



**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. July 10, 2023
Date of Report (Date of earliest event reported)
2. SEC Identification Number 34001 3. BIR Tax Identification No. 000-708-174-000
4. **BDO Unibank, Inc.**
Exact name of issuer as specified in its charter
5. METRO MANILA 6. (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code:
incorporation
7. BDO Corporate Center, 7899 Makati Avenue, Makati 0726
City, Philippines Postal Code
Address of principal office
8. (632) 8840-7000/8702-6000
Issuer's telephone number, including area code
9. **N.A.**
Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	5,265,453,177
PREFERRED	618,000,000

11. Indicate the item numbers reported herein:

Item 9

BDO Unibank, Inc. (the **Bank**) has released the attached glossy version of its fifth Sustainability Report outlining the Bank's economic, environmental, social, and governance performance from January to December 2022. The non-glossy version of the Bank's Sustainability Report was previously submitted as part of its Annual Report (SEC Form 17-A) for the year ended December 31, 2022.

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SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BDO Unibank, Inc.

Issuer

Date: July 10, 2023

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EDMUNDO L. TAN

Corporate Secretary

**FOR YOUR FUTURE,
WE FIND WAYS.**

BDO

2022 SUSTAINABILITY REPORT

About the Report

2-1, 2-2, 2-3

This report is BDO Unibank Inc.'s fifth Sustainability Report outlining the Bank's economic, environmental, social, and governance performance from January to December 2022. It is a substantiation of BDO's commitment to the United Nations Sustainable Development Goals (SDGs), the principles of the United Nations Global Compact, and the Greenhouse Gas (GHG) Protocol. This report has been prepared in accordance with the GRI Standards 2021.

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

This report covers the sustainability efforts of BDO Unibank and its subsidiaries and affiliates, including BDO Private Bank, BDO Network Bank, Inc., BDO Life, BDO Insure, and Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.).

This report should be read in tandem with the 2022 Annual Reports and expanded disclosures on the BDO website's Sustainability page.

BDO 2022 SUSTAINABILITY REPORT

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The limited copies of the BDO 2022 Sustainability Report are printed on Chroma Super Ivory paper. Chroma Offset papers are certified by the Programme for the Endorsement of Forest Certification (PEFC), an international non-profit, non-governmental organization dedicated to promoting sustainable forest management. To know more about PEFC, please visit <https://pefc.org>.

BDO's Footprint

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

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. Its branches remain at the forefront of setting high standards as a sales and service-oriented, customer-focused force. The Bank has the largest distribution network with 1,650 branches and banking offices and 4,655 ATMs nationwide. BDO has 16 international offices (including full-service branches in Hong Kong and Singapore) spread across Asia, Europe, North America, and the Middle East.

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

Through selective acquisitions and organic growth, BDO has positioned itself for increased balance sheet strength and continuing expansion into new markets. As of December 31, 2022, BDO is the country's largest bank in terms of total resources, customer loans, deposits, assets under management and capital, as well as branch and ATM network nationwide.

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

Corporate Mission

To be the preferred bank in every market we serve.

Corporate Vision

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

Core Values

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

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

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

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



₱211.9 billion

(US\$3.8 billion)

Direct Economic Value Generated

₱2.6 trillion

(US\$46.9 billion)

Gross Customer Loans

₱3.2 trillion

(US\$57.8 billion)

Deposit Liabilities

₱461.5 billion

(US\$8.3 billion)

Capital

₱4.1 trillion

(US\$73.1 billion)

Total Resources

₱57.1 billion

(US\$1.0 billion)

Net Income

₱556.4 billion

(US\$10.0 billion)

Market Capitalization

₱781 billion

(US\$14.0 billion)

Total Sustainable Finance funded

1,652

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

4,655

Automated Teller Machines (ATMs)
nationwide

640

Cash Deposit Machines

Message from the Chairperson



“BDO is committed to taking an active role in contributing to a more sustainable and resilient future.”

Dear Clients and Shareholders,

It's been three years since our world was disrupted by COVID-19. The challenges we faced as a Bank were not easy, yet we made significant inroads in creating new ways to serve our clients and the communities we are located in.

We introduced new digital products while enhancing existing ones and remained focused on our core strengths — our service culture and vast distribution network. With these, we were able to support businesses, regardless of scale, and established critical presence in areas where we were needed. We also strengthened our advocacies to promote social good, from sustainable finance to financial inclusion to rebuilding communities.

BDO is committed to taking an active role in contributing to a more sustainable and resilient future. Sustainability is integrated into our overall strategy, and the notable initiatives carried out in 2022 are:

- Issuance of the ASEAN Sustainability Bond that successfully raised PHP52.7 billion, the largest issuance for any Philippine financial institution or company. The BDO ASEAN Sustainability Bond marks our first issuance of a Peso-denominated sustainability bond to both institutional and retail investors.
- Issuance of the country's first Blue Bond that raised US\$100 million from the investment of the International Finance Corporation. The BDO Blue Bond reinforces the Bank's commitment to sustainable finance, giving more support to projects that protect the environment.
- Board of Directors' participation in the Corporate Governance Seminar on Sustainability and Geopolitics, where expectations and aspirations as sustainability champions were highlighted to transform the economy, the organization, the environment, and society for future generations.
- Declaration of the Energy Transition Finance Statement as a testament to BDO's commitment to a low carbon economy and more renewable energy projects.

Social responsibility also remained a top priority. Through BDO Foundation, we helped 70,960 affected families recover from disasters and rebuild their lives with two of the most important community facilities: health centers and schools. We also empowered students, teachers, civil servants, and other sectors of society through financial education programs we developed with our partner institutions and the Bangko Sentral ng Pilipinas.

Sustainability is a never-ending journey for BDO. While this means meeting extraordinary challenges at times, it is an adventure that all of us in BDO are excited to participate in for it is a legacy that we want to pass on to present and future generations. We will always find ways to attain a better future for us all.

Yours truly,

A handwritten signature in black ink, appearing to read 'Teresita T. Sy'. The signature is fluid and cursive, written over a horizontal line.

Teresita T. Sy
Chairperson

Message from the President and CEO



“In 2022, we announced our Energy Transition Finance Statement in support of a low carbon economy that is environmentally responsible and socially inclusive.”

Dear Stakeholders,

BDO remains committed to sustainability in everything we do as an organization, striving to make and fulfill impactful commitments to protect our environment and to improve the lives of our fellow Filipinos.

In 2022, we announced our Energy Transition Finance Statement in support of a balanced approach to national economic development that requires affordable and reliable energy while driving the broader goal of climate sustainability.

We reiterated our intention to refrain from financing any new capacity that will increase harmful emissions in the environment. This means that we will continue our current policy of not lending to companies that will establish new coal-fired power plant capacity. This also means we are committed to reducing our coal exposure by 50% by 2033 while ensuring that our coal exposure does not exceed 2% of our total loan portfolio by 2033.

Integral to the fulfillment of this statement, we continue to enhance our environmental and social risk assessment and due diligence; increase our funding for renewable energy alternatives; provide support to customers and communities affected by the energy transition; and establish systems to improve our climate-related disclosures and transparency.

On the social front, we continue to expand our coverage of the underserved market and strive to achieve financial inclusion for more and more Filipinos in the countryside. We added 108 total branches and loan offices nationwide. We complemented our branch offices with cash fulfillment centers run by agents called Cash Agad (or instant cash). With 10,429 Cash Agad agents, we now cover 90% of municipalities in the Philippines, including all 16 areas with high poverty incidence as well as areas with highest poverty incidence. Through BDO Foundation, we have embarked on a program with the Department of Education to provide financial education hand in hand with the teaching of Math and Science.

