareholders, customers, employees, regulators and the broader community. The Charter of BPI's Board of Directors articulates and sets forth with specificity the governance and oversight responsibilities exercised by the directors and their roles and functions in the company together with provisions on board composition, board committees and board governance subject to provisions of the corporation's articles of incorporation, by-laws and applicable laws. The Bank's corporate governance policy and the Board Charter are both disclosed on the company website and are incorporated in the Manual of Corporate Governance which is also posted online. The Manual of Corporate Governance details the Bank's governance policies and practices as well as the types of decisions made by the Board. The Board has a Director's Code of Conduct which also dictates that directors act in good faith, with due diligence and care, and in the best interest of the company and affirm this annually. <u>Reference documents/links:</u> • Corporate Governance Manual	
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		(Corporate Governance Philosophy, Sec. I., page 5; General Responsibility of the Board of Directors, page 23; Duties and Responsibilities of Directors, pp. 37-39; Code of Business Conduct & Ethics, Director's Code of Conduct, Sec. III. B., pp. 75-77) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	As stated in the charter, the Board's key areas of focus include:	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	• Governance – Ensuring that corporate responsibility and ethical standards underpin the conduct of BPI's and CEO; and establishing the general framework of corporate governance for the Bank; • Strategy - Reviewing BPI's strategic and business plans; growing the business sensibly; and building resilience into the franchise; • Risk management – Ensuring that effective risk management, compliance and assurance processes undergird our business; • Financial performance – Monitoring management performance and achievement of goals and targets; • Sustainability – Considering environmental, social and governance issues and including these as part of the Bank's strategy. <u>In the Board strategy session last December 13, 2019, the Board and the senior management committee reviewed and approved the Bank's mission and vision and strategic plans for the coming years.</u> <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Board Charter, page 92)	

		https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (General Responsibility of the Board of Directors, page 23) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (About BPI, Review of the Corporate Strategy, Review of Mission and Vision Statement) https://www.bpiexpressonline.com/p/1/776/about-bpi	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (Our Vision, Our Mission, page 1) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Mission, Vision, Core Values) https://www.bpiexpressonline.com/p/1/776/about-bpi	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	Same link as provided above Recommendation 2.2	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Under the Manual of Regulations for Banks, the election/appointment of directors/officers, which includes the Chairperson, of banks such as BPI, must be confirmed by the Monetary Board of the Bangko Sentral ng Pilipinas.	

		Elected/appointed directors/officers must submit required certifications and other documentary proof of qualifications for the confirmation of their election/appointment. The Bangko Sentral requires that the director's/chairperson's integrity/probity, education/training, and possession of competencies relevant to the function such as knowledge and experience, skills and diligence be assessed to determine that the person is fit and proper for the position. <u>BPI Chairman of the Board is Jaime Augusto Zobel de Ayala. See complete profile of the Chairman in the Integrated Annual Report.</u> <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Election of Directors, page 99; Leaders' Biographies, page A137) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9. A-1, 1, pp. 29-31) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (About BPI, Leadership, Board of Directors) https://bpiexpressonline.com/p/1/751/board-of-directors	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	The BSP in its Manual of Regulations of Banks requires banks such as BPI to have succession planning programs in place, particularly directors as well as critical officers and senior management of the Bank. Board Succession	

2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	The Nomination Committee and the Corporate Governance Committee work within a general board succession plan framework to ensure that: 1) appropriate governance processes are in place and ongoing, for identifying, assessing and monitoring future needs of the Board; 2) there is continuity and transfer of knowledge in the Board so that it may effectively fulfill its role and responsibilities to BPI, as that may evolve over time, and; 3) the Board is taking a prudent and structured approach to managing succession risk. Senior Management Succession The Board, through its PerCom, manages the talent pipeline and assembles the required personnel capable of navigating such changes. In consultation with the President and CEO, the PerCom reviews the Bank's talent development process for proper management. Senior management provides a report to this Committee on the results of its talent and performance review process for key management positions and other high-potential individuals. Aside from ensuring that there is a sufficient pool of qualified internal candidates to fill senior leadership positions, this review process identifies opportunities, performance gaps, and proactive measures in the Bank's executive succession planning. As part of the same executive planning process, the Committee as a whole or a part thereof, in consultation with the Board and the President and CEO, evaluates and nominates potential successors to the President and the CEO. Retirement Policy The best interests of BPI are served by retention of	
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		directors that make very meaningful contributions to the Board and the organization, regardless of age. It is the Bank's strong view that with age often comes unmatched wisdom and experience, expert business judgment, invaluable industry and community relations and authority, and deeply ingrained appreciation of the principles of corporate governance. The Bank believes that imposing uniform and fixed limits on director tenure is counter-productive as it may force the arbitrary retirement of valuable directors. Nevertheless, the Bank, in adherence to Recommendation 2.4 of the SEC CG Code for PLCs, has set a retirement age for Directors at 80 years old. Retirement of senior management is done with the requisite succession planning and in accordance with the Bank's policies and implementing guidelines of its retirement plan for all employees, the Bank's Amended By-Laws, Labor Code and the Corporation Code of the Philippines. Currently, the retirement age for employees of the Bank is set at 60 years of age. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Board Succession, Senior Management Succession, pp. 107-108); (Retirement Policy, pp.108-109) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Succession Planning, Retirement Policy pp. 60-61) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • Corporate Governance Manual	
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		(Definition and Composition, Nomination of Directors, Specific Duties and Responsibilities of the Board, Sec. II.A.2.-3., 7, pp. 23-30); (Retirement Policy for Directors and Officers, Sec. II.B., 4., pp. 41-42); (Personnel and Compensation Committee Charter, Sec. II.C., 3., pp. 46-49) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Succession Planning and Talent Management) https://www.bpiexpressonline.com/p/1/1351/succession-planning-and-talent-management	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Our Personnel and Compensation Committee recommends to the Board the fees and other compensation for directors, ensuring that compensation fairly remunerates directors for work required in a company of BPI's size and scope. As provided by our Amended By-Laws and pursuant to a Board resolution, each director is entitled to receive fees and other compensation for his services as director. The Board has the sole authority to determine the amount, form, and structure of the fees and other compensation of the directors. In no case shall the total yearly compensation of the Board exceed 1% of the Bank's net income before income tax during the preceding year. <u>No director participates in discussions of the remuneration scheme for himself or herself.</u> Historically, total compensation paid annually to all directors has been significantly less than the cap stipulated by the Bank's Amended By-Laws. The remuneration policy is reviewed annually to ensure that it remains competitive and consistent with the	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		

		Bank's high-performance culture, objectives, and long-term outlook, risk assessment and strategies. This relationship between remuneration and performance, which aligns remuneration of the Board of Directors with the long-term interests of the Bank, is in adherence to Recommendation 2.5 of the SEC CG Code for PLCs. The Bank also participates in Executive and Total Remuneration Surveys to benchmark on its market positioning. Other remuneration policies include: • <u>All salary programs are subject to the approval of the Personnel and Compensation Committee (PerCom) and the Board.</u> • <u>An annual merit increase may be granted upon Management discretion based on the Officers' performance.</u> • <u>Upon Management's discretion, a performance bonus may be given in a year, based on the performance and contribution of the individual in the attainment of the over-all Company goals. This is subject to the endorsement of the PerCom and approval of the Board.</u> • <u>The Board, through the PerCom, has established long-term incentive programs, the Executive Stock Option Plan (ESOP) and Executive Stock Purchase Plan (ESPP), which give officers the opportunity to buy shares of stock in BPI at a discounted price.</u> Reference documents/links: • 2019 Integrated Annual Report (Remuneration, pp.101-102) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual	
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		(Remuneration Policy for Directors and Officers, Sec. II.B., 5., page 42-44); (Personnel and Compensation Committee Charter, Duties and Responsibilities, Sec. II.C., 3., pp. 46-47) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	The Personnel and Compensation Committee annually reviews and approves base salary, incentive compensation for senior management, board of directors, and key officers and recommends appropriate remuneration packages to the Board for approval. Reference documents/links: • Corporate Governance Manual (Personnel and Compensation Committee Charter, pp.46-47) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • 2019 Integrated Annual Report (Remuneration, pp.101-102) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Personnel and Compensation Committee Charter, Duties and Responsibilities, page 3) https://www.bpiexpressonline.com/p/1/791/personnel-and-compensation-committee	
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	As explained in the Personnel and Compensation Committee charter, remuneration decisions for Officers must reflect the proper risk incentives, and must be aligned and support the achievement of sustainable, long-term value creation. Apart from ensuring that management pay appropriately reflects industry conditions and is linked to financial	

		performance delivered, management remuneration must reflect the interests of the shareholders and the Bank, and must be structured to encourage the long-term commitment of the employee as well as long-term outlook and plans of the Bank. Factors to consider include revenues, volume, earnings, EPS, ROE, ROA, capital strength, risk containment, corporate governance, customer satisfaction, adherence to corporate values, contributions both to operating unit and company-wide achievement. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Remuneration, pp.101-102) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Personnel and Compensation Committee, Sec. II.C.3, pp. 46-49); (Remuneration Policy for Directors and Officers, Sec. II. B.5., pp. 42-44) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Board Matters – Remuneration) https://www.bpiexpressonline.com/p/1/804/remuneration	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Nomination and election processes, including the director qualifications and shortlisting process, and stockholder engagement for the said nomination and election processes are disclosed in the documents linked below, which includes the Manual on Corporate Governance, Annual Report as well as are disclosed and posted on the company website.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		

3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	<u>This includes the right of minority shareholders to nominate candidates to the board.</u>	
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	The Bank not only considers internal standards, including those which are stated in the Amended By-Laws, Manual of Corporate Governance and Director's Code of Conduct with respect to candidates' director qualifications but also the stringent qualifications required by the Bangko Sentral ng Pilipinas and laws on banking, in addition to requirements of the SEC and the PSE. In addition, the Nomination Committee considers the long-term strategic goals and directions as well as requirements of the Bank and other companies in the BPI Group, moving forward.	
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		
7. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	<u>The nomination and election processes and their effectiveness, are reviewed annually by the Nomination Committee during its review of the committee charter and its self-assessment, by its members, of committee performance.</u> Proof that the committee conducted such a review or annual self-assessment is disclosed on the company website and is also part of its duties and responsibilities stated in the committee charter. Reference documents/links: • 2019 Integrated Annual Report (Nomination and Selection, Evaluation Process, Selection and Criteria, Election of Directors, pp. 97-99) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Performance Evaluation, page 60)	

		https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main Corporate Governance Manual (Definition and Composition, Nomination of Directors, Election of Directors, See II.A.2, 6.-7., pp. 9-22); (Stockholder's Right and Protection of Minority Stockholder Interests, Shareholders' Rights, Duty to Promote Stockholders' Rights, Section. VII. A., B., pp. 90-93); (Board Governance, Performance Evaluation, Sec. II.A.12, pp. 36-37) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance Director's Code of Conduct (Governance, Board and Governance, Board Matters, Director's Code of Conduct) https://www.bpiexpressonline.com/media/uploads/5c2c0d005ce64_BPI_Directors_Code_of_Conduct_Final_Approved_092117.pdf BPI website (Governance, Board Matters, Nomination and Election) https://www.bpiexpressonline.com/p/1/1347/nomination-and-election (Governance, Board Matters, Composition, Qualification, Diversity and Independence) https://www.bpiexpressonline.com/p/1/783/composition-qualification-diversity-and-independence (Board Diversity Policy) https://www.bpiexpressonline.com/media/uploads/5e31181547f0b_BPI_Board_Diversity_Policy.pdf	
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	COMPLIANT	"Candidates recommended by shareholders are evaluated in the same manner as Director candidates identified by any other means. The	

shareholder bodies) when searching for candidates to the board of directors.		Committee itself may identify and recommend qualified individuals for nomination and election to the Board. <u>For this purpose, the Committee may utilize professional search firms and other external groups to search for qualified candidates. Members of the Committee recuse themselves in case of deliberations on their re-nomination."</u> <u>The Ayala Group, which includes BPI, has employees and/or directors who are also Fellows of the Institute of Corporate Directors and has access to the ICD database/members.</u> <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Nomination and Selection, pp.97-98) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Nomination of Directors, Process of Nomination, pp. 9-10) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Nomination and Election) https://www.bpiexpressonline.com/p/1/1347/nomination-and-election	
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 BSP requires the establishment of an overarching, group-wide Related Party Transactions Policy and system, which BPI has complied with. BPI established a Board-level Related Party Transactions (RPT) Committee to assist the Board in assessing material agreements of any kind with a related party and determine whether to approve, ratify, disapprove or	
2. RPT policy includes appropriate review and approval of material RPTs, which	COMPLIANT		

guarantee fairness and transparency of the transactions.		reject a transaction. Currently composed of independent and non-executive directors, this Committee meets regularly to vet credit and non-credit related party transactions of significant amounts above the material threshold of Php 50 million. The Bank's CAE and CCO also sit as nonvoting members of the RPT Committee. Internal Audit, under the CAE, performs post-reviews to ensure proper implementation of related party transactions approved by the RPT Committee.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Our Related Party Transactions Policy imposes stringent guidelines and measures to maintain arm's length integrity in all of the Bank's related party business transactions, operations, and activities. BPI vigilantly guards against improper pricing policies, questionable manners of settlement, and ambiguous or disputable terms of transactions in any related party transactions. In 2019, the RPTC Secretariat, with assistance from the Corporate Governance Department, complied with SEC Memorandum Circular 10 on Rules of Material RPTs for publicly listed companies by submitting to the SEC a Material RPT Policy and posting the same on the company website within five (5) days from the submission to the Commission. To comply, the Bank created additional guidelines to address the major difference in the SEC's policy requirement on material threshold, defined as related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the company's total assets based on its latest audited financial statement. If the reporting PLC is a parent company (e.g., BPI), the total assets	

		shall pertain to its total consolidated assets. The Material RPT Policy was approved by the RPTC on October 18, 2019, and by the Executive Committee on October 23, 2019. The Policy was also filed with the SEC and posted on PSE Edge on October 28, 2019. It was also posted on the BPI website on October 31, 2019. Reference documents/links: • 2019 Integrated Annual Report (Related Party Transactions, pp.126, 134-135) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Code of Business Conduct and Ethics, Conflict of Interest Policy, Related Party Transactions Policy, Material Related Party Transactions, Sec. III. A.,B., C.,1., 2., pp. 77-78) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Fair Dealing – Related party Transactions Policy, Related Party Transactions Committee; Material Related Party Transactions (RPTs) https://www.bpiexpressonline.com/p/1/1875/fair-dealing-related-party-transactions-policy (RPT Committee Charter) https://www.bpiexpressonline.com/p/1/793/related-party-transaction-committee	
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	COMPLIANT	RPTs that are classified as Material Transaction shall be approved by the Board and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting. RPTs involving amounts below the materiality	

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.		threshold must be approved by the proper authority and submitted for confirmation by the Board, or the subsidiary as the case may be. RPTs involving Directors, Officers, Shareholders, and Related Interests (DOSRI), subsidiaries, and affiliates, must at all times be submitted to the appropriate Board for approval. <table><thead><tr><th>Transaction Type</th><th>Materiality Threshold</th></tr></thead><tbody><tr><td>a. On/off-balance sheet credit exposures and claims</td><td rowspan="3">Any proposed transaction with amount higher than approving limit of CreCom</td></tr><tr><td>b. Borrowings/Committed Credit Lines</td></tr><tr><td>C. Guarantees</td></tr><tr><td>d. Stand-alone Loan vs. Deposits</td><td>P540M per transaction/contract</td></tr><tr><td>e. Credit exposure with Bank's DOSRI</td><td rowspan="7">P270M per transaction/contract P50M per transaction/contract P1M and above P5.001M</td></tr><tr><td>f. Trading and Derivative transactions</td></tr><tr><td>g. Investments</td></tr><tr><td>h. Outward and Inward Fund Transfers</td></tr><tr><td>i. Financial/Operating Lease</td></tr><tr><td>j. Write-offs of Credit Exposures</td></tr><tr><td>k. Credit Card Lines</td></tr></tbody></table> Reference documents/links: 2019 Integrated Annual Report (Related Party Transactions, pp.126, 134-135) https://www.bpiexpressonline.com/p/1/270/annual-reports	Transaction Type	Materiality Threshold	a. On/off-balance sheet credit exposures and claims	Any proposed transaction with amount higher than approving limit of CreCom	b. Borrowings/Committed Credit Lines	C. Guarantees	d. Stand-alone Loan vs. Deposits	P540M per transaction/contract	e. Credit exposure with Bank's DOSRI	P270M per transaction/contract P50M per transaction/contract P1M and above P5.001M	f. Trading and Derivative transactions	g. Investments	h. Outward and Inward Fund Transfers	i. Financial/Operating Lease	j. Write-offs of Credit Exposures	k. Credit Card Lines	
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k. Credit Card Lines																			

2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	COMPLIANT	Ratification by the stockholders is sought for all the acts and the resolutions of the Board of Directors, Executive Committee, and other Board committees and all the acts of Management of the Bank taken or adopted since the prior year's annual stockholders' meeting until the current one. The acts and resolutions of the Board and its committees include approval of contracts and transactions entered into by the Bank, credit/loan transactions <u>including to related parties</u>, projects and investments, treasury matters, manpower related decisions/approvals, corporate governance-related actions, and acts and resolutions covered by disclosures to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). The acts of Management were those taken to implement the resolutions of the Board or its committees or taken in the general conduct of business. Approval by the stockholders will need the affirmative vote of at least a majority of the issued and outstanding stock entitled to vote and represented at the meeting. Each outstanding share of stock entitles the registered holder to one vote. All votes received shall be tabulated by the Office of the Corporate Secretary and the results will be validated by the Bank's external auditor.	
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	As stated in the Bank's Amended By-Laws and Manual on Corporate Governance, the Personnel and Compensation Committee reviews and evaluates the qualifications of all persons nominated to positions in the Bank which require appointment by the Board. In addition, other Board-level committees are also mandated under specific BSP Circulars to appoint certain heads of control	

		functions such as the Chief Risk Officer, Chief Audit Executive and Chief Compliance Officer. Reference documents/links: • Amended By-Laws (Article VI, VII-A, pp. 7-9, 12) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_Amended_By_Laws_2015.pdf?id=cf2de8cf-8650-4b38-a253-30a900498cf1 • Corporate Governance Manual (Specific Duties and Responsibilities of the Board, Sec. II.A., 10., a. i.-iii., c. xii., pp. 23-24, 28); (Operating Management, Sec. II.D., pp. 63-64, 69-72) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Personnel and Compensation Committee Charter, Sec. II.C., 3., pp. 46-49) https://www.bpiexpressonline.com/p/1/791/personnel-and-compensation-committee (Risk Management Committee Charter, Sec. II.C., 3., pp. 56-57) https://www.bpiexpressonline.com/p/1/789/risk-management-committee (Audit Committee Charter, Sec. II.C., 3., page 51) https://www.bpiexpressonline.com/p/1/788/audit-committee	
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	As stated in the Bank's Amended By-Laws and Manual on Corporate Governance, the Personnel and Compensation Committee oversees the performance evaluation process within the Bank which includes annual review and approval of the corporate goals and objectives relevant to CEO,	

		senior management and other key officers of the Bank. Senior management provides the PerCom an annual report regarding the performance review for key officers. Related to executive succession planning, this also includes talent reviews for other high potential individuals to ensure that there is a sufficient pool of qualified internal candidates to fill senior and leadership positions and to identify opportunities, performance gaps and next steps as part of the Bank's executive succession planning and development process, all of which shall be reviewed with the PerCom. In addition, other Board-level committees are also mandated under the BSP Manual of Regulation for Banks and specific BSP Circulars to review the performance of certain heads of control functions, i.e., Chief Risk Officer, Chief Audit Executive, etc. Assessment of performance is done annually. More information can be found in the following documents: <u>Reference documents/links:</u> • Amended By-Laws https://www.bpiexpressonline.com/media/uploads/592bcdefe2fe3_BPI_By_Laws_2015.pdf • Corporate Governance Manual https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • Personnel and Compensation Committee Charter (Duties and Responsibilities, page 3) https://www.bpiexpressonline.com/p/1/791/personnel-and-compensation-committee	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's	COMPLIANT	The Personnel and Compensation Committee directs and ensures the development and implementation of long-term strategies and plans for the Bank's	

performance is at par with the standards set by the Board and Senior Management.		human resources, in alignment with the Board's vision for the organization. Performance is generally measured on the performance of the employee, the business unit, or the Bank as a whole, or using a combination of all as the executive's responsibilities may dictate. Factors include revenues, volume, earnings, earnings per share, return on equity, return on assets, capital strength, risk containment, corporate governance, customer satisfaction, adherence to corporate values, contributions both to operating unit and company-wide achievement, and long-term direction of the Bank.	
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	The performance management framework considers the following components: A. Goals – actual results of a given period's business objectives B. Core competencies – behavior, technical competencies and soft skills exhibited by the employee during the period under review C. Fitness and propriety – employee's continuous efforts to the skills and requirements needed Performance management cycle: 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. 1. Goal Setting – KRAs, KPIs, KPOs, Performance rating standards and Weights 2. Performance monitoring 3. Performance appraisal 4. Performance reinforcement 5. Performance improvement	

		More comprehensive details on the Bank's performance management framework can be found in the Bank's Management Operating Manual database which, however, is only for internal use and contains confidential, proprietary information. Reference documents/links: • 2019 Integrated Annual Report (CEO and Senior Management, page 107) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Employee Welfare, Health and Safety, pp. 64-65) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The Board of Directors is responsible for fostering the Bank's internal control culture that promotes integrity, morality and competence throughout the organization. The Board has the primary responsibility to review and approve systems and processes proposed by Management to identify, monitor, and control major operating risks impacting the business. Two board-level committees form part of this internal control system: the Risk Management Committee and the Audit Committee.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	The Bank also has an Employee Code of Business Ethics and Conduct. Through the Code, the Bank desires to: (1) build a culture of integrity, accountability, and ethical behavior that encourages employees to abide by the Code and strive to protect the Bank's reputation; (2) establish a system for detection and reporting of known or suspected ethical wrongdoing or violations of the Code, and; (3) emphasize BPI's commitment to	

		compliance with regulatory guidelines, rules, and laws. The Code is applicable to and mandatory for all employees at all levels of the BPI group. Annually, all BPI employees are required to read, understand, comply and affirm in writing their adherence with the Code of Business Conduct and Ethics. (Recommendations 7.1 and 7.2., SEC CG Code for PLCs) The Board also adopted a Director's Code which sets forth policies in several basic areas that commonly require directors to exercise sound and informed judgment, recognize and deal with ethical issues, report possible unethical conduct, and foster a culture of openness, fair dealing, diligence, and accountability. These basic areas include: (1) leadership and stewardship; (2) diligence, care, and skill; (3) upholding the law; (4) conflict of interest; (5) competition and fair dealing; (6) confidentiality; and (7) corporate disclosure. The Director's Code also discusses directors' time commitments, training and development, personal investments and insider trading, political activity and involvement, gifts policy, anti-bribery and anti-corruption, related party transactions, competition and fair-dealing, and public communication. These are all part of the key ESG issues for the banking sector, i.e., Resilience, Business Ethics, Responsible Finance, Financial Product Governance and Human Capital. (Recommendation 2.1 SEC CG Code for PLCs) <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Internal Audit and Control, pp.124-125); (Employee Code of Business Conduct and Ethics, page 130)	
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3. Board approves the Internal Audit Charter.	COMPLIANT	The Audit Committee is empowered by the Board to approve and periodically review the Internal and Audit Charter. <u>Reference documents/links:</u> • BPI website (Internal Audit Charter) https://www.bpiexpressonline.com/media/uploads/5cb52dae49fbf Internal Audit Charter December 2017.pdf • 2019 Integrated Annual Report (Internal Audit Charter, page 117) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Duties and Responsibilities of the Audit Committee, 2.b.i., page 51) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	BPI pursues best practices in enterprise risk management across its businesses and processes. It espouses a comprehensive risk management and capital management framework, which integrates the identification, measurement, monitoring, and controlling of our risk exposures. It works to ensure that it has adequate liquidity and capital at all times in order to mitigate risks, as well as robust business continuity and crisis resiliency plans that are regularly	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well	COMPLIANT		

as the effectiveness of risk management strategies.		tested. BPI's framework conforms not only with its own rigorous standards, but also with BSP directives promoting an effective internal capital adequacy assessment and other risk management processes. Reference documents/links: • 2019 Integrated Annual Report (Risk Management, Comprehensive Framework, page 119) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Risk Management, page 12) https://www.bpiexpressonline.com/p/1/239/compliance-disclosures-main • Corporate Governance Manual (Risk Management Function and Risk Management Committee, Sec. II.C.5. & Sec. V., pp. 55, 85-86); (Compliance System and Internal Control, Sec. IV., A.-C., pp. 83-85) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	The charter of the Board of Directors articulates with specificity the governance and oversight responsibilities exercised by the directors and their roles and functions in the Bank. It includes provisions on board composition, Board Committees, and board governance, subject to the Bank's Articles of Incorporation, Amended By-Laws, and applicable laws. The charter does not limit, enlarge, or change in any way the responsibilities of the Board.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	The Board Charter of the bank is incorporated within the provisions of its Manual on Corporate	

		Governance. The Manual on Corporate Governance is reviewed annually Reference documents/links: • 2019 Integrated Annual Report (Board Charter, page 92) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website https://www.bpiexpressonline.com/p/1/1346/board-charter • Corporate Governance Manual (Board Charter) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	The Bank has an Insider Trading Policy which prohibits its covered persons or directors, employees, and other parties who are considered to have knowledge of material facts that have not been disclosed to the public, including any information that will likely affect the market price of BPI's securities, from buying or selling these securities for their own personal account. Reference documents/links: • 2019 Integrated Annual Report (Insider Trading, page 133) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (ABC Policy, Anti-Money laundering and Financial Crime Policies, page 64) https://www.bpiexpressonline.com/p/1/239/compliance-disclosures-main • BPI website	

		(Insider Ownership - Insider Trading Policy) https://www.bpiexpressonline.com/p/1/1874/insider-ownership-insider-trading-policy • Corporate Governance Manual (Insider Trading Policy, pp.79-80) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	BPI's Related Party Transactions Policy guards against internal conflicts of interest between the company and/or its group and their directors, officers and significant shareholders and ensures that transactions such as loans and advances, deposit arrangements, trading of government securities and commercial papers, sale of assets, lease of bank premises, investment advisory/management, service arrangements and advances for operating expenses are made in the normal course of banking activities with terms and conditions that are generally comparable to those offered to non-related parties or to similar transactions in the market.	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	RPTs that are classified as Material Transaction shall be approved by the Board and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting. RPTs involving amounts below the Materiality Threshold shall be approved by the appropriate approving authority and submitted for confirmation by the Board of Directors of BPI or the subsidiary as the case may be. Provided, RPTs involving DOSRI, subsidiaries and affiliates, shall at all times be submitted to the appropriate Board of Directors for approval.	
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 Committees to heighten the efficiency of Board operations and assist in exercising its authority for oversight of internal control, risk management, and performance monitoring of the Bank. The committees provide organized and focused means for the directors to achieve specific goals and address issues, including those related to governance. In particular, the committees enhance the objectivity and independence of the Board's judgment, insulating it from undue influence of management and major shareholders. In 2019, the Bank had eight Board-level committees. The chairmen and members of the different committees were elected by the Board during the Organizational Board Meeting on April 25, 2019, after the ASM. Any subsequent changes in membership of the respective committees are made upon approval by the Board. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Board Committees, pp.109-112) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Board Committees, C.1-8; pp.44-63) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Board Committees) https://www.bpiexpressonline.com/p/1/784/committees-and-charters	
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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	The Board appoints from its members an Audit Committee composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors including the Chairman. Members of the committee must have accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank. The Chairperson of the Audit Committee shall not be the Chairperson of the Board of Directors or of any other board-level committees. The Audit Committee recommends to the Board the appointment of a BSP-accredited external auditor for the purpose of preparing or issuing an audit report or other related work. The appointment, re-appointment, and removal of the Bank's external auditor is subject to the approval and endorsement by the Audit Committee, for subsequent confirmation and approval by the Board and, finally, the stockholders. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Audit Committee, page 110-111; Independent External Auditor, page 117-118) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Audit Committee, pp.49-55) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Audit Committee Charter)	
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		https://www.bpiexpressonline.com/p/1/788/audit-committee	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	The Board appoints from its members an Audit Committee composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors including the Chairman. Members of the committee must have accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank. The Chairperson of the Audit Committee shall not be the Chairperson of the Board of Directors or of any other board-level committees. <u>In 2019, the Audit Committee is comprised of entirely Independent Directors including the Chairman.</u> <u>Members of the Audit Committee</u> Chairman – Xavier P. Loinaz (ID) Member – Octavio Victor R. Espiritu (ID) Member – Maria Dolores B. Yuvienco (ID) <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Audit Committee, pp. 110-111, Committee Appointments, page 113) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1., 1, pp. 38-42) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Audit Committee, Audit Committee Charter) https://www.bpiexpressonline.com/p/1/788/audit-committee	

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	The Audit Committee shall be composed of at least three (3) Directors who are non-executive Board members, majority of whom shall be independent directors including the chairman, preferably with accounting, auditing or related financial management expertise or experience. Independent directors Loinaz and Espiritu are former bank CEOs while Independent Director Yuvienco was formerly with the BSP and also a CPA. <u>Members of the Audit Committee</u> Chairman – Xavier P. Loinaz (ID) Member – Octavio Victor R. Espiritu (ID) Member – Maria Dolores B. Yuvienco (ID) – <i>Certified Public Accountant</i> <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Leaders' biographies, pp. 113, A141-A146) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1.,1, pp. 38-42) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Audit Committee Charter, Committee membership) https://www.bpiexpressonline.com/p/1/788/audit-committee	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Audit Committee Charter The chairman of the Audit Committee is not the chairman of the Board or of any other committees. Audit Committee Chairman – Xavier P. Loinaz (ID) <i>is not Chairman of any other committees.</i>	

		Reference documents/links: • 2019 Integrated Annual Report (Audit Committee, page 110-111) (Leaders' Biographies, page A143) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1.,1, pp. 39-40) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main • BPI website (Audit Committee Charter, Section 2 – Committee Membership, page 1) https://www.bpiexpressonline.com/p/1/788/audit-committee • Corporate Governance Manual (c.4 Audit Committee, page 49) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	The Audit Committee charter, as also stated in the Bank's Manual on Corporate Governance, provides that the Audit Committee is empowered by the Board to approve all audit and non-audit services, including its fees, to be provided by the external auditor to the Bank and its subsidiaries, and to review the external audit fees and recommend it for approval by the Board. Reference documents/links: • 2019 Integrated Annual Report (Audit and Audit-Related Fees, page 118) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Audit and Audit-Related Fees, page 29)	

		https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Audit Committee Charter, Section 2 – Committee Membership, page 1) https://www.bpiexpressonline.com/p/1/788/audit-committee • Corporate Governance Manual (c.4 Audit Committee, page 49) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	The Audit Committee holds executive or private meetings with the external auditors without the presence of Management. Reference documents/links: • 2019 Integrated Annual Report (Independent External Auditor, pp.117-118) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI Website (Governance, Internal Audit and Control, Report of the Audit Committee) https://www.bpiexpressonline.com/p/1/816/internal-audit-and-control	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	In 2019, the Audit Committee had a total of 16 meetings. Reference documents/links: • 2019 Integrated Annual Report (Committee Appointments, Attendance and Years of Service, page 113) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website	

		(Audit Committee Meetings) https://www.bpiexpressonline.com/p/1/788/audit-committee	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	Audit Committee approval of the appointment of the Chief Audit Executive or Internal Auditor is found in the Audit Committee Charter under Duties and Responsibilities. The Audit Committee also evaluates the performance of the CAE following guidelines set by the Bank for performance evaluation of officers. There has been no instance in recent years and in 2019 when the Audit Committee had to approve the removal of the CAE or internal auditor. Reference documents/links: • Corporate Governance Manual (b.ii Internal Audit, page 51) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Audit Committee Charter) https://www.bpiexpressonline.com/p/1/788/audit-committee	
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	The Board appoints from its members a Corporate Governance Committee composed of at least three (3) members of the Board of Directors, who shall all be Non-Executive Directors, majority of whom are Independent Directors including the Chairman. The Corporate Governance Committee oversees the conduct of the annual Board of Directors self-assessment. Key evaluation factors of the assessments include specific aspects involving content, process or dynamic: the functions of the board, board strategy and effectiveness, board structure and committees, chairperson's, committee's and individual director's performance.	