Our earnest efforts to integrate sustainability in the Bank's strategy and operations have been recognized for the second time at the 2022 Asia Corporate Excellence & Sustainability (ACES) Awards with BDO being named as Top Sustainability Advocate in Asia. It is also our 13th consecutive year as a Platinum Awardee at The Asset's 2022 Triple A ESG Corporate Awards. We also received a new accolade from the Retail Bankers International Asia Trailblazers Award for Best Advances in Sustainability in the Governance Category. In addition, we are honored to receive the Four Golden Arrows rating at the 2022 ASEAN Corporate Governance Scorecard Awards for the top publicly listed Philippine companies in corporate governance.

Responsible management of the environment and social inclusion set the foundation for our sustainable finance framework and our continued growth. As we continue on our sustainability journey, I find satisfaction in knowing that the men and women of our organization are one in pursuing our sustainability goals for our customers, communities, and country.

Sincerely,

A handwritten signature in black ink, appearing to read "Nestor V. Tan". The signature is fluid and cursive.

Nestor V. Tan
President and CEO

BDO's Path to Creating Shared Value

Creates jobs

39,323
Employees

75%
Employees are women

58%
Women in senior management
(Assistant Vice President and up)

38%
Women in top management
(Senior Vice President and up)

Helps businesses grow

₱45.9 billion
Outstanding SME Loans

Fosters banking habits

919,867
Lives Insured

18.8 million
Customers

1,652
Branches and Banking Offices including foreign branches in Hong Kong and Singapore

1,693,717
Total new checking and savings accounts in 2022

4,655
Automated Teller Machines

640
Cash Deposit Machines

Accelerates economic growth

₱27.3 billion
Taxes paid in 2022

Supports customer expenditure

0.1%
5-year CAGR* in Auto Financing

10%
5-year CAGR* in Home Financing

7%
5-year CAGR* in Credit Cards (Cards-in-Force)

**Compounded Annual Growth Rate*

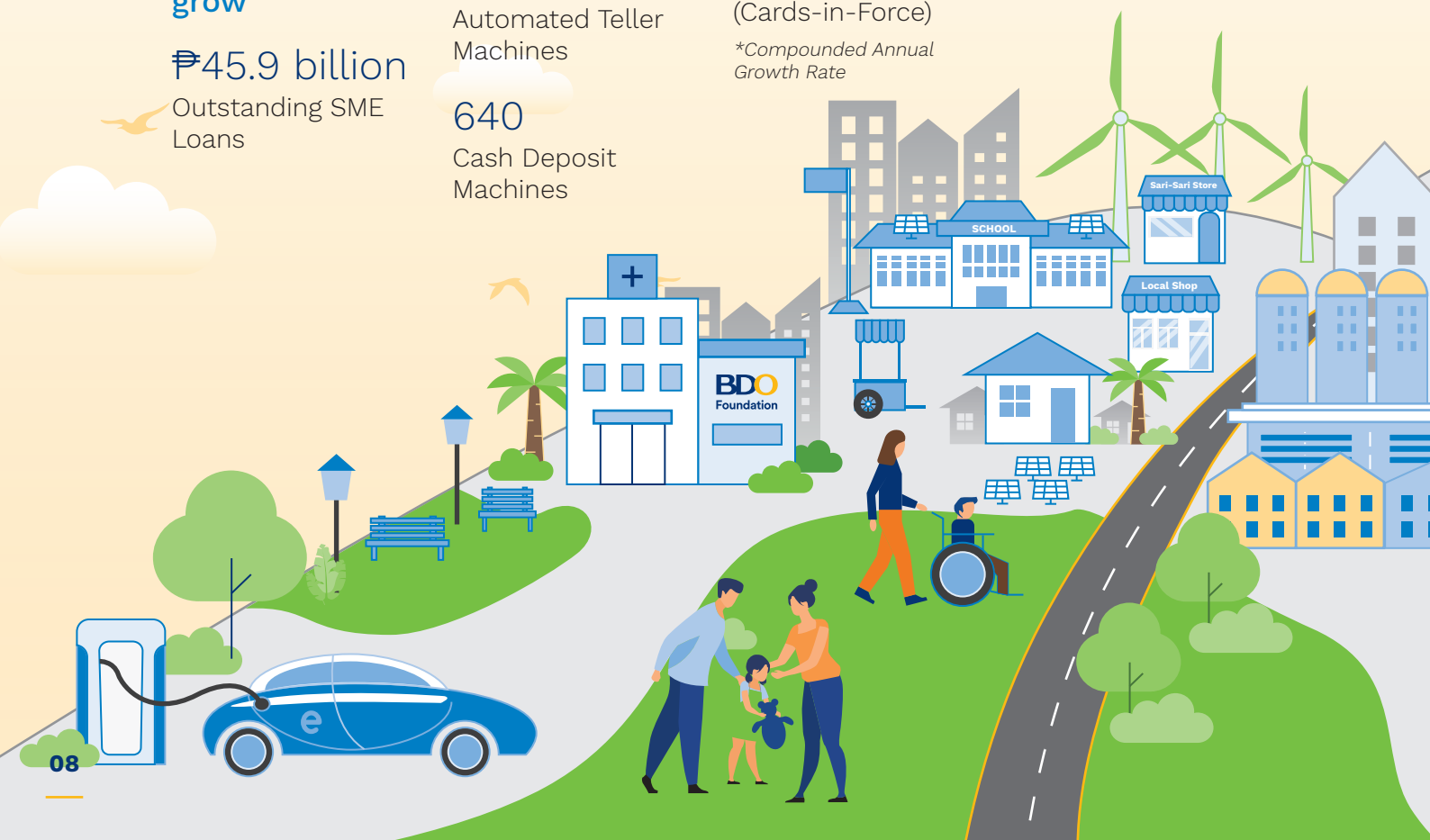
Facilitates infrastructure development

₱56.7 billion
Loans disbursed to national projects

₱12.4 billion
Loans disbursed in the past 5 years for airports

₱31.2 billion
Loans disbursed in the past 5 years for road networks

₱13.1 billion
Loans disbursed in the past 5 years for water/irrigation



Promotes community development

131

Rural health units (RHUs) rehabilitated to date

10

RHUs rehabilitated in 2022

477,208

Total beneficiaries of RHUs rehabilitated in 2022

6,969,582

Total beneficiaries of RHUs rehabilitated to date

Champions financial inclusion

26

Financial education videos developed since 2018

5,037,932

Total beneficiaries reached through financial education programs

Finances environment-friendly solutions

2,252 MW

Total installed renewable energy capacity in megawatts

4,302,502 tonnes

Carbon dioxide avoided per year

71,142,786

Equivalent tree seedlings grown over 10 years

913,491

Equivalent passenger vehicles taken off roads yearly

58

Renewable Energy Projects funded to date

₱781 billion

Total Sustainable Finance projects funded to date





Sustainability Overview

BDO Sustainability Philosophy

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

Alignment with the United Nations Global Compact Principles

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

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

BDO Sustainability Framework

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



Product Sustainability Strategy

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

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



Sustainability Contribution Strategy

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



Human Capital Sustainability Strategy

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



Disaster Response Sustainability Strategy

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



Governance-Based Sustainability Strategy

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

Supporting the United Nations Sustainable Development Goals

Sustainable Development Targets		Performance Achieved by 2022
Product Sustainability Strategy 		
1.3	Implement social protection systems	44% increase in online account and electronic Statement of Account (eSOA) applications, 93% of customers use eSOA, saving paper and transport
1.4	Equal rights to ownership, basic services, technology and economic resources	13% growth in transaction value through BDO Online, BDO Pay, and BDO Checkout with a total value of ₱2 trillion in transactions.
4.6	Universal literacy and numeracy	10,429 partner agents of Cash Agad present in 90% of municipalities in the Philippines, including high poverty and other hard to reach areas
8.2	Diversify, innovate and upgrade for economic productivity	₱46 billion outstanding SME Loans
8.3	Promote policies to support job creation and growing enterprises	₱16 trillion or 133 million number of Cash Management Services (CMS) transactions processed
8.10	Universal access to banking, insurance and financial services	₱69 billion Home Loans booked in 2022
9.3	Increase the access of small-scale industrial and other enterprises to financial services and markets	₱151.4 billion, servicing 1,736 PERA individual contributors with a total investment of ₱138.7 million in BDO PERA UITFs providing individuals social protection for retirement
9.b	Support domestic technology development and industrial diversification	28% growth in Personal Loan clients
10.2	Promote universal social, economic and political inclusion	2.7 million cards in force providing access to credit, of which, 60% are for female clients
10.4	Adopt fiscal and social policies that promote equality	919,867 lives insured through plans related to life protection, education, savings, health, retirement and estate planning
10.c	Reduce transaction costs for migrant remittances	Zero transaction cost of remittances through certain partnerships with international banks and money transfer companies
11.1	Safe and affordable housing	15% growth in total remittance transaction count and 12% growth in total remittance transaction volume
11.2	Affordable and sustainable transport systems	
12.5	Substantially reduce waste generation	
12.8	Promote universal understanding of sustainable lifestyles	
15.1	Conserve and restore terrestrial and freshwater ecosystems and their services	
17.3	Mobilize additional financial resources for developing countries from multiple sources (remittances)	

Sustainable Development Targets		Performance Achieved by 2022
Sustainability Contribution Strategy 		
1.4	Equal rights to ownership, basic services, technology and economic resources	₱27.3 billion in tax payments contributing to government's efforts to improve tax revenue
4.6	Universal literacy and numeracy	BDO's declaration of Energy Transition Finance Statement on coal divestment, renewable energy finance, support to impacted customers and communities, and reporting based on the Task Force for Climate Related Financial Disclosures
4.a	Build and upgrade inclusive and safe schools	
6.1	Safe and affordable drinking water	58 renewable energy projects funded as of 2022, equivalent to 4.3 million tonnes of carbon dioxide avoided
6.3	Improve water quality, wastewater treatment and safe reuse	Total installed capacity of 2,252 MW diversified renewable energy financing consisting of 1,179 MW geothermal, 164 MW biomass, 433 MW hydro, 380 MW solar and 96 MW wind total installed capacity
6.4	Increase water-use efficiency and ensure freshwater supplies	Issuance of first Blue Bond amounting to US\$100 million for water-use efficiency and wastewater treatment projects
7.2	Increase global percentage of renewable energy	44.1 million liters of Bioethanol and 60 million liters of Biodiesel per year installed capacity funded
7.3	Double the improvement in energy efficiency	₱56.7 billion in loans disbursed to facilitate infrastructure development of airports, road networks and water or irrigation facilities
8.2	Diversify, innovate and upgrade for economic productivity	4,655 Automated Teller Machines (ATMs), and 640 Cash Deposit Machines (CDMs) deployed in 281 municipalities and cities; and more than 2,000 BDO-branded ATMs in convenience stores nationwide
8.3	Promote policies to support job creation and growing enterprises	
8.10	Universal access to banking, insurance and financial services	Developed 26 financial education videos since 2018 that reached 5 million beneficiaries in 2022
9.1	Develop sustainable, resilient and inclusive infrastructures	Sourced 3,703 MWh of BDO's electricity consumption from renewable energy and strengthened energy efficiency practices
9.3	Increase access to financial services and markets	65.1 million liters of water recycled from BDO's operations
10.2	Promote universal social, economic and political inclusion	2,492 kg of waste recycled from 4 BDO and BDO Network Bank facilities through the pilot Waste Busterrrr program and 22,729 kg of waste recycled through participation in X-Trash Challenge
12.5	Substantially reduce waste generation	
17.1	Strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection	
Human Capital Sustainability Strategy 		
1.3	Implement social protection systems	₱44 billion in wages and benefits to employees (6% increase from 2021), representing 27% of the total economic value distributed and 21% of the total economic value generated
1.4	Equal rights to ownership, basic services, technology and economic resources	39,323 BDO employees nationwide and abroad
3.4	Reduce mortality from non-communicable diseases and promote mental health	58% women in senior management (Assistant Vice President and up) 100% rate of return to work of employees who availed of parental leave
3.8	Achieve universal health coverage	94% of employees availed of vacation leave 45% of employees covered by Collective Bargaining Agreement
4.4	Increase the number of youth and adults with relevant skills for financial success	Policy on Mental Health to foster a safe and harmonious workplace for all employees
4.6	Universal literacy and numeracy	Professional development provided to all employees
8.3	Promote policies to support job creation and growing enterprises	Sustainability commitments are integrated in the Performance Assessments of individual employees
8.5	Achieve full and productive employment and decent work for all	Employee Volunteer Program launched with activities supporting SDGs on Poverty, Hunger, Environment, Education, Financial Education, Human Rights
10.2	Promote universal social, economic and political inclusion	
10.4	Adopt fiscal and social policies that promote equality	

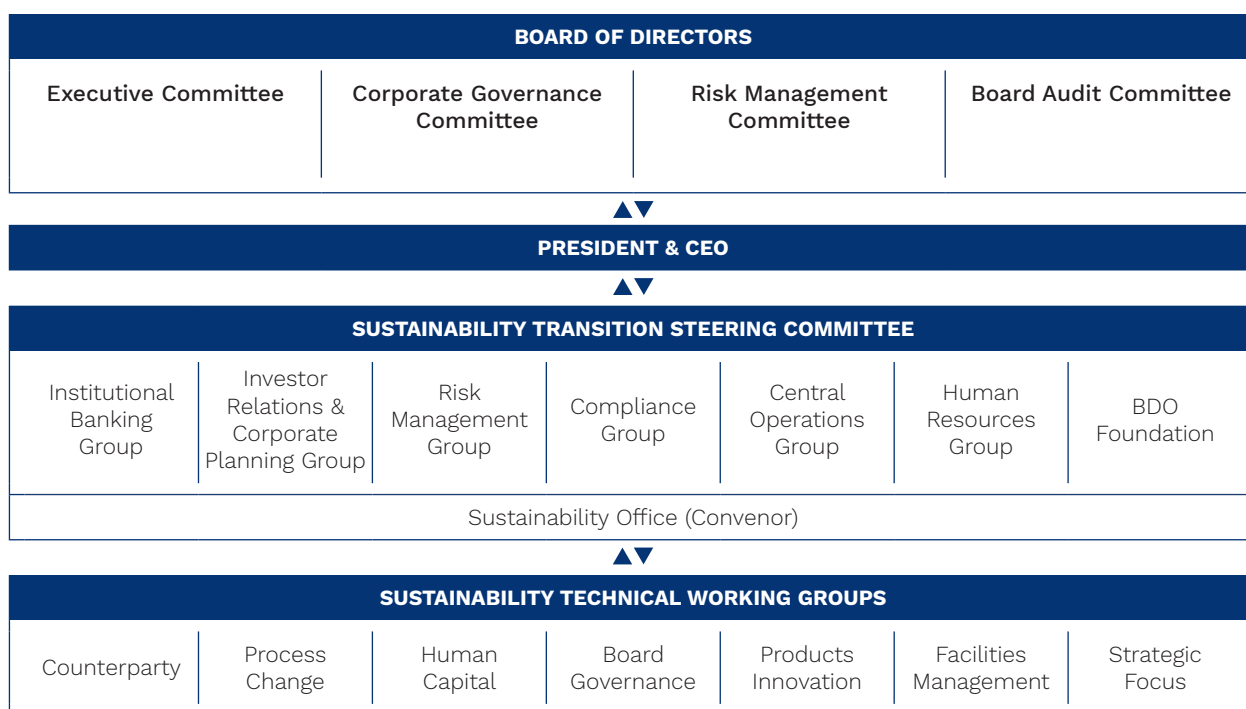
Sustainable Development Targets		Performance Achieved by 2022	
Disaster Response Strategy			
			