		Director's alignment with leadership fundamentals, including Bank strategy, is part of the assessment. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Corporate Governance Committee, page 111) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Corporate Governance Committee Charter) https://www.bpiexpressonline.com/p/1/786/corporate-governance-committee • Corporate Governance Manual (Corporate Governance Committee, pp. 57-59) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	The Board appoints from its members a Corporate Governance Committee composed of at least three (3) members of the Board of Directors, who shall all be Non-Executive Directors, majority of whom are Independent Directors including the Chairman. <u>Members of the Corporate Governance Committee:</u> Chairman – Maria Dolores B. Yuvienco (ID) Member – Ignacio R. Bunye (ID) Member – Mercedita S. Nollado (NED) <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Corporate Governance Committee, page 111; Committee Appointments, Attendance and Years of Service, page 113) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Corporate Governance Committee Charter)	

		https://www.bpiexpressonline.com/p/1/786/corporate-governance-committee • Corporate Governance Manual (Corporate Governance Committee, pp. 57-59) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	The Board appoints from its members a Corporate Governance Committee composed of at least three (3) members of the Board of Directors, who shall all be Non-Executive Directors, <u>majority of whom are Independent Directors including the Chairman.</u> Members of the Corporate Governance Committee: <u>Chairman – Maria Dolores B. Yuvienco (ID)</u> Member – Ignacio R. Bunye (ID) Member – Mercedita S. Nollado (NED) <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Corporate Governance Committee, page 111; Committee Appointments, Attendance and Years of Service, page 113) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Corporate Governance Committee Charter) https://www.bpiexpressonline.com/p/1/786/corporate-governance-committee • Corporate Governance Manual (Corporate Governance Committee, pp. 57-59) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	In 2019, the Corporate Governance Committee had four (4) meetings.	

		Reference documents/links: • 2019 Integrated Annual Report (Corporate Governance Committee, page 111; Committee Appointments, page 113) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Corporate Governance Committee Meetings) https://www.bpiexpressonline.com/p/1/786/corporate-governance-committee	
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	The Risk Management Committee is tasked with nurturing a culture of risk management across the enterprise. It supports the Board by overseeing and managing the Bank's exposures to financial and non-financial risks, assesses new and emerging risk issues across the Bank, regularly reviews the Bank's risk management appetite, policies, methodologies, structures and metrics, and monitors overall liquidity and capital adequacy. Reference documents/links: • 2019 Integrated Annual Report (Risk Management Committee, pp.111-112; Risk Management pp. 119-126) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Risk Management Committee Charter) https://www.bpiexpressonline.com/p/1/789/risk-management-committee (Enterprise Risk Management) https://www.bpiexpressonline.com/p/1/815/enterprise-risk-management • Corporate Governance Manual (Risk Management Committee, pp. 55-57)	

		https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	The Board appoints from its members a Risk Management Committee (RMC) composed of <u>at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairperson</u>. Committee members should possess a range of knowledge and expertise on risk management issues and best practices. The Chairperson shall not be the Chairperson of the Board of Directors or of any other board- level committee. Members of the Risk Management Committee <u>Chairman - Octavio Victor R. Espiritu (ID)</u> <u>Member – Eli M. Remolona, Jr. (ID)</u> Member – Aurelio R. Montinola III (NED) Reference documents/links: • 2019 Integrated Annual Report (Risk Management Committee Charter, page 111-112; Risk Management Committee membership, page 113) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1., 1, pp. 29-35) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Risk Management Committee Charter) https://www.bpiexpressonline.com/p/1/789/risk-management-committee • Corporate Governance Manual (Risk Management Committee, pp. 55-57)	

		https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	The Board appoints from its members a Risk Management Committee (RMC) composed of at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairperson. Committee members should possess a range of knowledge and expertise on risk management issues and best practices. <u>The Chairperson shall not be the Chairperson of the Board of Directors or of any other board- level committee.</u> Risk Management Committee Chairman - Octavio Victor R. Espiritu (ID) is not a Chairman of any other committee <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Risk Management Committee Charter, pp. 111-112; Risk Management Committee membership, page 113; Leaders' Bio, page A141) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1., 1, pp. 29-45) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Risk Management Committee Charter) https://www.bpiexpressonline.com/p/1/789/risk-management-committee • Corporate Governance Manual (Risk Management Committee, pp. 55-57) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	

4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	The Board appoints from its members a Risk Management Committee (RMC) composed of at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairperson. <u>Committee members should possess a range of knowledge and expertise on risk management issues and best practices.</u> The Chairperson shall not be the Chairperson of the Board of Directors or of any other board- level committee. <u>Independent Chairman Espiritu is a former bank CEO, with thorough knowledge and experience of risk management for banking.</u> Independent Director Eli M. Remolona, Jr. previously worked for 14 years at the Federal Reserve Bank of New York and 19 years at the Bank for International Settlements (BIS). He served as the Chief Representative for Asia and the Pacific of the BIS. He also served as Secretary of the Asian Consultative Council, which consists of the governors of the 12 leading central banks in the region. Non-Executive Director Aurelio R. Montinola III served as President and Chief Executive Officer of BPI for eight years from 2005 to 2013, and BPI Family Savings Bank, Inc. for twelve years from 1992 to 2004. Members of the Risk Management Committee Chairman - Octavio Victor R. Espiritu (ID) Member – Eli M. Remolona, Jr. (ID) Member – Aurelio R. Montinola III (NED) <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Risk Management Committee Charter, pp. 111-112; Risk Management Committee membership, page 113; Leaders' Bio, page A141)	
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		https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1., 1, pp. 29-45) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Risk Management Committee Charter) https://www.bpiexpressonline.com/p/1/789/risk-management-committee • Corporate Governance Manual (Risk Management Committee, pp. 55-57) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	As part of the Bank's efforts to ensure that transactions with related parties are normal banking activities and are done at arm's length (particularly, on terms and conditions comparable to those offered to non-related parties or to similar transactions in the market), vetting is done either by the Board-level Related Party Transaction Committee (RPTC) or the Management Vetting Committee (MVC), depending on materiality, prior to implementation. Related parties whose individual and group exposures, existing or potential, are considered material have been vetted by the RPTC. Reference documents/links: • 2019 Integrated Annual Report (Related Party Transactions, Related Party Transactions Committee, pp. 112-113) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website	

		(Related Party Transactions Committee Charter, Responsibilities, page 1) https://www.bpiexpressonline.com/p/1/793/related-party-transaction-committee • Corporate Governance Manual (Related Party Transactions Committee, pp. 60-61) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	The Board appoints from its members a Related Party Transaction Committee (RPTC) composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors including the Chairperson. <u>Members of the RPTC</u> Chairman - Ignacio R. Bunye (ID) Member – Maria Dolores B. Yuvienco (ID) Member – Rebecca G. Fernando (NED) <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Related Party Transactions, pp.112-113) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1., 1, pp. 29-45) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Related Party Transactions Committee Charter, Membership, page 3) https://www.bpiexpressonline.com/p/1/793/related-party-transaction-committee • Corporate Governance Manual (Related Party Transactions, pp.60-61) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	

Recommendation 3.6				COM
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	Reference documents/links: • BPI website (Individual Board Committee Charters) https://www.bpiexpressonline.com/p/1/784/committees-and-charters • Corporate Governance Manual (Board Committee Charters, pp. 44-63) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance		
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT			
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Same link as provided above Recommendation 3.6		
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.				
Recommendation 4.1				
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	The meetings of the board of directors may be conducted through modern technologies such as, but not limited to, teleconferencing and videoconferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein: Provided, That every member of the board of directors shall participate in at least fifty percent (50%) and shall physically attend at least twenty five percent (25%) of all board meetings every year: <i>Provided, further, That the absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his/her incumbency is a ground for disqualification in the succeeding election.</i> Reference documents/links: • Corporate Governance Manual		

		(Board Meetings, Attendance and Quorum requirements, 12.b., page 33; Access to information, 12.d, page 35 https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • 2019 Integrated Annual Report (Time Commitments, page 100) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	Board reference materials are made available to the directors at least five days before the scheduled meeting. As an innovation to board governance, all materials for Board and Board committee meetings are uploaded through a secure system onto individual tablet devices specifically provided to the Board members to ensure immediate receipt and quick access. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Meetings and attendance, pp.102-103) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Board Governance, Access to Information, 12.d.ii., page 35 https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Board Governance, Meetings, Quorum and Attendance) https://www.bpiexpressonline.com/p/1/794/board-governance-meetings-quorums-and-attendance	
3. The directors ask the necessary questions or seek clarifications and explanations	COMPLIANT	Items placed on the board agenda are those that have the most fundamental importance and broad policy implications for the bank. Directors are free to	

during the Board and Committee meetings.		suggest items for inclusion in the agenda, and are free to raise at any board meeting subjects that are not on the agenda for that meeting. At the chairman's discretion, any agenda items may also be referred for discussion in the respective committees. Reference documents/links: • BPI website (Minutes of Meeting) https://www.bpiexpressonline.com/p/1/820/minutes-of-asm • Corporate Governance Manual (Governance Structure, Directors, Duties and Responsibilities of Directors, Section II., B., 1.e., pp. 37-38) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	Yes, the Bank has a Policy on Directorships. The Bank has adopted a policy limiting directorships of non-executive directors and independent directors in publicly-listed companies to a maximum of five (5), with the express provision that said limit cannot apply if this will violate stockholders' rights, i.e., ownership. In case any director also already had publicly-listed company directorships in excess of the limit prior to the adoption of the policy or issuance of regulation, the proper exemptive relief was obtained. Information on directorships of the members of the Board in listed and non-listed companies can also be found in the following: Reference documents/links: • 2019 Integrated Annual Report (Policy on Directorships, pp.99-110)	

		https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Governance Structure, Directors, Policies on Directorships, Sec. II.B.2., pp. 38-40; Duties and Responsibilities of Directors, pp. 37-38) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	The Corporate Secretary confirms that directors advise the Chairman/advise the Board through the Office of the Corporate Secretary prior to acceptance of directorships/chairmanships in other companies. Updated bio-datas of newly-elected and re-elected directors, are submitted by the directors, and forwarded annually to the BSP for confirmation as well. <u>Reference documents/links:</u> • Corporate Governance Manual (Governance Structure, Directors, Policies on Directorships, Sec. II.B.2., pp. 38-40) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	The only Executive Director, Cezar P. Consing, is an Independent Director of Jollibee Corporation and regular Director of National Reinsurance Corporation (until June 2019). <u>Reference documents/links:</u> • 2019 Annual Report (SEC Form 17-A) (Item 9., A-1.3 – Cezar P. Consing bio , pp. 32-33) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main • 2019 Integrated Annual Report	

		(Leaders' Biographies, pp. A138-A139) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	Regular board meetings are convened monthly, scheduled at the beginning of the year to cover the full term of the newly elected or re-elected members of the Board, reckoned from the date of the current year's ASM to that of the following year. Special meetings may be called for as needed. Reference documents/links: • 2019 Integrated Annual Report (Meetings and Attendance, pp. 102-103) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Board Governance, Meetings, Quorum and Attendance, Meetings) https://www.bpiexpressonline.com/p/1/794/board-governance-meetings-quorums-and-attendance	
3. Board of directors meet at least six times during the year.	COMPLIANT	The Board of Directors had total of 17 meetings in 2019. Reference documents/links: • 2019 Integrated Annual Report (Meetings and Attendance, pp. 102-103) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Meeting and Attendance, page 58-59) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main • BPI website (Board Governance, Meetings, Quorum and Attendance, Meetings)	

		https://www.bpiexpressonline.com/p/1/794/board-governance-meetings-quorums-and-attendance	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	The minimum quorum requirement for board decisions is set at a two-thirds (2/3) of Board members as provided by the Bank's Amended By-Laws. Any meeting for the transaction of corporate business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act, unless otherwise provided in the Amended By-Laws. Reference documents/links: • 2019 Integrated Annual Report (Quorum, page 104) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Board Governance, 12.b.iv., page 33-34) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	At the Bank's 2019 ASM, six out of the 15-member board elected were classified as Independent, or having no interest or relationship with BPI at the time of election, appointment, or re-election. Fourteen or 93% of the Board were Non-Executive Directors, who are not involved in the day-to-day management of banking operations. Reference documents/links: • 2019 Integrated Annual Report (Independence, page 97)	

		https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Board Governance, page 56) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • Corporate Governance Manual (Independence, Section II.a.5, pp. 8-9) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	BPI complies with the BSP, SEC and PSE Fit and Proper criteria and requirements for the position of a director and independent directors. The General Banking Law of 2000 (R.A. No. 8791) provides the BSP with powers to prescribe, pass upon, and review the qualifications and disqualifications of individuals elected or appointed as bank directors or officers and the power to disqualify those found unfit for positions of bank directors and officers. In this regard, the Bank submits the required certifications of its Independent Directors annually to the BSP for confirmation of the election or appointment. (Recommendation 5.2 of the SEC CG Code for PLCs) Reference documents/links: • 2019 Integrated Annual Report (Independence, page 97; Selection Criteria, page 98) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Independence, Section II.a.5, pp. 8-9; Qualification of Independent Directors, page 19) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	

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	There are no such agreement or constraints. Reference documents/links: • Amended By-Laws (Article V, page 7) https://www.bpiexpressonline.com/media/uploads/592bcdefe2fe3 BPI By Laws 2015.pdf	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	Currently, the Bank has no Independent Directors retained beyond the term limit of nine years, as reckoned from 2012. Policy on ID Term Limits is found in the Manual on Corporate Governance. Data on terms are in annual reports and the website. Reference documents/links: • 2019 Integrated Annual Report (Term limit of Independent Director, page 108) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Term limits of Independent Directors, pp. 40-41) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	Same link as provided above Recommendation 5.3	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	Same link as provided above Recommendation 5.3	
Recommendation 5.4			

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The Chairman and Vice-Chairman are both Non-Executive Directors. The Board does not encourage CEO duality. The Chairman, who has not served as CEO of the Bank within the past three years, is separately appointed from the President and CEO. The Chairman and the President and CEO positions are currently held by two individuals who are not related to each other and have defined roles and responsibilities that are separate and distinct, as set in our Amended By-Laws and Manual on Corporate Governance. <u>Chairman of the Board – Jaime Augusto Zobel de Ayala (NED)</u> <u>President and CEO – Cezar P. Consing (ED)</u> <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Role and Independence of the Chairman, page 91; Chief Executive Officer, p. 91-92) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Leadership, Chairman of the Board, Qualifications, 11.a.i, page 31) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<u>Reference documents/links:</u> • 2019 Integrated Annual Report (Role and Independence of the Chairman, page 91; Chief Executive Officer, p. 91-92) https://www.bpiexpressonline.com/p/1/270/annual-reports • Amended By-Laws	

		(Chairman of the Board of Directors – Powers and Duties, Article VIII, pp.12-13; The President – Powers and Duties, Article IX, See pp. 14-16) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_Amended_By_Laws_2015.pdf?id=cf2de8cf-8650-4b38-a253-30a900498cf1 • Corporate Governance Manual (Duties and Responsibilities, pp.64-66) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	Although current regulations of the BSP require the appointment of a Lead Independent Director only when the positions of Chairman of the Board of Directors and CEO are, with prior approval of the Monetary Board, held by one person, the Board appointed a Lead Independent Director in pursuit of best practice governance standards. At the Organizational Meeting of the Board of Directors, following the 2019 BPI Annual Stockholders' Meeting, Independent Director Octavio Victor R. Espiritu was appointed as Lead Independent Director. BPI's Manual on Corporate Governance states the duties and responsibilities for such a role and position in the Bank, if and when one is appointed: the Lead Independent Director shall act as the preferred point of contact for other Independent Directors on the Board. Reference documents/links: • 2019 Integrated Annual Report (Lead Independent Director, page 92) https://www.bpiexpressonline.com/p/1/270/annual-reports	

		• 2019 Annual Report (SEC Form 17-A) (Lead Independent Director, page 56) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • Corporate Governance Manual (Governance Structure, Board of Directors, Leadership, Lead Independent Director, Sec. II.A.11., page 32) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision-making. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board. The Corporate Secretary also confirms that directors with material interest in such transactions affecting the Bank, have, in such instances, abstained from the discussions and decision making accordingly. Reference documents/links: • 2019 Integrated Annual Report (Related Party Transactions, pp.134-135) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Conflict of Interest Standards, pp.75-77) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 5.7			

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	Independent and Non-Executive Directors of the Bank meet at least once a year without the presence of the executive director or management. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Non-Executive Directors (NED) Meeting, page 104) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Meetings Attendance, pp 58-59) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main • Corporate Governance Manual (Specific Duties and Responsibilities of the Board, Section 10., vi., 1, pp. 23-24) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. The meetings are chaired by the lead independent director.	COMPLIANT	The Bank's Non-Executive Directors conducted a separate meeting on November 20, 2019 to discuss ongoing initiatives and semestral performance of the risk management, internal audit and compliance units of the Bank. The meeting was chaired by the Bank's appointed Lead Independent Director. Aside from the NEDs present, the meeting was also attended by the BPI control heads – Chief Risk Officer, Chief Audit Executive and Chief Compliance Officer. The external auditor was also in attendance. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Non-Executive Directors (NED) Meeting, page 104) https://www.bpiexpressonline.com/p/1/270/annual-reports	

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	The current President and CEO - Cezar P. Consing he has been the Bank's President and CEO since 2013. Reference documents/links: • 2019 Integrated Annual Report (Leaders' Biographies, pp. A138-A139) https://www.bpiexpressonline.com/p/1/270/annual-reports	
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	There are four (4) major levels to the evaluation: i. <u>Board-level Assessment of the body as a whole</u> The Board of Directors needs to assess its own achievement of goals and working style, i.e., actual operations and work of the Board with respect to the Bank's business model and strategy. Directors will also review board effectiveness with respect to current and future development challenges of the Bank, the continuous evolving expectations of its stakeholders and, if need be, existing communication on corporate governance matters. ii. <u>Committee-level Assessment of respective Board Committees</u> All board-level committees are to evaluate annually the performance of the committee as a body and report the results to the Board or to such	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		

		committee that may be appointed by the Board for review. iii. <u>Individual Director Self-Assessment</u> iv. <u>Board assessment of President and CEO</u> <u>Reference documents/links:</u> • Corporate Governance Manual (Performance Evaluation, pp. 36-37) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • 2019 Integrated Annual Report (Performance Evaluation and Self-Assessment, pp. 105-106) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Performance Evaluation) https://www.bpiexpressonline.com/p/1/1350/performance-evaluation	
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	Based on a December 31, 2017 reckoning, the three (3) year period for conduct of the Board of Directors self-assessment by an external facilitator will cover the year 2019, to be conducted in 2020. Nevertheless, annually, the Bangko Sentral ng Pilipinas assesses the quality of corporate governance in banks, of which a major component is the assessment of the effectiveness and efficiency of the Board of Directors (BOD) and Senior Management. The Board of Director's internal self-assessment exercise is reviewed by the BSP and likewise evaluated and monitored as to areas for improvement and action plans. In pursuit of best practices, the Bank also engaged a Third Party External Facilitator to conduct a separate	

		Board Assessment covering the 2019 term. This was approved by the Corporate Governance Committee on August 26, 2019, and was subsequently endorsed to the Executive Committee which approved the same in its meeting on September 11, 2019. Reference documents/links: • 2019 Integrated Annual Report (Third Party External Facilitator, page 105) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Specific Duties and Responsibilities of the Board, Sec. II.A.10., page 59) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	Yes. Board Performance Evaluation and Self-Assessment Process and Criteria is disclosed in the company website and in the company's Annual Report.	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	A summary statement on the results of the annual Board of Directors self-assessments is disclosed on the company website for any concerns or feedback from shareholders, who may communicate through the Office of the Corporate Secretary. Reference documents/links: • Corporate Governance Manual (Performance Evaluation, pp. 36-37) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • 2019 Integrated Annual Report	

		(Performance Evaluation and Self-Assessment, pp. 105-106) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Performance Evaluation) https://www.bpiexpressonline.com/p/1/1350/performance-evaluation	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	BPI has Codes of Business Conduct and Ethics for its directors, officers, and employees that provide the key practices and behaviors. The codes serve as guidance so that the right decisions are made in the performance of their respective roles and responsibilities across various functions in the Bank. Reference documents/links: • 2019 Integrated Annual Report (Code of Business Conduct and Ethics, page 130) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Code of Business Conduct and Ethics) https://www.bpiexpressonline.com/p/1/806/code-of-business-conduct-and-ethics (BPI Code of Business Conduct and Ethics) https://www.bpiexpressonline.com/media/uploads/5c2c0cfecc214_BPI_Code_of_Conduct_and_Ethics_FINAL_090417.pdf (Director's Code of Conduct) https://www.bpiexpressonline.com/media/uploads/5c2c0d005ce64_BPI_Directors_Code_of_Conduct_Final_Approved_092117.pdf	

2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	<u>Dissemination of the Codes</u> <u>Employee's Code of Conduct:</u> This Code of Business Conduct and Ethics can be accessed by employees and senior management from the Management and Operating Manual in the Bank's intranet electronic database. This Code is also posted on the company website. <u>Director's Code of Conduct:</u> Directors have been provided with copies of the Code, through the Corporate Governance Committee. The Director's Code is also posted on the company website. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Code of Business Conduct and Ethics) https://www.bpiexpressonline.com/p/1/806/code-of-business-conduct-and-ethics (BPI Code of Business Conduct and Ethics) https://www.bpiexpressonline.com/media/uploads/5c2c0cfec214_BPI_Code_of_Conduct_and_Ethics_FINAL_090417.pdf (Director's Code of Conduct) https://www.bpiexpressonline.com/media/uploads/5c2c0d005ce64_BPI_Directors_Code_of_Conduct_Final_Approved_092117.pdf • Corporate Governance Manual (Dissemination of the Code, pp. 82-83) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	<u>Reference documents/links:</u> • BPI website (Employee's Code of Business Conduct and Ethics)	

		https://www.bpiexpressonline.com/p/1/806/code-of-business-conduct-and-ethics https://www.bpiexpressonline.com/media/uploads/5c2c0cfec214_BPI_Code_of_Conduct_and_Ethics_FINAL_090417.pdf (Director's Code of Conduct) https://www.bpiexpressonline.com/media/uploads/5c2c0d005ce64_BPI_Directors_Code_of_Conduct_Final_Approved_092117.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	The Board has adopted an Anti-Bribery and Anti-Corruption (ABC) Policy. The Bank puts the highest premium on sound, responsible, and effective corporate governance. The Bank advocates that directors and employees do not tolerate corruption or any form of bribery nor provide or accept improper inducements in the course of any business dealing. Aligned with the Bank's commitment to act fairly and with integrity in all business dealings and relationships, the ABC Policy complements the Bank's financial crime policies and programs such as the Money Laundering and Terrorism Financing Prevention Program (MTPP) and Whistleblower Policy. Guidance on the Bank's ABC Policy is supplemented by the Standards on Conflict of Interest under Request or Acceptance of Fees, Commissions, Gifts. Monitoring of and compliance with the Code of Conduct and related policies are undertaken by the Human Resources Management Group and Corporate Governance Department of the Compliance Division.	

		The ABC Policy is disclosed in the Manual on Corporate Governance and on the company website at www.bpi.com.ph. Reference documents/links: • 2019 Integrated Annual Report (Anti-Bribery and Anti-Corruption, pp.132-133) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Anti-Bribery and Anti-Corruption Policy, page 82) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Anti-bribery and Anti-Corruption Policy) https://www.bpiexpressonline.com/p/1/2030/conflict-of-interest-standards-including-anti-bribery-and-anti-corru	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Written affirmation of compliance by directors, employees and officers with the respective Codes of Conduct forms part of the Bank's compliance with BSP Cir. 969 on "Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions" and BSP Cir. 900 on "Guidelines on Operational Risk Management. Affirmation of the Board is implemented and monitored through the Office of the Corporate Secretary and the Corporate Governance unit of the Bank while the Human Resources Management Group implements and monitors affirmation and compliance of all employees.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<u>All directors, officers and employees are required to comply with the respective Codes and provide written affirmation of this annually.</u> Currently, there	

		are no cases of non-compliance among the Board of Directors. Any instances of non-compliance or code violations among officers and employees are monitored or reported to and dealt with by the Human Resources Management Group. Reference documents/links: • 2019 Integrated Annual Report (Dissemination of the Codes, Training of the Codes, Compliance with the Codes, page 132) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Dissemination of the Code, Compliance with the Code, page 83) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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 gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	The Board has policies on continuous disclosure and transparency. The Company, through the Board and management, commits at all times to fully disclose all material information about the company for the benefit of the stockholder and other stakeholders. It likewise causes the filing of all required information through the, appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders. Quarterly interim and annual reports are likewise posted on the PSE EDGE and on the company website to ensure the widest cost-efficient accessibility for all stakeholders.	

		As a publicly-listed company, BPI files quarterly, annual and other regular disclosures and reports with the SEC and on the electronic facilities provided by the PSE's Electronic Disclosure Generation Technology or PSE EDGE, as required, in carrying out its structured and unstructured disclosures. The Company also has its Investor Relations unit to handle media, analysts and institutional investors briefings and press conferences, among others, as well as a Corporate Communications unit to handle brand equity, public relations and internal stakeholder engagement. The Company also utilizes its official company website to communicate with all stakeholders and established social media-based company sites as well. The official company website is compliant with and follows the prescribed format and template of the SEC (Memorandum Cir. No. 11, Series 2014). <u>Reference documents/links:</u> 2019 Annual Report (SEC Form 17-A) Investor Relations, Annual and Quarterly Reports, pp.65-66) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main BPI website (Investor Relations) https://www.bpiexpressonline.com/p/0/81/investor-relation (Board and Governance disclosures) https://www.bpiexpressonline.com/p/1/1872/board-and-governance (Regulatory disclosures)	
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<https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main>

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	BPI also practices regular disclosure of financial results. Quarterly financial results are presented to the Audit Committee and the Board of Directors before disclosure and are immediately disclosed after the approval by the Board to the SEC and PSE. Press releases relative to the financial performance are pre-cleared with the CFO and the President. Quarterly and year-end financial statements and detailed management's discussion and analysis are filed within the mandated 45 and 105 calendar days respectively from the end of financial period, if not earlier. The company's financial reporting disclosures are in compliance with BSP, PSE and SEC requisites. These reports are made available to investors and analysts after disclosure and are posted as well on the PSE EDGE and on the company's website. <u>Reference documents/links:</u> • PSE Edge http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=234 • BPI website (SEC Filings) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	COMPLIANT	The Bank discloses share ownership and voting rights, including group structures, intra-group relations, ownership data, beneficial ownership (holding 5% or more) and direct and indirect holdings of major shareholders and directors. It also has a policy of communication and transparency. Voting power is proportionate to the percentage of ownership in the Company. Such information is regularly posted on	

		the PSE EDGE company disclosure site and is also disclosed in the regulatory annual reports submitted by the Bank as well as posted on the company website. Reference documents/links: • 2019 Integrated Annual Report (Beneficial Owners Holding 5% or More of BPI, page 150) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Beneficial Owners of more than 5% as of December 31, 2019, pp. 52-53) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main	
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	With respect to direct and indirect shareholdings of directors and senior management, all directors and senior management (c-suite officers, i.e., Chief Executive Officer, Chief Finance Officer, Chief Audit Executive, Chief Risk Officer, Chief Compliance Officer), Treasurer, Corporate Secretary and Assistant Corporate Secretary, are required to report to the Office of the Compliance Office within ten (10) days from the end of each quarter their trades with BPI securities during such quarter. In compliance with the SEC's directive, the Bank also requires all directors and senior management to file within three (3) business days the required SEC Form 23A and B to the SEC. Said Forms SEC 23A and 23B are also disclosed online on PSE EDGE and on the company website. The Company also regularly discloses the above information on its company website and in its annual reports or, previously, the Annual Corporate Governance Report.	
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		

		Reference documents/links: • BPI website (SEC Form 23-A/B (Statement of Beneficial Ownership) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • 2019 Integrated Annual Report (Security Ownership of Directors and Officers, page 150; Beneficial Ownership Reporting Compliance, page 149; Insider Trading, page 133) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Security Ownership of Directors and Management as of December 31, 2019, pp. 53-54) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • Corporate Governance Manual (Special Duties and Responsibilities of the Board, Dealing in Corporation's Shares, Section 10, d., iv, page 29) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	COMPLIANT	The Bank also discloses the relationship of the company to other companies in the group through its conglomerate map, which details ownership information on parent/holding company, subsidiaries, associates, joint ventures, etc., and is posted on the company website and in the Bank's annual reports. The Company discloses information on share ownership and voting rights, including group structures, intra-group relations, ownership data, and beneficial ownership and has a policy of	

		communication and transparency as disclosed in the reports below, together with other relevant information. Shareholdings of directors, management and top 100 shareholders are regularly disclosed on PSE EDGE through the Statements of Beneficial Ownership of Securities, Statements of Changes in Beneficial Ownership of Securities, Public Ownership Report, and List of Top 100 Stockholders. <u>Reference documents/links:</u> • BPI website (SEC Form 23-A/B (Statement of Beneficial Ownership) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • 2019 Integrated Annual Report (Conglomerate Map, page 114; Security Ownership of Directors and Officers, page 150; Beneficial Ownership Reporting Compliance, page 149; Insider Trading, page 133) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Security Ownership of Directors and Management as of December 31, 2019, pp. 53-54) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • Corporate Governance Manual (Special Duties and Responsibilities of the Board, Dealing in Corporation's Shares, Section 10, d., iv, page 29) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Conglomerate Map)	
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<https://www.bpiexpressonline.com/p/1/757/conglomerate-map>

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	As required by the SEC, all of the Bank's annual reports contain comprehensive profiles of the Board of Directors which disclose, among other information, the age, qualifications, date of appointment, relevant experience and directorships both in the BPI group as well as in other companies, listed or otherwise. In compliance with SEC Memo. Cir. No. 11, s2014, the Bank also posts biographical details of the Board of Directors and Senior Management on the company website. Reference documents/links: • 2019 Integrated Annual Report (Leaders' Biographies, Director Qualifications, Directorship in other listed companies and relevant experience, pp. A137- A146; Security ownership of Directors and Officers, page 96; Director Education and Training, page 100-101) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Board of Directors) https://bpiexpressonline.com/p/1/751/board-of-directors (Induction and Continuing Education) https://bpiexpressonline.com/p/1/805/induction-and-director-education	
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	Same reply as in #1 under Recommendation 8.3 above.	