1.4	Equal rights to ownership, basic services, technology and economic resources	<p>761,761 families provided with immediate relief operations in response to natural and man-made disasters such as typhoons, flooding, earthquakes, landslides, internal conflict and fires</p> <p>131 rural health units rehabilitated nationwide that provided over 6.9 million Filipinos access to better health facilities and services</p> <p>69,900 families from economically disadvantaged communities in 35 provinces provided with food assistance</p> <p>Built 60 classrooms in 18 elementary schools used by 14,981 students</p> <p>Built 60 classrooms in 18 secondary schools helping 16,788 high school students</p> <p>Built 4 classrooms and 2 workshops benefitting 706 technical-vocational students per year</p> <p>Enhanced partnership with various organizations to expand programs to more members of society</p>	
2.2	End all forms of malnutrition		
2.3	Double the productivity and incomes of small-scale food producers		
3.8	Achieve universal health coverage including access to quality essential health-care		
4.3	Equal access to affordable technical, vocational and higher education		
4.4	Increase the number of people with relevant skills for financial success		
4.6	Universal literacy and numeracy		
4.a	Build and upgrade inclusive and safe schools		
9.3	Increase access to financial services and markets		
10.2	Promote universal social, economic and political inclusion		
17.16	Enhance the global partnership for sustainable development		
Governance-based Sustainability Strategy			
			
5.5	Ensure full participation in leadership and decision-making	Three (3) female non-executive directors in the Board, one of whom is an independent director	
16.2	Protect children from abuse, exploitation, trafficking and violence	Five (5) of 11 directors are independent	
16.3	Promote the rule of law and ensure equal access to justice	Inclusion of Sustainability and ESG oversight in the Terms of Reference of the Board Committees	
16.4	Combat organized crime and illicit financial and arms flows	Conduct of a Corporate Governance Seminar focusing on Sustainability and Geopolitics, attended by 93 Senior Executives and the Board of Directors of companies under the BDO Group.	
16.5	Substantially reduce corruption and bribery		
16.6	Develop effective, accountable and transparent institutions	Unanimous Board approval of BDO's Energy Transition Finance Statement on coal financing and divestment, greater renewable energy funding, support to customers and communities affected by the transition, and climate-related disclosure and transparency through Task Force on Climate-related Financial Disclosures (TCFD)-aligned reporting	
16.7	Ensure responsive, inclusive and representative decision-making		
17.1	Mobilize resources to improve domestic revenue collection	Appointment of Data Protection Officer and enhancement of Data Privacy Manual, with mandatory training for all employees every two years	
17.16	Enhance the global partnership for sustainable development	<p>All employees regularly trained using the eight (8) e-learning courses on Anti-Money Laundering and adherence to Expanded Anti-Trafficking in Persons Act of 2022</p> <p>Zero tolerance for acceptance or solicitation of gifts, bribery, corruption, and anti-Competitive Behavior</p> <p>96% local procurement in the supply chain and 99.8% of its spend on local suppliers, improved online vendor accreditation system that reduce transport, and save time and cost for suppliers</p>	

Sustainability Governance

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

Nestor V. Tan
President and Chief Executive Officer

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



Roles and Responsibilities

Oversight for sustainability initiatives reside in four BDO Board Committees, aligned to their key responsibilities. The **Executive Committee** approves all sustainability programs across the BDO Group and their corresponding budgets for implementation. The **Corporate Governance Committee** oversees sustainability initiatives related to the following: culture change towards a sustainability mindset for the organization; stakeholder communication; progress reporting on programs, metrics, and targets; and sustainability reporting. The **Risk Management Committee** oversees environmental, social, and governance risks in the Bank’s risk management system, including climate change risks. The **Board Audit Committee** oversees internal audit reporting on sustainability programs and sustainability reporting, as well as compliance testing against regulatory mandates on sustainability. Across these four Board Committees, all Board Directors are effectively engaged in various capacities and according to their expertise, in driving the Bank’s sustainability framework across corporate governance, risk management, strategy, and operations. In 2022, the Board Committees’ Terms of Reference were updated to reflect their oversight on sustainability matters.

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

Reporting Process



Materiality Topics 3-1, 3-2, 3-3

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

Note: Total of 22 Materiality Topics for BDO

ESG Materiality Matrix

BDO's Materiality identified ESG topics using the GRI Sustainability Reporting Standards, the Sustainability Accounting Standards Boards (SASB) framework, and the Task Force for Climate-related Financial Disclosures recommendations, as well as topics reported on by BDO's peers. S&P Global designed a bespoke stakeholder survey for BDO's internal and external stakeholder groups to rate the importance of identified material topics to the Bank's ESG impact on stakeholders, and identify ESG factors that affect the Bank. This enhanced stakeholder group engagement for materiality assessment aims to better prepare BDO to anticipate and mitigate emerging risks to the Bank and to its stakeholders. The resulting matrix shows the intersection of ESG topics most important to both, as ranked by stakeholders in the Philippines and overseas. In 2022, BDO reviewed each material topic and incorporated it in our policies and programs for the bank. Our performance on these material issues are discussed in this report.



Stakeholder Engagement

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

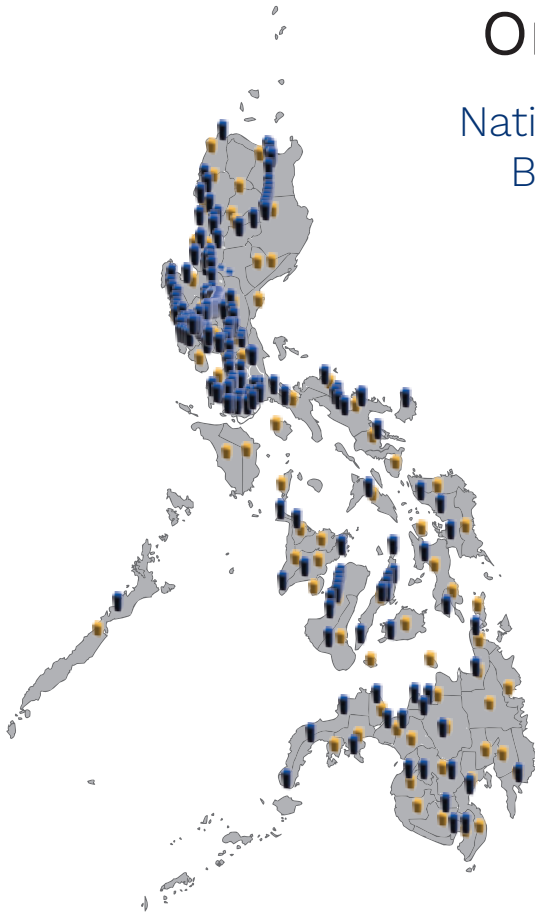
Special Reports



On Presence and Impact

Nationwide presence through branches: BDO Unibank and BDO Network Bank

BDO ensures access to banking, financial services, and insurance services accessible through its 1,530 combined branches nationwide.

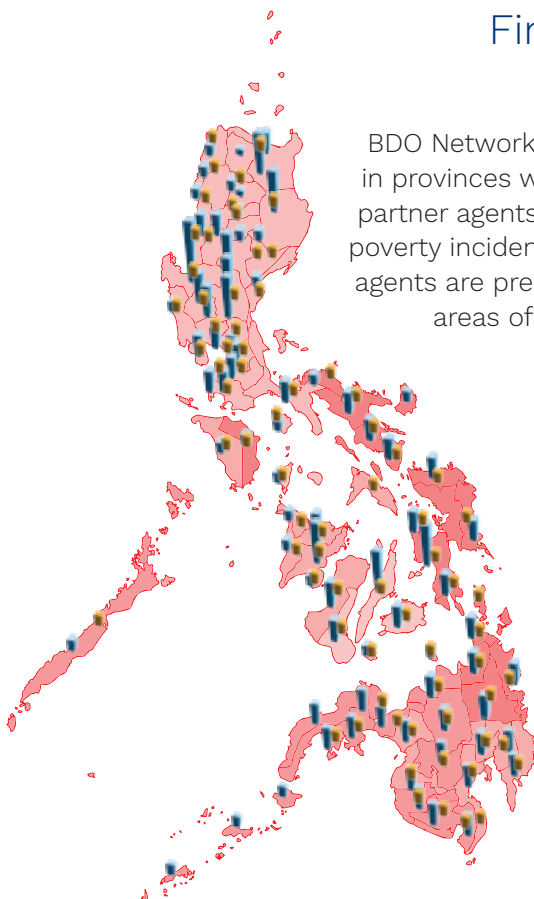


BDO Branches Nationwide

■ BDO Unibank	1,197 branches
■ BDO Network Bank	333 branches

Finding ways to drive financial access: BDO Network Bank and Cash Agad

BDO Network Bank champions financial inclusion through its presence in provinces while Cash Agad reaches remote areas through Cash Agad partner agents in the communities. Among the locations identified with poverty incidence in 2021⁽¹⁾, BDO Network Bank branches and Cash Agad agents are present in all 16 areas with high poverty incidence and in the areas of highest poverty incidence, such as Zamboanga del Norte in the Mindanao region.



BDO Presence

■ Cash Agad Agents
■ BDO Network Bank

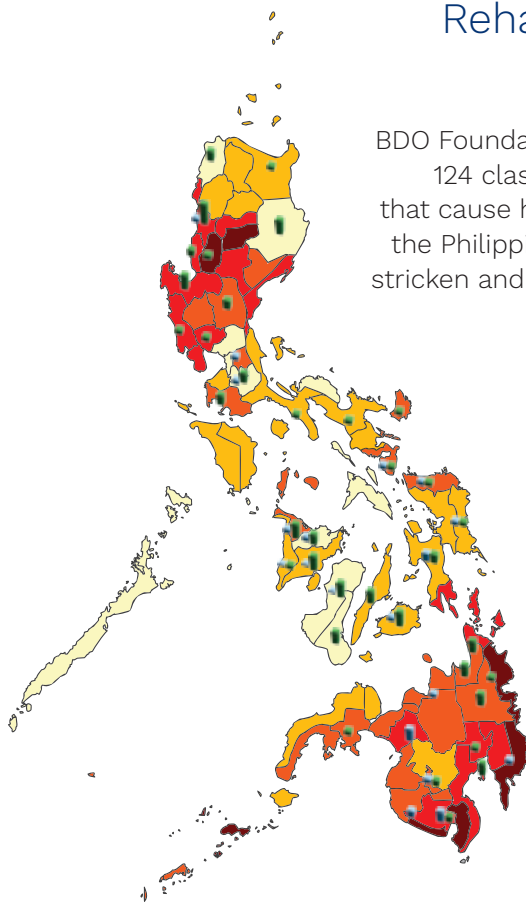
Poverty Ratio in the Philippines



⁽¹⁾ 2021 Philippine Statistics Authority Full Year Statistics

Increasing adaptation of communities: Rehabilitating RHUs, building Classrooms, and driving Disaster Response

BDO Foundation has rehabilitated 131 rural health units (RHUs) and built 124 classrooms to date. Climate change aggravates weather events that cause health problems. The RHUs provide health services to 6% of the Philippine population. Majority of the RHUs are located in disaster-stricken and disaster-prone areas to provide affected communities with better facilities, and help them adapt to natural disasters.



Health and Education Facilities Rehabilitated and Built

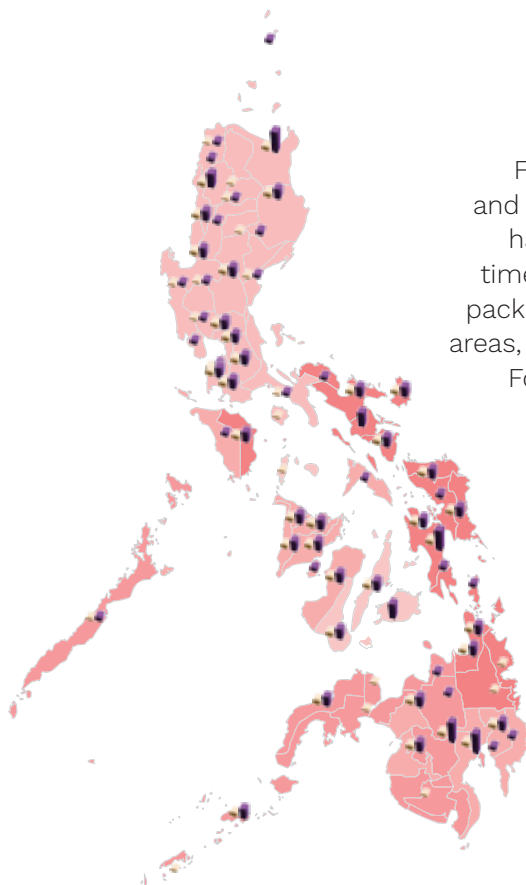
- Rural health units
- Classrooms

Combined Risk to Geophysical Disasters

- Very High
- High
- Medium
- Low
- Very Low

Gift giving and relief operations: BDO Foundation

For daily survival, people need access to food, water, shelter, and medical care. Communities with high prevalence of poverty have a greater need of these basic services, especially during times of disaster. By year 2022, BDO Foundation has given food packages to 69,900 families in low-income and poverty-stricken areas, in collaboration with Caritas Philippines and Tanging Yaman Foundation. This is part of its nationwide gift giving initiatives. Additionally, the Foundation has given relief packages to 761,761 families in areas affected by numerous natural and man-made disasters.



BDO Foundation Assistance

- Gift Giving
- Relief Operations

Poverty Ratio in the Philippines



Empowering Women as Consumers and Entrepreneurs

Bank accounts opened through online account application
51%

Financial education availed by women
64%
of Participants

Access to credit card facility
60%
of Credit Cards Issued

Investment plans availed by women
57%
of Easy Investment Plans

Individual loans availed by women



49%
of Home Loans



50%
of First-time Home Loaners



48%
of Auto Loans



53%
of Mortgage Loans



53%
of Car Leases



57%
of Personal Loans



79%
of Salary Loans



65%
of Micro/
Small/Medium
Enterprise Loans

Individual insurance availed by women

59%
of Ordinary Life insurance

59%
of Variable Life insurance

46%
of Accident insurance

64%
of Health insurance

59%
of Total Insured Lives



Product Sustainability Strategy



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



Facilitating transactions through digital banking

BDO Online

BDO digital banking serves as a complement and alternative for in-branch banking transactions and addresses client needs on multiple levels:

- **Convenience.** Customers can transact anytime (24/7), anywhere.
- **Individual health and safety.** Digital platforms enable access to basic financial services, eliminating exposure to health and safety hazards.
- **Security.** BDO digital channels make use of technology such as biometrics and multi-factor authentication for secure transactions
- **Reduced carbon footprint.** Decreases the need for travel for bank transactions.

In 2022, BDO relaunched its new BDO Online application, with an improved user interface and a smoother experience, to enable customers to transact as easily from the palms of their hands as they would inside a BDO branch or through a customer contact center. This resulted in 13% increase in total amount of digital transactions in online transactions compared to the previous year.

BDO Pay and BDO Pay Account

BDO Pay, which launched in March 2021, is an online payment application that provides BDO customers different ways to pay for purchases, as well as send and receive money anywhere, making every day financial transactions even easier. To consumers, payments are made simple with the option to choose the payment source between their linked savings accounts and credit cards. This makes purchases, utility payments, and other bills payment even more convenient, especially with an ever-growing list of acceptance points nationwide that require only a Quick Response (QR) code.

Together with BDO Pay, the BDO Pay Account allows non-BDO customers to open an account anywhere and anytime through the app. With zero initial deposit and zero minimum maintaining balance requirements, BDO Pay Account is the easiest way to start banking with BDO without visiting a branch. It supports the digital transformation roadmap of the Bangko Sentral ng Pilipinas (BSP) to provide bank accounts to at least 70% of Filipinos by 2023.