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	The remuneration framework is reviewed annually to ensure that it remains competitive and consistent with the Bank's high performance culture, objectives, and long-term risk assessment and strategies. Reference documents/links: • 2019 Integrated Annual Report (Remuneration, page 101) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Personnel and Compensation Committee Charter) https://www.bpiexpressonline.com/p/1/791/personnel-and-compensation-committee • Corporate Governance Manual (Remuneration Policy for Directors and Officers, pp.42-43) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	Same reply as in #1 under Recommendation 8.4 above.	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT	There are no retirement packages or benefits for directors.	Director's remuneration is disclosed in the annual reports in aggregate to the extent allowable without raising commercial, privacy and security issues as well as business efficiency and competitiveness concerns for the Bank.

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	BPI discloses its Related Party Transactions Policy in its Manual on Corporate Governance, including annual reports, which are posted on the company website. The RPT Policy guards against internal conflicts of interest between the company and/or its group and their directors, officers and significant shareholders and ensures that transactions such as loans and advances, deposit arrangements, trading of government securities and commercial papers, sale of assets, lease of bank premises, investment advisory/ management, service arrangements and advances for operating expenses are made in the normal course of banking activities with terms and conditions that are generally comparable to those offered to non-related parties or to similar transactions in the market. RPTs are reviewed, approved and disclosed in accordance with appropriate and defined thresholds as set out in the Company' Guidelines on the Proper Handling of Related Party Transactions. <u>Reference documents/links:</u> • Corporate Governance Manual (Related party Transactions, Material Related Party Transactions pp. 77-78) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance Apart from the RPT Policy, the Bank also has a Director's Code of Conduct which mandates that a director must exclude himself/herself in any decision-making process of the Related Party Transactions Committee for approval of such transactions where they may have a conflict of interest.	
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		All Directors, officer and employees are also required to disclose conflicts and potential conflicts, as well as relationships with clients, prospects, suppliers and other interests. The Corporate Secretary confirms that in instances when a director has a conflict of interest in contemplated identified transactions of the Bank, the director abstains from discussion and decision-making on said item.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	The Bank is committed to ensure strict compliance with laws, regulations and reporting requirements relating to DOSRI and related party transactions, by instituting rigorous vetting processes, establishing adequate controls and oversight mechanisms, and pursuing improvements such as its related party database to facilitate the timely and accurate related party classification of clients and counterparties. All transactions involving DOSRI are reported to the BSP and the BPI Group is in full compliance with the General Banking Law and BSP regulations concerning DOSRI loans. Related Party Transactions (name, relationship and value) are also properly disclosed in the Bank's annual report in the audited financial statements, and other applicable fillings in accordance with the relevant rules and issuances of the Securities and Exchange Commission and other regulatory bodies. RPTs for 2019 were reviewed, approved and disclosed in accordance with appropriate and defined thresholds as set out in the Company's Guidelines on the Proper Handling of Related Party Transactions and in compliance with BSP regulations <u>Reference documents/links:</u> • 2019 Integrated Annual Report	

		(Note 25 – Related Party Transactions, pp. A52-A53; Related Party Transactions Committee, pp. 112,126) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	The Bank's Manual of Corporate Governance and respective Codes of Conduct for employees, officers and directors require written affirmation of directors, employees and officers that they are in compliance with the Manual and adhere to the respective Codes of Conduct. The Statement of Affirmation, which is done annually, forms part of the Bank's compliance with BSP Cir. 969 on "Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions" and BSP Cir. 900 on "Guidelines on Operational Risk Management. All directors, officers and employees are required to comply with the respective Codes. Any conflicts of interest from among the Board of Directors, officers or employees must be disclosed prior to accomplishment of the Statement of Affirmation. Such conflicts of interests are disclosed by directors to the Board through the Corporate Secretary or directly to the Related Party Transactions Committee. Reference documents/links: • Corporate Governance Manual (Compliance with the Code, page 83) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	Our Related Party Transactions Policy imposes stringent guidelines and measures to maintain arm's length integrity in all of the Bank's related party business transactions, operations, and activities. BPI	

		vigilantly guards against improper with valuation issues, if needed, to also ensure that the interests pricing policies, questionable manners of settlement, and ambiguous or disputable terms of transactions in any related party transactions. Basis for evaluation of a Related Party Transaction: Term of the transaction; - The related party's interest in the transaction; - Purpose and timing of the transaction; - Whether the Bank is a party to the transaction and, - if not, the nature of the Bank's participation in the transaction; - If the transaction involves the sale of an asset, a description of the asset including date acquired and costs basis; - Information concerning potential counterparties in the transactions; - Approximated value of the transaction and the approximated value of the related party's interest in the transaction; - Description of provisions or limitations imposed as a result of entering into proposed transaction; - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; - Purpose of transaction; and - Potential benefits to the Bank. The Committee may also call on independent experts to help of the Bank and stakeholders are protected. <u>Reference documents/links:</u>	
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		• 2019 Integrated Annual Report (Related Party Transactions, page 134-135) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Fair Dealing – Related Party Transactions Policy) https://www.bpiexpressonline.com/p/1/1875/fair-dealing-related-party-transactions-policy • Corporate Governance Manual (Related Party Transactions Policy, pp.77-78) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	The Board and senior management exercise appropriate due diligence and good faith in the review and consideration of all material issues with respect to strategy, opportunities and risks, pricing or valuation, compliance and legal obligations, including diligence on the parties involved before entering into extraordinary transactions, such as mergers, acquisitions, and takeovers. The Bank engages the service of independent and qualified third-party firms and consultants to evaluate the fairness of the transaction price and terms and conditions. All material information that could potentially affect share price shall be publicly disclosed. Such information shall include but not be limited to: earnings results, materially significant acquisition or disposal of assets, board changes, related party transactions which are not in the ordinary course of business, shareholding of directors and major changes to ownership. This may also include material and reportable non-financial and sustainability information. All such disclosures shall be submitted to	

		Philippine Stock Exchange and Securities and Exchange Commission following their respective guidelines or properly disclosed in such report(s) as may be required by regulators, for the interest of all stockholders and other stakeholders. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Mergers, Acquisitions, and/or Takeovers, page 135) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (External Advice/Other Independence Mechanisms, II.A.12, page 36; Reports and Disclosures, pp. 89-90) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	"The Bank engages the service of independent and qualified third-party firms and consultants to evaluate the fairness of the transaction price and terms and conditions." "The Related Party Transactions Committee may also call on independent experts to help with valuation issues, if needed, to also ensure that the interests of the Bank and stakeholders are protected." For any such transactions, the Bank has its Internal Audit Division as well as external independent auditor, Isla Lipana & Co. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Mergers, Acquisitions, and/or Takeovers, page 135)	

		https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Related Party Transactions Policy, pp. 78-79) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	Reference documents/links: • 2019 Integrated Annual Report (Beneficial Owners Holding 5% or More of BPI, page 150; Voting Trust Holders of 5% or More, page 151; Mergers, Acquisitions, and/or Takeovers, page 135) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Related Party Transactions Policy, pp. 77-78) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Fair Dealing – Related Party Transactions Policy) https://www.bpiexpressonline.com/p/1/1875/fair-dealing-related-party-transactions-policy	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	BPI has a Manual on Corporate Governance which supplements and complements BPI's Articles of Incorporation and Amended By-Laws. It sets forth the underlying principles of good and transparent governance through a framework of policies, rules, systems, and processes for the Board and Management's performance of their respective duties and responsibilities to stakeholders. The manual also discusses the Bank's Sustainability Strategy Framework which encapsulates the value created from BPI's business model while innovating for operational efficiency, empowering people and	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		

		society, using resources more efficiently, and strengthening stakeholder trust. The Manual is submitted to the SEC and PSE and is, likewise, posted on the company website. Reference documents/links: • 2019 Integrated Annual Report (Manual on Corporate Governance, page 129) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Corporate Governance Manual) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	Corporate Governance Manual posted on website has stamp of receipt from SEC. It is also submitted to the PSE on EDGE. Reference documents/links: • BPI website (Corporate Governance Manual) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • PSE Edge https://edge.pse.com.ph/openDiscViewer.do?edge_no=241735a483a96ab3efdfc15ec263a54d	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	The Bank regularly provides a comprehensive Management Discussion and Analysis and Results of Operations in its annual reports. This includes details on the business of the company, its history and recent business milestone; principal subsidiaries and nature of business as well as ownership history; principal products and services; distribution network;	
a. Corporate Objectives	COMPLIANT		
b. Financial performance indicators	COMPLIANT		

c. Non-financial performance indicators	COMPLIANT	intellectual property (patents, trademarks, etc.); related parties; employees; operating risks; competition; government regulation; operational and financial information as well as non-financial indicators; key performance indicators; material event/s and uncertainties; and future prospects, targets and strategies. This is supplemented by the Audited Financial Statements and Notes to the Financial Statements which provide much more detail on the company's operations.	
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT		
g. Total remuneration of each member of the board of directors	NON-COMPLIANT	The Bank's annual reports are easily accessed on the company website while SEC annual report disclosures are likewise posted on PSE EDGE. Copies of annual reports are likewise distributed and made available to stockholders during the Annual Stockholders Meeting. The Bank also complies with the Bangko Sentral ng Pilipinas Annual Report Assessment Checklist (ARAC), issued under BSP Memorandum No. M-2014-007, which likewise requires posting of the annual report on the company website and contain disclosures that include: 1. Financial performance 2. Qualitative and quantitative information on risk 3. Basic business management and corporate governance information including remuneration policies and related party transactions 4. Capital structure and capital adequacy 5. Risk exposures and assessments 6. Specific info on credit, market, operational risks; interest rates BPI's dividend policy, as the only major Philippine bank that pays dividends on a regular basis, is to consistently pay cash dividends	Director's remuneration is disclosed in the annual reports in aggregate to the extent allowable without raising commercial, privacy and security issues as well as business efficiency and competitiveness concerns for the Bank.

		and has paid P0.90 per share semi-annually in the past years; however, the Bank evaluates its dividend payments from time to time in accordance with business and regulatory requirements, and cannot make explicit warranties about the quantum of future dividend payments. Relevant information on the Bank's dividend policy is posted on its website and found in the annual report and other documents below. The Bank also discloses biographical details of its Board of Directors and Key Officers. Attendance details of directors for Board and Committee meetings are disclosed as well in the Annual Reports. Remuneration is disclosed on an aggregate basis. <u>Reference documents/links:</u> • 2019 Annual Report (SEC Form 17-A) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • 2019 Integrated Annual Report https://www.bpiexpressonline.com/p/1/270/annual-reports	
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	A certification on the Bank's full compliance with the BPI Corporate Governance Manual, containing relevant provisions of the SEC Code of Corporate Governance for PLCs, signed and issued by the CCO, is posted on the company website. <u>Reference documents/links:</u> • BPI website (Certificate of Full Compliance with the Corporate Governance Manual) https://www.bpiexpressonline.com/media/uploads/5e67346621fef_2019_Certification_of_Compliance	

		e with the Manual on Corporate Governance.pdf • 2019 Integrated Annual Report (Compliance with the SEC Code of Corporate Governance for PLCs, page, 130) https://www.bpiexpressonline.com/p/1/270/annual-reports	
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	In 2019, the Board of Directors, through its various Board-level Committees, reviewed the Bank's overall control, risk management and compliance systems covering operational and financial areas and determined these to be adequate and operating effectively. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Contact our Board, page 109; Control, Risk Management and Compliance, page 116) https://www.bpiexpressonline.com/p/1/270/annual-reports	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT	In 2019, the Board of Directors, through its various Board-level Committees, reviewed the Bank's overall control, risk management and compliance systems covering operational and financial areas and determined these to be adequate and operating effectively. Assurance activities performed by the Bank's Internal Audit also affirmed this, as stated in the Report of the Audit Committee to the Board of Directors. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Report of the Audit Committee to the Board of Directors, pp. 168-169; Control, Risk Management and Compliance, page 116)	

		https://www.bpiexpressonline.com/p/1/270/annual-reports	
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	The discussion of key risks is found in the Management's Discussion and Analysis, the sections on Risk Management and Governance as well as in the Notes to the Audited Financial Statements which are part of the Annual Report. <u>The Bank fully discusses all material risks that the company is exposed to in the Annual Report. BPI tracks risks according to three major classifications: credit, market and liquidity, and operational and IT.</u> BPI has established robust and effective risk management processes and controls that allow it to manage risks closer to its source, either preventing them from happening or mitigating their impact. Financial risk management is carried out by a dedicated team of competent risk managers and senior officers who have extensive operational experience working for the Bank. We continuously promote a culture of proactive and prudent risk management with the goal of becoming a risk-intelligent organization, with the CRO and the RMO continuously engaging the RMC, management, and business units, communicating the risk awareness culture to the rest of the Bank through various internal channels, facilitating learning programs and awareness campaigns on risk management, and promoting best practices enterprise-wide <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Risk Management, pp. 119-126) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Risk Management, pp. 12-13)	

<https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main>

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	The Audit Committee ensures suitability and effectiveness of the external auditor through the following: • No external auditor can be engaged by the Bank if he has any direct or material indirect financial interest in the Bank, or if his independence is considered impaired under circumstances specified in the Code of Professional Ethics for Certified Public Accountants. In the case of partnership, this limitation shall apply to the partners, associates, and the auditor-in-charge of the engagement. • The external auditor and the members of the audit team shall not have outstanding loans or any credit accommodation (except credit card obligations) with the Bank throughout the engagement. • The external auditor and the members of the audit team adhere to the highest standards of professional conduct, integrity, and objectivity. Reference documents/links: • 2019 Integrated Annual Report (Independent External Auditor, page 118) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Audit Committee Charter, External Audit, Section 5.3, a-c)	
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		https://www.bpiexpressonline.com/p/1/788/audit-committee	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	The Audit Committee recommends to the Board the appointment of a BSP-accredited external auditor for the purpose of preparing or issuing an audit report or other related work. The appointment, re-appointment, and removal of the Bank's external auditor is subject to the approval and endorsement by the Audit Committee, for subsequent confirmation and approval by the Board and, finally, the stockholders. The Audit Committee charter, as stated in the Bank's Corporate Governance Manual, provides that the Audit Committee is empowered by the Board to approve all audit and non-audit services, including fees, to be provided by the external auditor to the Bank and its subsidiaries. It is also tasked to review the external audit fees and recommend for approval by the Board. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Independent External Auditor, Audit and Audit-related Fees, pp.117-118) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Audit Committee Charter, External Audit, Section 5.3, a-c) https://www.bpiexpressonline.com/p/1/788/audit-committee	
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	There has been no removal or change of the external auditor within the last three (3) years (2017-2019).	