BDO Checkout

BDO's digital innovations also extended to its merchant partners with BDO Checkout, an online payment solution that gives businesses of all sizes the capability to accept credit card, debit card, and mobile wallet payments, even without a website or outside of large and established e-commerce platforms. This is especially helpful to micro, small, and medium-sized businesses as they seek to grow through offering convenient payment options to their own customers.

₱2 trillion

Total transactions through BDO Online, BDO Pay, and BDO Checkout

13%

Growth in Transaction Value (BDO Online, BDO Pay, and BDO Checkout)

BDO PAY ACCOUNT

Zero

Initial Deposit

Zero

Minimum Maintaining Balance

BDO Pay, the BDO Pay Account, and BDO Checkout enable familial, friendly, and business relationships to thrive, especially when used in conjunction with BDO's largest and ever growing network of bank branches, ATMs, and partner agencies nationwide.

Extending financial services reach and value

Cash Agad Agency Banking

The Agency Banking business unit has actively supported the Bank's Sustainability Goals through its focus on financial inclusion. Through its flagship product Cash Agad, partner agents provide the brick and mortar presence for BDO in provincial and remote areas throughout the country's over 7,600 islands, where the Bank's branches and ATMs are not yet readily available. The Cash Agad banking solution allows debit and prepaid cardholders to perform banking transactions through point-of-sale (POS) machines deployed to partner agents in the local community, such as sari-sari stores (general stores), groceries, pharmacies, hardware shops, pawnshops, cooperatives, and other local establishments. Localized quarantines and lockdowns during the pandemic made partner agents the only option for clients to withdraw money from their bank accounts. At the same time, clients who go to partner agent-stores to withdraw cash also bought their basic needs for food, medicines, and household items directly from the stores.

As local governments started to ease safety restrictions and recover economically in 2022, Cash Agad agents remained at the forefront of sustainable finance in the countryside in terms of access and economic value. Having experienced the convenience of easy access to basic financial services, BDO clients continued to patronize Cash Agad partner agents and appreciated saving on hours of travel time, cost of travel, and physical effort. Fewer travel contributed to a less polluted environment, in turn lessening vehicle emissions of carbon monoxide into the atmosphere. At the same time, Cash Agad kept wealth circulating within the local economy, which contributed to stimulating business opportunities, individual creativity and entrepreneurship, and jobs within the community.

Agency Banking benefited from internal collaboration, as bank branches identified potential partner agents in areas where their account holders are located to make their funds more accessible. By the end of 2022, Cash Agad processed 85 million transactions up from 60.6 million in 2021, with ₱369 billion in total cash withdrawn, up from ₱262 billion the previous year. Cash Agad increased its agent network with over 10,000 partners covering 90% of the total municipalities in the country, compared to more than 9,500 partners and 88% municipality coverage in 2021.

Cash Management

BDO Cash Management Services (CMS) is a multi-awarded financial service that provides the advantages of digital technology, deep expertise, multiple BDO channels, and the largest accountholder base and bank branch network to support business clients' operations in efficiently managing their cash and liquidity. BDO CMS solutions offer secure and timely payment services for payroll and bills, simplified collection

10,429
Cash Agad
Partner Agents

85 million
Cash Withdrawal
Transactions

₱369
billion
Total Cash Withdrawn

90%
Philippine Municipalities
Covered



Cash Agad promotes sales for partner MSMEs in the community.

₱16 trillion
CMS Transactions Processed

133 million
CMS Transactions Volume

17%
CMS Deals Growth

services for suppliers, secure bulk cash pick-ups and delivery, efficient checks printing and delivery, accurate information reporting services, and online business banking that allow owners to access their accounts whenever and wherever needed.

Trust and commitment are key to long-term relationship-building between CMS and its clients, and BDO's consultative approach allows clients to stay ahead with the best solutions to improve their cash management process in a constantly changing business environment. At the height of the pandemic, access to cash via payments and collections was critical to business survival and recovery for all clients. As the Philippine economy opened up and pandemic restrictions lessened considerably in 2022, clients continued to appreciate the strength, security, and convenience of BDO CMS' digital and physical channels. At the same time, clients also came to appreciate BDO's conscious effort to promote sustainability through assessing and managing economic, environmental, and social risks, as well as sharing best practices and insights on environmental and social impact.

By the end of 2022, Cash Management's total transaction volume amounted to 133 million, with value of ₱16 trillion in processed transactions for both collections and payments. Total client base was at 89,770, composed of new clients or existing clients that availed of additional CMS products.

CASE STUDY

A winning recipe for growth for Angel's Burger

Angel's Burger is well-known to most Filipinos as the "Burger ng Bayan" (Nation's Burger). From its initial humble beginnings, this food kiosk-based business celebrated its 25th year in 2022 with milestone sales of close to 5 billion burgers at yearend. Owners Vicky and Joseph Mojica's vision is to bring delicious but cheap burgers to the masses and its Buy 1, take 1 burger promo certainly achieved this. The campaign was a huge success, and despite the measly sales margin, the sales volume propelled the business forward to where it is now.

It almost did not happen. Angel's Burger was not spared from the impact of the COVID pandemic, with lockdowns that made it impossible to operate consistently since 2020. When it finally went back to full operations in May 2022, fewer stores kept the business going. Taking lessons from the pandemic experience, the Mojica family now focuses on sustainability principles that consider their environmental and social footprint in running and growing the business.

Angel's Burger's network of kiosks and stores is 75% franchised and 25% company owned, where the 25% is earmarked as organic expansion in the form of grants to its tenured and loyal employees to help secure their future. On the other hand, franchisees pass through the owners' meticulous evaluation, making sure they have the same passion, ideals, and goals for success.

In terms of packaging, Angel's Burger shifted to biodegradable plastics and paper packaging. Food security is also top of mind, both in featuring a plant-based option in their menu soon, and sourcing



vegetable ingredients from local suppliers to create further business opportunities. The owners installed solar panels as primary energy source in their numerous commissaries, a significant expense that aims to reduce electric bills in the future and lessen the company's greenhouse gas emissions. They are also considering a shift to electric or hybrid delivery trucks, along with setting up charging stations in support of the growing number of electric vehicle users.

The Mojicas have been BDO clients since 1994 and Cash Management is the latest of many BDO products and services that has helped the family grow Angel's Burger over the years. Angel Mojica, the daughter after whom the business is named, currently serves as Procurement Manager. She noted the savings on time and cost enjoyed by its numerous franchisees in paying franchise fees to their office through the use of BDO's Bills Payment facility. Even before the pandemic, Angel's Burger had availed of a BDO Corporate Cash Deposit Machine (CCDM) and it served them well in safely collecting and depositing cash payments into the company account while within company premises. Reduced armored car trips meant more emissions avoidance for the environment. BDO is proud to continue supporting Angel's Burger not only in its growth strategy, but more so in its endeavors towards responsible use of resources and taking care of its communities.

Enabling customer expenditures

Over the past five years, customers have become more discerning about knowing the positive and negative environmental and social (E&S) impacts of the products they consume and making informed choices based on E&S factors important to them. BDO Consumer Banking Group (CBG) anticipates the evolving needs of customers by incorporating sustainability principles in the Bank's products and services, and by supporting economic development, more so in areas outside Metro Manila.

Auto Loan

As the automotive industry produces more climate-friendly options over traditional diesel or gas-powered vehicles, BDO Auto Loan supports sustainable mobility through "Green Financing." BDO empowers its clients to make environment-friendly choices with the opportunity to own Hybrid Electric Vehicles (HEV) or Electric Vehicles (EV) offered at affordable rates and with special promos. In 2022, the Auto Loan team booked loans for 939 HEV/EV units, amounting to ₱921 million.

In terms of social impact, BDO Auto Loan enable more women to be more mobile and independent in their life choices by financing the needs of an increasing number of female drivers in the country. In 2022, women vehicle owners accounted for 48% of the Bank's total Auto Loan portfolio.

Home Loan

BDO Home Loan ensures that all real estate properties such as condominiums, townhouses or house and lots are appraised and evaluated based on the Bank's criteria which consider location and type of improvement. BDO Home Loan recognizes that housing should be safe



939
Loans for HEV/EV Units

₱921 million
Auto Loan Bookings

48%
Women Borrowers in the
Auto Loan Portfolio

and secure for our customers given the physical risks that are inherent in the Philippines. For this reason, geographical location of a property plays a huge factor in its risk assessment. Areas which are prone to flooding are either declared not acceptable or a market resistance (demerit), and is therefore imputed on the value of the property. Properties located near or along the fault line are required to secure home insurance with an earthquake cover. Likewise, all other types of properties regardless of location, will be covered by fire insurance. BDO also works with developers that promote green developments or environment-friendly features.

BDO Home Loan is located in key cities outside Metro Manila, enabling economic and community development. In 2022, 84% of borrowers were first-time home owners.

₱69 billion
Home Loan Bookings

₱36 billion
Home Loan Bookings
for First-Time Owners

SME Loan

The Bank classifies industrial enterprises as small, compared to large or medium, based on the nature of economic organization, production capability, scale of investment and other economic characteristics. BDO recognizes that despite the small contribution of small and medium enterprises (SMEs) to total industrial output, their role in job creation, especially in developing countries like the Philippines, remains significant. SMEs are able to provide work opportunities for workers from traditional sectors such as agriculture or fishery and can be run with a small amount of capital, relatively unskilled labor, and using local materials. SMEs also meet domestic demand of basic consumer goods such as food, clothes, furniture, among others, and truly play an important role in the economy. However, SMEs still have limited access to financial services, especially in developing countries. In order to improve the skill of workers and technology for production, as well as promote the financial inclusion of all adults, SMEs require financial support tailor-fit for its needs, and BDO finds ways to address their needs on two levels: secured loans for SMEs through BDO SME Loans and unsecured loans for even smaller scale SMEs through BDO Network Bank's Kabuhayan Loans.

16%
SME Loan Bookings
Increase in 2022

In 2022, the BDO SME Loan portfolio increased despite a lower customer base. BDO supports customers with good credit standing to encourage good repeat customers (GRC). The GRCs are given "freer" access to additional credit in view of the satisfactory handling of their account, and as long as their collateral can continue to cover the increased limit. SME Loans for financing business expansion needs can avail of term loans with a tenor of more than one year. BDO SME Loan is a fully secured product that requires collateral for business financing. Businesses with smaller financing needs without collateral are catered to by BDO Network Bank.

SME Ready Check

For those looking for financing of inventory purchases, gapping of receivables, and other short-term operational expense of the business, the SME Ready Check (SMERC) provides a revolving credit line which gives businesses access to a pool of funds that can be used as needed. It can be used to address upcoming expenses or emergency financial obligations or to respond and act on immediate business funding needs. SMERC customers can readily issue checks to pay for their inventory purchases and other operational needs. The facility is revolving in nature and can be paid when receivables from customers are collected.

₱9 billion
SME Ready Check Loan
Bookings in 2022

Term Loan

Term Loans allow SMEs to borrow a set amount of money for business expansion plans and receive funds in lump sum or in tranches. A Term Loan is generally used for large capital improvements and purchasing assets. SMEs have an option to have a loan tenor of more than one year.

₱5.9 billion
Term Loan Bookings in 2022

Personal Loan

Flexible digital saving and loan products designed to help parents manage education expenses can keep children in school and promote learning. BDO Personal Loan is positioned as a multi-purpose cash facility where the borrower can use the funds depending on his/her requirements. Customers who availed of a Personal Loan are able to enjoy longer and lighter payments through its installment feature. This helps them budget their monthly expenses and use the borrowed cash to address urgent expenses such as tuition, bills and/or medical-related expenses. Customers who pay their Personal Loan monthly installment dues on time may be eligible for another loan once the existing loan has been fully paid.

28%
Client Growth

57%
Female Personal Loan Clients

47%
Clients in Provincial Areas

Cards Issuing

BDO continues to transition from paper and manual transactions to digital. The Bank has encouraged credit card clients to shift from printed to electronic statements of account (eSOA), which not only eliminates paper use, but also provides better personal safety and more convenience to the customers. As of November, 93% of customers who have usage are enrolled in eSOA. For card delivery, customers were given the option to pick up their credit card from BDO branches and courier hubs, particularly for those who reside or work in areas which cannot be reached by couriers or those in calamity-stricken areas.

93%
Customers Transitioned to Electronic Statements of Account (eSOA)

BDO enables customers to access flexible credit options. Consumers can apply for an unsecured loan at any BDO branch or BDO provincial business centers. Inquires or requests can be completed through digital channels such as the website or BDO Online (digital channels). BDO can be reached 24/7 through the BDO Contact Center Hotline.

2.7 million
Cards in Force

BDO helps individuals build payment histories and credit scores, resulting in greater access to finance. The Bank provides a sample computation for cardholders to refer to, in case they opt to pay less than the statement balance. Cardholders enrolled in eSOA are directed to go to the website while those still on printed SOA simply need to scan the QR code shown on the statement with their mobile phones to bring them to the sample computation page. Together with the computation is a reminder that paying less than the total amount due will increase the amount of interest that they will pay and the time to repay the balance. Aside from sending the cardholders a statement of account, an SMS or text message is also sent to their phones to remind them of their balance and due date.

CREDIT CARD PORTFOLIO

60%
Female

40%
Male

Financial Literacy on Card Management

BDO is a member of the Credit Card Association of the Philippines (CCAP) and supports its financial literacy program by providing seminars on Credit Card 101. The sessions are made available to graduating college students of universities and employees of partner companies. The Bank also participates in CCAP's vendor recognition programs for collection agencies and card or statement delivery couriers.

Improving financial wellness through investing

BDO Trust and Investments Group (TIG) is a trailblazer for innovating investment solutions and programs that pursue sustainability goals through the promotion of inclusive growth and responsible investing. Based on the Financial Inclusion Survey by the Bangko Sentral ng Pilipinas (BSP) in 2021, only two percent of Filipinos are able to correctly answer basic financial literacy questions. While millions of Filipinos have expressed interest to learn more, in reality, only a small portion are really able to attend a financial literacy program.

BDO recognizes that financial literacy is necessary to enable Filipinos to make sound financial plans and decisions to be financially healthy. In order to significantly contribute to empowering Filipinos financially, it further enhanced its initiatives by conducting live and recorded webinars in partnership with BDO Remit for Overseas Filipinos and their families here and abroad. After the webinars, BDO offered the participants free one-on-one investment teleconsultations that provided personalized investment advice and an actionable investment plan. TIG also engaged the Bank's corporate clients to offer free talks to their employees, following the BSP survey which also showed that investment ownership is highly skewed towards working adults.

BDO TIG was relentless in its financial literacy efforts in 2022, resulting in 35 seminars conducted for 1,681 participants. The seminar topics varied depending on the profile of the target audience and covered concepts such as the basics of investing, financial planning, and preparing for retirement.

Easy Investment Plan (EIP)

BDO does not stop at financial education. Given that 63% of Filipinos in the BSP survey want to invest but feel that they don't have enough money, it is of particular importance to provide a venue for ordinary Filipinos to start investing. To ensure successful participation, certified investment trainers promote the Easy Investment Plan (EIP) as an accessible and very affordable investment option.

EIP lets individuals consistently and regularly invest their savings to help them slowly and safely build their wealth. For as low as ₱1,000 (US\$200 for dollar EIP) a month, even first-time investors can already participate in the growth of the economy since the amounts regularly debited from their BDO savings account are automatically invested in the Unit Investment Trust Fund (UITF) of their choice. Through EIP, individuals can invest in a UITF or a combination of UITFs, providing them access to money market, bonds or equities, which normally are available only to larger investors.