Supplement to Recommendation 9.1

1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	The Audit Committee also assesses the external auditor's effectiveness, independence, and objectivity, ensuring that key partners or the handling partner is rotated at appropriate intervals or changed every five years or earlier. The Committee also reviews the external auditor's annual plan, scope of work, and, in consultation with management, approves the external auditor's term of engagement and audit fees. They also oversee the resolution of disagreements between management and the external auditors in the event that these arise. Reference documents/links: • 2019 Integrated Annual Report (Independent External Auditor, page 118) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Audit Committee Charter, External Audit, Section 5.3, a-c) https://www.bpiexpressonline.com/p/1/788/audit-committee	
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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,	COMPLIANT	Reference documents/links: • BPI website (Audit Committee Charter, External Audit, Section 5.3, a-c) https://www.bpiexpressonline.com/p/1/788/audit-committee	
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taking into consideration relevant Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Audit Committee. Assess the external auditor's effectiveness, integrity, independence and objectivity, ensuring that key partners are rotated at appropriate intervals; and remove the external auditors if circumstances warrant. The Committee shall oversee the resolution of disagreements between management and the external auditors in the event that they arise. <u>Reference documents/links:</u> • BPI website (Audit Committee Charter, External Audit, Section 5.3., a, page 3) https://www.bpiexpressonline.com/p/1/788/audit-committee	
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	The Audit Committee reviews and discusses with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the BPI's financial statements, including any significant changes in the BPI's selection or application of accounting principles, any major issues as to the adequacy of the BPI's internal controls, unusual or complex transactions including all related party transactions, and any special steps adopted in light of material control deficiencies. <u>Reference documents/links:</u> • BPI website (Audit Committee Charter, Financial Statements and Disclosure Matters, Section 5.4., b, page 4)	

		https://www.bpiexpressonline.com/p/1/788/audit-committee	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Reference documents/links: • Corporate Governance Manual (Audit Committee Charter, pp. 50-55) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Audit Committee Charter) https://www.bpiexpressonline.com/p/1/788/audit-committee	
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	The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to its independence. The non-audit work, if allowed, shall be disclosed in the Bank's annual report and Annual Corporate Governance Report. Reference documents/links: • 2019 Integrated Annual Report (Audit and Audit-Related Fees, page 118) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Audit Committee Charter, page 52) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • BPI website (Audit Committee Charter, Financial Statements and Disclosure Matters, Section 5.4., b, page 3) https://www.bpiexpressonline.com/p/1/788/audit-committee	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-	COMPLIANT	In recent years, there have been no non-audit services. Audit Committee guidance on audit and	

audit services, which could be viewed as impairing the external auditor's objectivity.		non-audit services can also be verified in the latest annual reports. Reference documents/links: • 2019 Integrated Annual Report (Audit and Audit-Related Fees, page 118) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (Audit and Audit-Related Fees, page 118) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Name of the audit engagement: Parter-in-charge Zaldy D. Aguirre Accreditation number: 1176-AR-2 (Category A) Date Accredited: June 21, 2018 Expiry date of accreditation: June 20, 2021 Name, address, contact number of the audit firm: Isla Lipana & Co. 29/F Philamlife Tower, Paseo de Roxas, 1226 Makati City, Philippines +63 (2) 8845 2728 Reference documents/links: • 2019 Integrated Annual Report (Corporate Information, page A161) https://www.bpiexpressonline.com/p/1/270/annual-reports	

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	For the year 2019, PwC Philippines was not subjected to SOAR and has not yet received any advice from the SEC for the said inspection. According to SEC Memo Circular 9 on the Rules & Regulation on the implementation of the SEC Oversight Assurance Review Inspection Program dated Aug 18, 2017, the selection of accredited firms and engagement partners for SOAR review is risk-based, so it's dependent on SEC.	
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	In reporting material, non-financial issues, the Bank has adopted a globally recognized standard and framework, International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, as well as references the Global Reporting Initiative (GRI) Standards 2016 series. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (ESG Reporting, pp. 137-143) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Sustainability, Stakeholder Engagement and ESG Reporting) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	For 2019 and earlier, the Bank has adopted the standard/framework: G4 Framework by the Global Reporting Initiative (GRI). <u>Reference documents/links:</u>	

- **2019 Integrated Annual Report**
<https://www.bpiexpressonline.com/p/1/270/annual-reports>

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	BPI believes that transparent and accurate reporting of operating and financial results, major business decisions, and developments gives shareholders and investors the relevant inputs to their investment decisions. In addition, such reporting provides the basis for the sound and robust market valuation of its shares and a proper view to all stakeholders of possible future losses or gains. Our Investor Relations Unit, which is part of the Corporate Strategy & Investor Relations Division, is tasked with a program of proactive, uniform, appropriate, and timely communication and reporting. Full disclosure is done in compliance with the BSP, Securities Regulation Code (SRC), SEC, PSE, PDEX, SGX, and SIX Swiss Exchange rules, regulations, and disclosure guidelines in light of our capital market issuances. (Recommendation 13.5 SEC CG Code for PLCs). We also directly engage with our European investors who are covered by the Markets in Financial Instruments Directive II (MiFID II) regulations. Apart from structured disclosures, we also disclose information not required under the disclosure rules if, in our estimation, such matters have an impact on investment decisions by interested parties. Such matters are disclosed as promptly and	
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		comprehensively as possible by appropriate methods. Outside of the stockholders' meetings, BPI engaged and kept our investors, stockholders and stakeholders informed, through various disclosures and activities led by our Investor Relations Unit. For the year, we conducted 75 one-on-one meetings and 41 conference calls, attended 19 investor conferences and road shows with 312 participants, and posted over 150 structured and unstructured disclosures. The Investor Relations Unit also provides quarterly investor presentations and works with the corporate communications team for media briefings and press releases. Such information about us is shared regularly with the investing public, analysts, and members of the media. Statements in these presentations describing BPI's objectives, projections, estimates, and expectations may be forward-looking. (Recommendation 11.1 SEC CG Code for PLCs) Other company website and official social media sites include: https://m.facebook.com/bpi https://mobile.twitter.com/TalktoBPI https://www.linkedin.com/company/bank-of-the-philippine-islands https://m.youtube.com/user/BPIvideochannel <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Investor Relations, page 145) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Presentations, Analyst and Media Briefings)	
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		https://www.bpiexpressonline.com/p/1/766/presentations	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Reference documents/links:	
a. Financial statements/reports (latest quarterly)	COMPLIANT	• Financial Statements https://www.bpiexpressonline.com/p/1/762/financial-statements • Analyst and Media Briefing Materials https://www.bpiexpressonline.com/p/1/766/presentations • Annual Report https://www.bpiexpressonline.com/p/1/270/annual-reports • Notice of ASM https://www.bpiexpressonline.com/p/1/819/notice-of-asm • Minutes of ASM https://www.bpiexpressonline.com/p/1/820/minutes-of-asm • Articles of Incorporation https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_bpiaoi2015.pdf?id=04a5d4bc-4468-438f-921b-fbf7e8ee5360 • By-Laws https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_Amended_By_Laws_2015.pdf?id=cf2de8cf-8650-4b38-a253-30a900498cf1	
b. Materials provided in briefings to analysts and media	COMPLIANT		
c. Downloadable annual report	COMPLIANT		
d. Notice of ASM and/or SSM	COMPLIANT		
e. Minutes of ASM and/or SSM	COMPLIANT		
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	Reference documents/links: • BPI website https://www.bpi.com.ph/ • 2019 Integrated Annual Report	

(Company Website, Social Media, and Mobile Banking Platforms, page 143)
<https://www.bpiexpressonline.com/p/1/270/annual-reports>

Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	The Bank has quality service programs for the internal audit functions. Review of the internal control system is conducted at least annually. The assessment of controls, systems and processes of the Bank is covered by the annual audit work plan, which is developed using the Audit Risk Assessment/scoring model. The annual work plan is reviewed and approved by the Audit Committee. The audit risk scoring model is also reviewed annually and approved also by the Audit Committee. The COSO internal control framework comprising of its components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities, and the Control Objectives for Information and Related Technology (COBIT) are the frameworks being used/considered in the assessing the effectiveness of the internal control system. The Internal Audit Unit has an established quality assurance and improvement program to ensure that audit activities conform to the International Standards for the Professional Practice of Internal Auditing. The program includes periodic internal and external quality assessment as well as ongoing monitoring of the performance of the internal audit activity. Periodic internal assessments are conducted annually, while external quality assessments are	
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		conducted at least once every five years by a qualified independent validator. This unit maintains its "generally conforms" ratings on both internal and external assessments, which indicate that its activities have continuously conformed to professional standards, code of ethics, and other internal standards. In 2019, the Board of Directors, through its various Board-level Committees, reviewed the Bank's overall control, risk management and compliance systems covering operational and financial areas and determined these to be adequate and operating effectively. <u>Reference documents/links:</u> • BPI website (Internal Audit and Control) https://www.bpiexpressonline.com/p/1/816/internal-audit-and-control • 2019 Integrated Annual Report (Internal Audit and Control, pp. 117-118) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	BPI pursues best practices in Enterprise Risk Management (ERM) across its businesses and processes. It has an established ERM and capital management framework that enables the Bank to identify, measure, control, and monitor its significant financial and non-financial risk exposures, ensure adequate liquidity, and set aside sufficient amounts of capital to cover and mitigate such risks. The framework reflects the Bank's internal standards as guided by the regulatory directives issued by the Bangko Sentral ng Pilipinas (BSP) in promoting effective risk management governance,	

		implementing robust business continuity and resiliency standards that are regularly tested, and performing the internal capital adequacy assessment and other risk management processes. (Recommendation 2.11, 12.4 SEC CG Code for PLCs) <u>Reference documents/links:</u> • BPI website (Enterprise Risk Management) https://www.bpiexpressonline.com/p/1/815/enterprise-risk-management • 2019 Integrated Annual Report (Risk Management, pp.119--126) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Risk Management, pp. 12-13) https://www.bpiexpressonline.com/p/1/239/company-disclosures-main	
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	Yes. Review and frequency of the compliance program is based on the risk assessment conducted at the respective business units, and at the minimum, is done annually. <u>Reference documents/links:</u> • BPI website (Compliance, Anti-Money Laundering and FATCA) https://www.bpiexpressonline.com/p/1/2066/compliance-anti-money-laundering-and-fatca • 2019 Integrated Annual Report (Compliance, pp.127-136) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Compliance, pp. 13-14)	

<https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main>

Optional: Recommendation 12.1

1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	The Bank manages its operational and IT risks by ensuring such risks are thoroughly identified, assessed, monitored, reported, and mitigated. It has defined clear responsibilities related to the performance of the risk management function, as well as the accountabilities, methods, and tools employed to identify and mitigate operational and IT risks in our operating units. It requires operating units to undertake regular self-assessments to identify risks, assess the inherent and residual risks, identify controls, and assess the design and the performance effectiveness of the controls. KRIs are used to monitor risk profiles, trigger early-warning alerts, and instigate mitigating action. Operational loss events data collection and analysis provide meaningful information in effectively managing risks. The risk and control library improves its aggregation and reporting process by providing an aligned taxonomy of risks and controls. BPI's exposure to operational risks is identified, assessed, and monitored as an integral part of the risk assessment processes. It currently uses the Basel III regulatory basic indicator approach to quantify operational risk-weighted assets, by using the historical total annual gross income as the main measure of risk. BPI regularly performs operational risk stress tests, through scenario analysis, to support the internal capital assessment for operational and IT risks, as part of our initiatives to advance risk management methodologies. Through a series of stress scenarios, the Bank is able to identify, analyze, and assess the impact of unexpected and severe operational risk	
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		events. This exercise ensures that the impact of high-severity events is captured during risk assessment, especially those not yet reflected in our existing historical loss data. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Operational and Information Technology Risks, pp.122-123) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Enterprise Risk Management) https://www.bpiexpressonline.com/p/1/815/enterprise-risk-management	
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	Internal Audit is a Division of the Bank (in-house). <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Internal Audit and Control, pp.124-125) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	The Internal Audit Division is headed by a Chief Audit Executive (CAE) who is appointed by the Board and reports functionally to the Board through the Audit Committee and administratively to the President and CEO. As of December 31, 2019, BPI's Chief Audit Executive is Rosemarie B. Cruz. <u>Reference documents/links:</u> • 2019 Integrated Annual Report	

		(Chief Audit Executive, page 117; CAE biography, A151) https://www.bpiexpressonline.com/p/1/270/annual-reports • Corporate Governance Manual (Chief Audit Executive, pp.70-71) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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	Please refer to the Bank's Internal Audit Charter. BPI Internal Audit has no outsourced activity to a third-party provider. Reference documents/links: • BPI website (Internal Audit and Control) https://www.bpiexpressonline.com/p/1/816/internal-audit-and-control	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	This is not applicable to BPI which has an in-house Internal Audit Division and does not outsource activity to a third-party provider. Reference documents/links: • BPI website (Internal Audit and Control) https://www.bpiexpressonline.com/p/1/816/internal-audit-and-control	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	BPI pursues best practices in enterprise risk management across its businesses and processes. It espouses a comprehensive risk management and capital management framework, which integrates the identification, measurement, monitoring, and controlling of our risk exposures. It works to ensure that it has adequate liquidity and capital at all times in order to mitigate risks, as well as robust business	

		continuity and crisis resiliency plans that are regularly tested. BPI's framework conforms not only with its own rigorous standards, but also with BSP directives promoting an effective internal capital adequacy assessment and other risk management processes. Risk management in BPI follows a top-down approach, with risk appetite setting and overall risk strategy emanating from the Board of Directors (Board). The Board fulfills its risk management function through the Risk Management Committee (RMC). The RMC defines risk appetite statements at functional risk areas and on an enterprise level, reviews risk management structures, metrics, limits, and issues across the BPI Group of Companies (BPI Group), and directs the Bank's risk strategy framework anchored on sound risk management governance, value-enhancing risk methods and processes, and risk-intelligent data and technology. It oversees and manages risks and monitors regulatory and internal capital adequacy vis-à-vis risk exposures. It promotes a strong risk culture and exercises oversight through the Subsidiary Board-level RMCs across the BPI Group. It manages risks through clearly-delineated functions to ensure effective risk management governance and control processes across the Bank using the "three lines of defense" model. This model defines the risk management responsibilities of each unit owning and managing the risk (1st line), overseeing risk management function (2nd line), or providing independent assurance on the quality and effectiveness of risk management and internal controls (3rd line). BPI's risk culture is anchored on its vision of	
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		transparency and integrity in the workplace, creation of sustainable value, and delivery of maximum returns to stakeholders. In order to achieve its responsibilities to clients, employees, stakeholders, regulators and country, it exercises proactive and prudent risk management. Reference documents/links: • 2019 Integrated Annual Report (Risk Management, pp. 119-126) https://www.bpiexpressonline.com/p/1/237/manu-ql-of-corporate-governance • 2019 Annual Report (SEC Form 17-A) (Risk Management, pp. 12-14) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	The Bank from time to time engages reputable external consultants (e.g. SAS and SPM Consulting, SGV-EY, Deloitte Philippines, etc.) to either enhance and/or benchmark the maturity of its risk management systems and processes to also align with industry best practices. Such risk management engagements usually involve knowledge-transfer modules to further equip our risk management officers and specialists.	
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	As of December 31, 2019, BPI's Chief Risk Officer is Marita Socorro D. Gayares. Filipino, 58 years old, Ms. Gayares is the Chief Risk Officer of BPI and Head of its Risk Management Office since January 2018. As Chief Risk Officer, she is primarily responsible for the overall management of the BPI Group's enterprise risks – ensuring that all	

		relevant financial and non-financial risks are appropriately identified, measured, controlled, and monitored within the Bank's approved risk appetite and commensurate to returns on capital. She provides executive and strategic risk support to the Bank's Board of Directors, through the Risk Management Committee (RMC), in fulfilling its risk management function and ensuring that the Bank has an established, sound, and robust enterprise risk management (ERM) framework. She works closely with the Chief Audit Executive and Chief Compliance Officer for effective risk management governance, compliance, and control processes across the Bank. She serves as member of the Bank's Fraud and Irregularities Committee (Chairperson), Data Steering Committee (co-Chairperson), Crisis Resiliency Committee (Deputy Commander), Enterprise and Information Technology Steering Committee (advisory capacity), and Operational Risk Management Committee. She likewise serves as a director for BPI Europe Plc.'s Board. With career stints in the areas of Corporate Banking, Credit and Transaction Banking, Loans Operations, Project Management, Systems, and Financial Control, and having previously served as the Bank's Chief Compliance Officer, Ms. Gayares's extensive and diverse 34-year banking experience has been instrumental in transforming the Bank's compliance, anti-money laundering, corporate governance, and data privacy frameworks, methods, and processes, and helping the Bank become one of the leading financial institutions in the Philippine banking industry in the areas of governance, risk management, and compliance (GRC). Ms. Gayares is a graduate of the University of the Philippines with a Bachelor's degree in Business	
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		Economics. She completed her Master's degree in Business Administration (major in Finance and Investments) at George Washington University in Washington, D.C. She has successfully completed the Strategic Compliance in the Banking Industry certificate course by the Association of Bank Compliance Officers (ABCOMP) and De La Salle University (DLSU) Manila, as well as completed corporate governance modules facilitated by the Institute of Corporate Directors (ICD). She has previously served as Director and Treasurer of the ABCOMP, and Voting Member of the Bankers Institute of the Philippines, Inc. (BAIPhil). She currently serves as Member of the Risk Management Committee of the Bankers' Association of the Philippines (BAP), and Board of Advisors/Executive Committee Member of the Enterprise Risk Management (ERM) Council of the Ayala Group of Companies. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Chief Risk Officer, Leaders' Bio, page A151-A152) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	The CRO is a Senior Vice President. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Chief Risk Officer, Leaders' Bio, page A151-A152) https://www.bpiexpressonline.com/p/1/270/annual-reports	
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,	COMPLIANT	The CEO and CAE Attestation is attached as an Annex to this report.	

control and compliance system is in place and working effectively.			
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	Reference documents/links: Manual on Corporate Governance (Stockholders' Rights and Protection of Minority Stockholders Interests, pp. 91-93) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Reference documents/links: BPI website (Minority Stockholders) https://www.bpiexpressonline.com/p/1/812/minority-stockholders Corporate Governance Manual (Stockholders' Rights and Protection of Minority Stockholders Interests, pp. 90-93) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	BPI adheres to the "One Share, One Vote" rule. Its Amended By-Laws state that stockholders are entitled to voting rights equivalent to the number of shares they hold, i.e., voting is by shares of stock and not "per capita". Reference documents/links: 2019 Integrated Annual Report (Voting Rights, 144) https://www.bpiexpressonline.com/p/1/270/annual-reports BPI website (Articles of Incorporation)	

		https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_bpiaoi2015.pdf?id=04a5d4bc-4468-438f-921b-fbf7e8ee5360 (Amended By-Laws, page 4) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_Amended_By_Laws_2015.pdf?id=cf2de8cf-8650-4b38-a253-30a900498cf1 Definitive Information Statement (Manner of Voting, pp. 2-3) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/ASM%20VIASH/file_20_IS_definitive_information_statement.pdf?id=9c61a389-8007-4912-ac88-2cc8561be099	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (Share Information, Shareholder Rights and Engagement, page 148) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Articles of Incorporation) https://www.bpiexpressonline.com/media/uploads/592bcc524c043_BPI_AOI_2015.pdf Definitive Information Statement (Manner of Voting, pp. 2-3) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/ASM%20VIASH/file_20_IS_definitive_information_statement.pdf?id=9c61a389-8007-4912-ac88-2cc8561be099	

3. Board has an effective, secure, and efficient voting system.	COMPLIANT	Voting is by poll Reference documents/links: • 2019 Integrated Annual Report (Election of Directors, page 98; Annual Stockholders Meeting, pp.145-146) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Definitive Information Statement, Voting Procedures, pp 12-13) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/ASM%20VIASH/file_2019%20definitive%20information%20statement.pdf?id=9c61a389-8007-4912-ac88-2cc8561be099 • Corporate Governance Manual (Election of Directors, Sec. I.A.7., page 21; Stockholder's Right and Protection of Minority Stockholder Interests, Shareholders' Rights, Duty to Promote Stockholders' Rights, Sec. VII. A., B., pp. 92-95) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
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.	COMPLIANT	The Board protects rights of all shareholders including minority shareholders. Reference documents/links: • Corporate Governance Manual (Election of Directors, Sec. I.A.7., page 21; Stockholder's Right and Protection of Minority Stockholder Interests, Shareholders' Rights, Duty to Promote Stockholders' Rights, Sec. VII. A., B., pp. 92-95) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	

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	While there was no such instance in or during the covered period, 2019, such shareholder's rights are provided for in the Bank's Amended By-Laws and is part of the Board's duties and responsibilities as provided in the Manual on Corporate Governance. (Same links as Recommendation 13.1 items)	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	Reference documents/links: • Corporate Governance Manual (Election of Directors, Sec. I.A.7., page 21; Stockholder's Right and Protection of Minority Stockholder Interests, pp. 92-95) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance • 2019 Integrated Annual Report (Voting rights, page 144) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Articles of Incorporation) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_bpiaoi2015.pdf?id=04a5d4bc-4468-438f-921b-fbf7e8ee5360 (Amended By-Laws, page 4) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/Governance/file_governance_Amended_By_Laws_2015.pdf?id=cf2de8cf-8650-4b38-a253-30a900498cf1	
7. Company has a transparent and specific dividend policy.	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (Payment of Dividends, page 151)	

		https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Dividends) https://www.bpiexpressonline.com/p/1/764/dividends • 2019 Annual Report (SEC Form 17-A) (Dividends, page 17) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	For the 2019 Annual Stockholders' Meeting, our independent external auditor, Isla Lipana & Co. counted and validated the votes. Reference documents/links: • 2019 Integrated Annual Report (Voting results, page 147) https://www.bpiexpressonline.com/p/1/270/annual-reports • 2019 Annual Report (SEC Form 17-A) (Voting and Voting Results, pp. 65-66) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Minutes of ASM) https://www.bpiexpressonline.com/p/1/820/minutes-of-asm (Notice of ASM) https://www.bpiexpressonline.com/p/1/819/notice-of-asm	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant	COMPLIANT	We send the Notice of the Annual Stockholders' Meeting to our shareholders well before the meeting date in order to allow time for shareholders to review the meeting's agenda as well as to provide	

information at least 28 days before the meeting.		shareholders with sufficient information regarding the issues to be decided at the meeting; the Definitive Information Statement, or SEC Form 20-IS is issued in accordance with the BPI's By-Laws and Securities Regulation Code 20. The Notice of Annual Stockholders Meeting with rationale for each agenda item was sent out on March 27, 2019; this is 27 days ahead of the Annual Stockholders' Meeting scheduled on April 23, 2020. In 2019, the Notice of Annual Stockholders Meeting was sent out on March 26, 2018; this is 30 days ahead of the Annual Stockholders' Meeting scheduled on April 25, 2018. <u>Reference documents/links:</u> • PSE Edge (Definitive Information Statement) https://edge.pse.com.ph/openDiscViewer.do?edge_no=df12850e35ee2b080de8473cebbd6407 • 2019 Annual Report (SEC Form 17-A) (Notice of ASM, page 65) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Notice of ASM 2020) https://www.bpiexpressonline.com/p/1/656/other-disclosures https://www.bpiexpressonline.com/p/1/819/notice-of-asm	
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	Yes. See Notice of ASM in the links below: <u>Reference documents/links:</u> • PSE Edge	

		(2020 Notice of ASM) https://edge.pse.com.ph/openDiscViewer.do?edge_no=362aa506c2b96d9c0de8473cebbd6407 • BPI website (Notice of ASM 2020) https://www.bpiexpressonline.com/p/1/819/notice-of-asm https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/ASM%20VIASH/file_2015_definitive_information_statement.pdf?id=9c61a389-8007-4912-ac88-2cc8561be099	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	Same link as provided above Recommendation 13.2	
b. Auditors seeking appointment/re-appointment	COMPLIANT	Same link as provided above Recommendation 13.2	
c. Proxy documents	COMPLIANT	Same link as provided above Recommendation 13.2	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Yes. The company provided rationale for each agenda item. Same link as provided above Recommendation 13.2	
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	Reference documents/links: • BPI website (Minutes of ASM) https://www.bpiexpressonline.com/p/1/820/minutes-of-asm (Voting Results)	

		https://bpiexpressonline.com/p/1/1514/voting-results • PSE Edge (Results of Annual Stockholders' Meeting – April 25, 2019) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cced30ee2d5ccc1defdfc15ec263a54d	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	Our Minutes of the Annual Stockholders' Meeting includes all information pertinent to the meeting: Date, Time, Location of the Annual Meeting; Qualified participants, Attendance and quorum present to conduct business; Approval of prior minutes; General report of the President; Record of action items in the meeting including Election of the Board, any pertinent discussions, and actual votes done by poll; Corporate resolutions that were adopted also voted upon by poll. The minutes also records the dialogue between our stockholders and the Board and Management, facilitating Board and Management's responses to stockholders' questions and clarifications as well as determining any follow up actions that need to be taken by Board and Management in the future. Minutes of 2019 Annual Stockholders Meeting is viewable in the company website. Reference documents/links: • 2019 Annual Report (SEC Form 17-A) (Minutes of the Annual Stockholders' Meeting, page 66) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • BPI website (Minutes of Annual Stockholders Meeting) https://www.bpiexpressonline.com/p/1/820/minutes-of-asm	

Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	Yes, the external auditor and other relevant individuals were present in the last ASM. Reference documents/links: • BPI website (Minutes of Annual Stockholders Meeting) https://www.bpiexpressonline.com/p/1/820/minutes-of-asm (Result of the Annual Stockholders Meeting) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cced30ee2d5ccc1defdfc15ec263a54d	
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	Reference documents/links: • 2019 Integrated Annual Report (Alternative Dispute Mechanism, page 145) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Reference documents/links: • Corporate Governance Manual (Alternative Dispute Mechanism, pp.93-94) https://www.bpiexpressonline.com/p/1/237/manual-of-corporate-governance	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (BPI Investor Relations Office, page A145) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (BPI Investor Relations Office) https://www.bpiexpressonline.com/p/0/81/investor-relation	
2. IRO is present at every shareholder's meeting.	COMPLIANT	The Chairman and members of the Board, chairmen and members of the Board-level Committees, and	

		senior executive officers led by the President and CEO, CFO, and Heads of Risk, Control, and Compliance, including the Corporate Secretary, and the <u>Investor Relations Officer attended the 2019 ASM.</u> Reference documents/links: • 2019 Integrated Annual Report (Annual Stockholders Meeting, pp. 145-146) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	There are no capital structures or arrangements that enable certain shareholders to obtain a degree of control, i.e, shareholders agreement, voting cap, multiple voting rights, pyramid structures or crossholding structures. The voting procedures discussed earlier in the document also support that the Board does not have any anti-takeover measures in place.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	As of December 31, 2019, public float was 39.2% Reference documents/links: • 2019 Integrated Annual Report (Share Information, Shareholders, page 148) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (BPI Investor Relations Office, page A145) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website https://www.bpiexpressonline.com/p/0/81/investor-relation	

		(Disclosure and Transparency) https://www.bpiexpressonline.com/p/1/1747/disclosures-and-transparency	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	On the voting procedures, stockholders have the option to vote online or manually. For online voting, computer stations will be placed outside the venue, where stockholders may cast their votes online. For those opting for manual voting, the stockholder will be given a ballot upon registration to enable him to vote in writing. Both ballot and website platform shall state the proposed resolutions for consideration by the stockholders. In pursuit of best practice promoted by the ASEAN Corporate Governance Scorecard, the Board of Directors approved on March 20, 2019 the authority to allow BPI stockholders to vote in absentia in the 2019 annual stockholders' meeting and amendment of Article IV of the Bank's By-Laws. To facilitate voting in absentia, an electronic facility comprised of a secure web-based program was made available to stockholders for casting of absentee ballots. The results of the electronic voting via absentee ballots will be counted and tabulated by the corporate secretary and validated by the independent external third-party auditor. <u>Reference documents/links:</u> • BPI website 2020 Definitive Information Statement (Manner of Voting) https://www.bpi.com.ph/content/atom/33f50d91-c898-4666-8a69-e09d571c5dcc/content/Files/ASM%20VIASH/file_2	

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	Yes. The outcomes of the Bank's stakeholder engagement influence its risk-management processes, allowing it to address potential risks and align the management of issues with business processes and strategies. Stakeholder engagement also helps the Bank improve and innovate its products, services, systems, operational processes, and practices. Reference documents/links: • 2019 Integrated Annual Report (Stakeholder Engagement and Material Topics, pp.126-129) https://www.bpiexpressonline.com/p/1/270/annual-reports	
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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	Same link as provided above Recommendation 14.1	
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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	Same link as provided above Recommendation 14.1	
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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	It is the policy of the Bank to resolve disputes or differences with stockholders, regulatory authorities and other third parties, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation or arbitration. If the agreement between the Bank and third parties has an arbitration clause, arbitration is the ADR system being adopted. If none, the Bank initiates conciliation- earnest effort to arrive at amicable settlement. If everything fails, and the dispute progresses into court litigation, the Bank strictly adheres to and complies with Supreme Court A.M. No. 11-1-6-SC-PHILJA dated January 11, 2011 [Consolidated and Revised Guidelines to Implement the Expanded Coverage of Court-Annexed Mediation (CAM) and Judicial Dispute Resolution (JDR)]. Relative to regulatory authorities, the Bank adopts and complies with the alternative modes of dispute resolution they are using or promoting such as, but not limited to, mediation, conciliation and arbitration, in compliance with Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004). <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Alternative Dispute Mechanisms, page 145) https://www.bpiexpressonline.com/p/1/270/annual-reports	
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	COMPLIANT	The Monetary Board, in its Resolution No. 660, dated April 19, 2018 approved the request for exemptive relief on the directorship limits on Non-Executive Directors in PLCs and allow Directors Jaime Augusto Zobel de Ayala and Fernando Zobel de Ayala to maintain their directorships in more than five (5) PLCs	

well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.		where they have significant shareholdings. The MB also allowed Director Antonio Jose U. Periquet to maintain his currently held directorships in seven (7) PLCs since he had been elected as Independent Director in them long before issuance of Cir.969.	
2. Company respects intellectual property rights.	COMPLIANT	Policies for the protection of intellectual property rights are found in the internal Management Operating Manual database of the Bank for internal use of employees.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (Customer Experience, Data Privacy, page 83; Financial Product Governance, Financial Consumer Protection Program, pp. 139-140) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (Supply Chain Management, page 84) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Reference documents/links: • 2019 Integrated Annual Report (pp. 140-143) https://www.bpiexpressonline.com/p/1/270/annual-reports	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance	COMPLIANT	Yes, the Bank, in aligning management's interest with shareholders, has an equity-linked incentive plan to its all its officers, including junior officers from Assistant	

of the company beyond short-term financial measures.		Manager and up (with eligibility requirements): Executive Stock Purchase Plan (ESPP). A major initiative of the Bank under its long-term incentive program, the Executive Stock Purchase Plan (ESPP) was launched in 2013. The ESPP program offers officers the opportunity to purchase BPI shares at a discount to the prevailing market price, and to pay for such purchase over a prescribed period of time. This also promotes ownership culture within the Bank that fosters a sense of belonging among officers and develops their direct interest in the Bank. Management believes that this stronger alignment between the interests of BPI officers and shareholders will benefit all stakeholders. This helps achieve more robust earnings and a healthier balance sheet, reflecting a higher stock valuation. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Employee Welfare, pp. 140-141) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	<u>Reference documents/links:</u> • 2019 Annual Report (SEC Form 17-A) (Employee Welfare, Health and Safety, pp. 64-65) https://www.bpiexpressonline.com/p/1/239/comp-any-disclosures-main • 2019 Integrated Annual Report (Employee Welfare, Health, and Safety, pp. 140-141) https://www.bpiexpressonline.com/p/1/270/annual-reports	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<u>Reference documents/links:</u> • 2019 Integrated Annual Report (Employee Training and Development, pp. 140-141)	

		https://www.bpiexpressonline.com/p/1/270/annual-reports	
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	<u>Reference documents/links:</u> • 2019 Integrated Annual Report (Codes of Business Conduct and Ethics, pp. 130-132; Conflict of Interest and Anti-Bribery and Anti-Corruption Policy, pp. 132-133) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Anti-bribery and Anti-Corruption Policy) https://www.bpiexpressonline.com/p/1/2030/conflict-of-interest-standards-including-anti-bribery-and-anti-corru	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Dissemination of the Codes. Among others, the Bank's codes of conduct and policies on conflict-of-interest, insider trading, whistleblower, related party transactions, and other guidelines are embodied in the Bank's Manual on Corporate Governance and included in the Bank's Management and Operating Manual and Personnel Policy Manual, each of which is recorded in electronic databases readily accessible for all Bank employees. Bank policies are also regularly announced via internal e-mail facility to ensure constant top-of-mind awareness of employees of the need to comply with these policies. Directors are provided with hard copies as well as electronic copies of the Director's Code. Both the Employees' and Directors' Codes of Conduct are disclosed in the Manual on Corporate Governance and on the company website at www.bpi.com.ph.	

		Reference documents/links: • 2019 Integrated Annual Report (Dissemination of the Codes), page 132) https://www.bpiexpressonline.com/p/1/270/annual-reports • Code of Business Conduct and Ethics https://www.bpiexpressonline.com/p/1/806/code-of-business-conduct-and-ethics	
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	Through its Anti-Bribery and Anti-Corruption (ABC) Policy, the Bank puts the highest premium on sound, responsible, and effective corporate governance. The Bank advocates that directors and employees do not tolerate corruption or any form of bribery nor provide or accept improper inducements in the course of any business dealing. Reference documents/links: • BPI website (Anti-bribery and Anti-Corruption Policy) https://www.bpiexpressonline.com/p/1/2030/conflict-of-interest-standards-including-anti-bribery-and-anti-corru • 2019 Integrated Annual Report (Anti-Bribery and Anti-Corruption, page 132-133) https://www.bpiexpressonline.com/p/1/270/annual-reports	
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	The Bank supports a whistleblower program, an important mechanism to prevent and detect fraud or misconduct, and enable fast and coordinated incident responses, remedial actions, and damage control procedures. Yes. Non-Retaliation:	

		i. An individual who makes a "protected disclosure" shall not suffer harassment, retaliation, or adverse employment consequences. Any person who retaliates against any individual who makes a protected disclosure shall be subject to discipline up to and including termination. ii. The right of a whistleblower for protection against retaliation does not include immunity for his/her wrongdoing or participation in the reported irregularity and such participation was eventually verified and proven during the course of the investigation. iii. In case the whistleblower believes he has been retaliated against for whistleblowing, he may seek redress or file a formal complaint to the HRD Group Head, Chief Internal Auditor, or the Chief Risk Officer. Employee whistleblowers may approach any of the following Officers who shall be the designated contacts for the Bank and the primary reporting line: • Head of Human Resources Management Group (HRMG) or • Chief Internal Auditor or • Chief Risk Officer The whistleblower may send or communicate a report, formally or anonymously, through a face-to-face meeting with the aforementioned primary contacts or communicate in writing, by telephone, in person, or through the external email at eye_report@bpi.com.ph or the internal e-mail at BPI Eye Report Box. <u>Reference documents/links:</u> • 2019 Integrated Annual Report	
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		(Whistleblowing, page 133, Whistleblower reports, page A161) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Whistleblower Policy) https://www.bpiexpressonline.com/p/1/1873/raising-integrity-concerns-whistleblower-policy	
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	Apart from above designated contacts, whistleblowers can also course complaints through other reporting lines (President or Chairman of the Bank's Audit Committee who is an Independent Director).	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	The Board supervises and ensures enforcement through the regular review of the whistleblowing framework that is done by the Human Resources Management Group and reporting of the review of the whistleblower policy and any incidents of this nature that are made periodically to the Audit Committee as well as the Personnel and Compensation Committee and/or Corporate Governance Committee. All whistleblowing cases are handled with utmost confidentiality. <u>Reference documents/links:</u> • 2019 Integrated Annual Report (Whistleblowing, page 133) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website (Whistleblower Policy) https://www.bpiexpressonline.com/p/1/1873/raising-integrity-concerns-whistleblower-policy	

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	Reference documents/links: • 2019 Integrated Annual Report (ESG Matters, pp.137-143) https://www.bpiexpressonline.com/p/1/270/annual-reports • BPI website http://www.bpifoundation.org/ https://www.bpiexpressonline.com/p/1/1877/sustainability https://www.bpiexpressonline.com/p/1/906/environment-friendly-value-chain	
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	<u>Environmentally-friendly value chain</u> Reference documents/links: • BPI website https://www.bpiexpressonline.com/p/1/906/environment-friendly-value-chain • 2019 Integrated Annual Report (Environmental Performance, page 86; ESG Matters, pp.137-143) https://www.bpiexpressonline.com/p/1/270/annual-reports	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	<u>Community</u> Reference documents/links: • BPI website https://www.bpiexpressonline.com/p/1/814/communities • 2019 Integrated Annual Report	

		(Creating Social Value for Communities, pp. 81-82; ESG Matters, pp.137-143) https://www.bpiexpressonline.com/p/1/270/annual-reports	
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SIGNATURES

Pursuant to SEC Memorandum Circular No. 15, Series of 2017 and PSE Memorandum Circular No. 2017-0079 mandating all listed companies to submit SEC Form I-ACGR for the year 2019, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on JUL 22 2020.

BANK OF THE PHILIPPINE ISLANDS Issuer

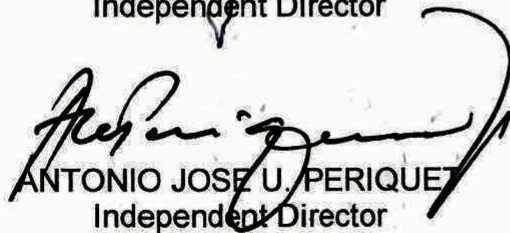
By:



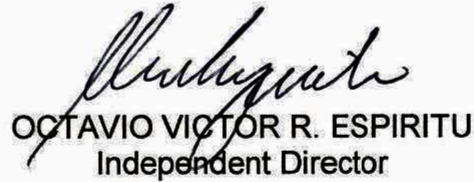
JAIME AUGUSTO ZOBEL DE AYALA
Chairman of the Board



IGNACIO R. BUNYE
Independent Director



ANTONIO JOSE U. PERIQUET
Independent Director



OCTAVIO VICTOR R. ESPIRITU
Independent Director

ELI M. REMOLONA, JR.
Independent Director



XAVIER P. LOINAZ
Independent Director



MARIA DOLORES B. YUVIENCO
Independent Director


ANGELA PILAR B. MARAMAG
Corporate Secretary


CEZAR P. CONSING
President and CEO


NORAVIR A. GEALOGO
Chief Compliance Officer

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this JUL 22 2020; affiant(s) exhibiting to me his/her Passport Number/Residence Certificates, with the following details:

NAME(S)	PASSPORT NO./CTC NO.	DATE/PLACE OF ISSUE	VALID UNTIL
Jaime Augusto Zobel De Ayala	EC4856934	August 04, 2015 / DFA Manila	August 03, 2020
Ignacio R. Bunye	P6255233A	March 02, 2018 / DFA Manila	March 01, 2028
Octavio Victor R. Espiritu	P0623905A	October 14, 2016 / DFA NCR South	October 13, 2021
Xavier P. Loinaz	P9316760A	October 26, 2018 / DFA Manila	October 25, 2028
Antonio Jose U. Periquet	P6023226A	February 13, 2018 / DFA Manila	February 12, 2028
Eli M. Remolona, Jr.	P8004867A	July 19, 2018 / PCG Hong Kong	July 18, 2028
Maria Dolores B. Yuvienco	P3113192B	September 07, 2019 / DFA NCR South	September 06, 2029
Cezar P. Consing	P6868155A	April 17, 2018 / DFA NCR South	April 16, 2028
Angela Pilar B. Maramag	33-0928666-1		
Noravir A. Gealogo	P4846759A	October 26, 2017 / DFA Far East	October 25, 2022

Doc. No.:
Page No.:
Book No.:
Series of 2020

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SEC Form - I-ACGR * Updated 21Dec2017


RUBEN T.M. RAMIREZ
Notary Public for Makati City
Until December 31, 2021
2536 E. Paseña St., Makati City
BP O.R. No. 097071/ December 10, 2019
Roll No. 28947/MCLE No. VI-0020246
PTR No. MKT 8117044/1-02-2020
Appointment No. M-158



CHIEF EXECUTIVE OFFICER AND CHIEF AUDIT EXECUTIVE ATTESTATION

Based on the assurance activities performed by the Bank of the Philippine Island's Internal Audit and its external auditor for the year 2019, we assess that the Bank's system of internal controls, risk management and governance processes are in place and continue to be adequate and generally effective, in all material respects. These processes provide a level of assurance that enables the Senior Management of the Bank to recognize, understand, manage and effectively control its exposure to risk. We likewise confirm that the audit scope and coverage are sufficient, comprehensive and risk-based, that Management is aware of its responsibility for internal control, and that there is no interference with the accomplishment of audit activities and reporting of relevant issues and other pertinent information to the Audit Committee and the Board of Directors.

This attestation is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on JUL 28 2020

BANK OF THE PHILIPPINE ISLANDS

Issuer

By:

CEZAR P. CONSING
President and CEO

ROSEMARIE B. CRUZ
SVP and Chief Audit Executive

JUL 28 2020

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this _____; affiant(s) exhibiting to me his/her Passport Number/Residence Certificates, with the following details:

NAME(S)	PASSPORT NO./CTC NO.	DATE/PLACE OF ISSUE	VALID UNTIL
Cezar P. Consing	P6868155A	April 17, 2018/DFA NCR South	April 16, 2028
Rosemarie B. Cruz	P7862176A	July 9, 2018/DFA Pampanga	July 8, 2028

Doc. No. _____
Page No. _____
Book No. _____
Series of 2020

RUBEN T.M. RAMIREZ
Notary Public for Makati City
Until December 31, 2021
2086 E. Pasqua St., Makati City
TBP O.R. No. 097071/ December 10, 2019
Roll No. 26947/MCLE No. VI-0020246
PTR No. MKT 8117044/1-02-2020
Appointment No. M-158



Corporate Governance and Finance Department

20 July 2020

Mr. Don Cesar Teodoro L. Sevilla II
Corporate Governance Officer
Ms. Noravir A. Gealogo
Vice President & Chief Compliance Officer
BANK OF THE PHILIPPINE ISLANDS
Ayala North Exchange Tower I
Ayala Avenue cor. Salcedo St.
1229 Makati City, Metro Manila

Re : **Request for Exemption on Required Signatory in the
2019 Integrated Annual Corporate Governance Report**

Dear Mr. Sevilla and Ms. Gealogo:

This refers to your letter dated 09 July 2020 requesting for exemption on the required signatory in the company's 2019 Integrated Annual Corporate Governance Report (I-ACGR).

In said letter, you stated that Mr. Eli M. Remolona, Jr. the company's Independent Director and one of the required signatories in the I-ACGR is currently abroad and therefore will be unable to personally sign the I-ACGR.

The company's request for exemption on required signatory on the company's I-ACGR is hereby **GRANTED**, subject to its compliance with the following conditions:

- a. The company shall file the 2019 I-ACGR within the prescribed deadline, duly signed by the required signatories that are present in the Philippines and shall be duly notarized;
- b. The company shall submit a written Explanation duly executed and signed under oath by Mr. Remolona within ten (10) days from the date of his arrival in the country. The written Explanation shall set forth the circumstances and relevant facts of the travel abroad with attached proof of departure abroad and arrival in the country (e.g. copy of stamped passport, plane ticket, and/or boarding pass, etc.) The notarized written Explanation (with the attached documents) shall be marked as "CONFIDENTIAL"; and
- c. The notarized written Explanation shall be filed together with the duly signed and notarized I-ACGR, executed by Mr. Remolona.

The company's failure to comply with the above conditions within the prescribed period shall invalidate the prior conditional approval of the request and shall be a ground for the issuance of a show cause letter to the company.

For your guidance and compliance.


RACHEL ESTHER J. GUMTANG-REMALANTE
Director