GENDER DISTRIBUTION OF EIP AVAILMENTS

57%
Female

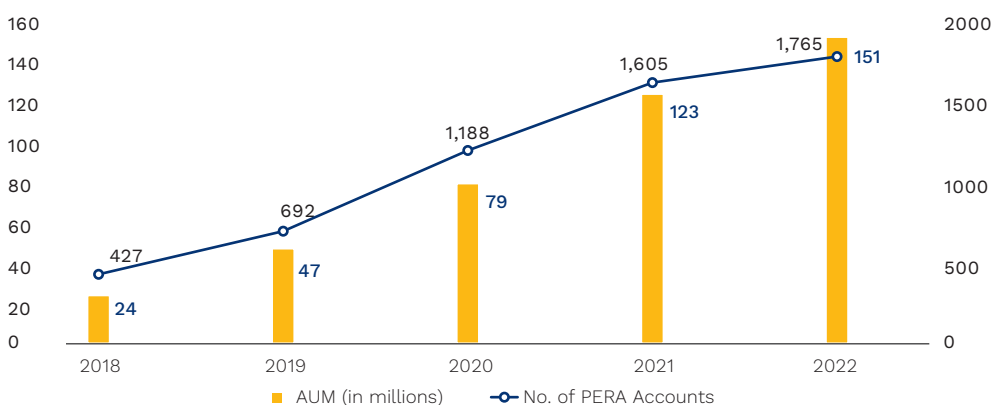
43%
Male

Personal Equity and Retirement Account (PERA)

While people generally save to prepare for emergencies, achieve financial goals, and cover daily expenses, only four out of 10 hold investments for retirement. BDO recognizes the need to augment social protection systems and measures, which is why it sought to be the first trust entity to be accredited by the BSP and the Bureau of Internal Revenue to offer the Personal Equity and Retirement Account (PERA), a voluntary retirement savings account. The Bank also understands the long-term value that a quality and comprehensive retirement plan can bring to every business. Working on both fronts, BDO TIG redefined retirement planning with a first-of-its-kind integrated retirement plan solution. Pension 360 is a comprehensive solution that brings together TIG's core service of corporate retirement fund management, with employee wealth-building programs such as PERA. It is designed to help corporate clients meet statutory retirement obligations more efficiently and at the same time improve retirement outcomes for employees.

As of December 2022, BDO TIG manages 1,136 corporate retirement fund accounts with total assets under management of P171.3 billion and services 1,765 PERA individual contributors with a total AUM of P151.4 million in BDO PERA UITFs.

Personal Equity and Retirement Account



Environmental, Social and Governance (ESG) Equity Fund

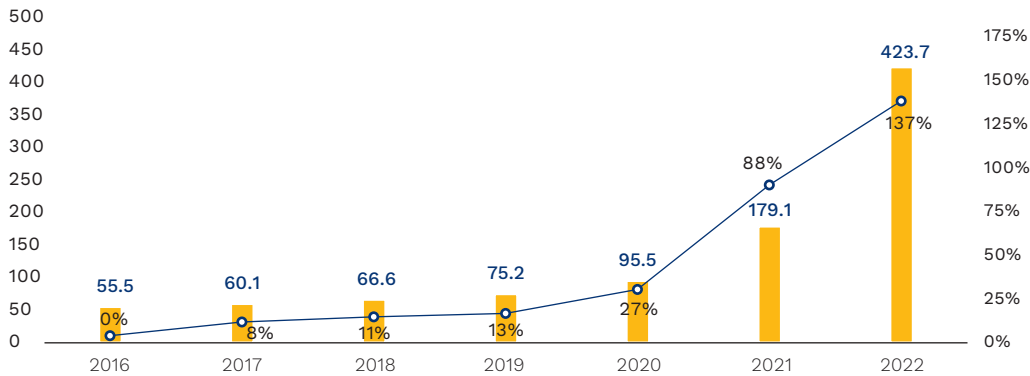
Other than promoting inclusive growth and enhanced social protection, BDO also incorporates environmental, social, and governance factors in its investment management practices. Through the BDO Environmental, Social, and Governance (ESG) Equity Fund, the Bank drives the achievement of sustainable development goals towards the development of effective, accountable and transparent institutions. It is the first ESG-themed UITF in the country to support and promote local companies that show exemplary ESG attributes.

In assessing ESG investments, the Fund follows the regular investment process, with enhanced due diligence that incorporates the Bank's sustainable finance framework. The Fund undergoes a negative screening process to exclude companies involved in certain activities such as vices, alcoholic beverages, gaming, mining and oil exploration, power companies deriving 5% or more of total capacity from coal power plants, and companies with unethical business practices to name a few. TIG does a monthly review that reconfirms that all investments of the ESG Fund are ESG compliant.

Since its launch in 2015, the BDO ESG Equity Fund assets under management has grown substantially to ₱424 million from ₱179 million the previous year. In 2022, the Fund achieved significant growth of 137% despite the volatilities that characterized the Philippine Stock Exchange index (PSEi) throughout the year. The Fund also provided robust long-term returns and outperformed the PSEi in the past 3 and 5-year periods, as well as since its inception. The Bank sees this as a strong indication of investors' preference for socially responsible investing.

BDO ESG Equity Fund

Net asset Value (in PHP millions)



Fostering financial planning for the future: BDO Life

Life insurance protects families and livelihoods from unforeseen financial difficulties that force them to cover out-of-pocket expenditures, which in turn cause them to go into debt and poverty. BDO Life Assurance Company Inc. offers life insurance plans designed to contribute to the global need for financial security and inclusion. The company's Bancassurance distribution channel allows individuals easy and convenient access to its financial solutions and services through its extensive network of Financial Advisors spread across all BDO branches nationwide. BDO Life's range of solutions ensure that life can continue as planned, for families whose breadwinners have fallen critically ill, become disabled, or unexpectedly passed away.

BDO Life recognizes that life is filled with unforeseen risks — critical illness, accidents, natural events like typhoons, floods, and earthquakes — that threaten the financial security of individuals and their families. When the Insured passes away as a result of these events, BDO Life, through its products, pays out cash to the beneficiaries that can be used to fund immediate needs such as food, rent, medicine, pay off loans, and protect the family from going into poverty. BDO Life's product portfolio also covers individuals and groups and has insurance programs that provide cash benefits that can be used to fund medical treatments and hospitalizations upon diagnosis of critical illness as well as plans that help customer prepare for long-term goals such as children's education or retirement.

In support of financial inclusion and to cover underserved markets, BDO Life recently partnered with BDO Network Bank (BDONB) to offer affordable microinsurance plans that provide accidental death and disability coverage, as well as hospitalization allowance to BDONB's clients in provincial areas, giving them equal access to BDO Life's financial solutions.



To date, BDO Life protects over 800,000 unique customers nationwide with its range of life insurance plans designed to address the protection, education, savings, health, retirement and estate planning needs of individuals and their families.

De-risking business and individual activities: BDO Insure

BDO Insurance Brokers, Inc. (BDO Insure) provides access to the market through a wide range of insurance providers that cater to specific individual and business needs. With its diverse portfolio of insurance providers, the expert advisory service of BDO Insure brokers help clients find the best possible insurance for their risks.

The World Risk Index 2022 ranks the Philippines among the most at risk out of 193 countries due to its exposure to natural and climate-related disasters¹. BDO Insure's portfolio includes Property All Risk that cover broad name perils (BNP) such as fire, lightning, flood, typhoon, earthquake, tsunami, volcanic eruption. Businesses also avail of Health-Non Life Insurance to secure group insurance for its employees, including hospitalization cash assistance, emergency medical insurance, as well as coverage for dengue and other critical illnesses.

BDO Insure embarked on a digital transformation in 2019 to achieve a radical improvement in operational efficiency and scale, to institutionalize insurance industry best practices, as well as to reduce the carbon footprint of the business. Among these transformation activities is the transition from physical documents (insurance policies, renewal notices, proposals, receipts, among others) to electronic or soft form. Prior to this undertaking, the business produced close to 20 million pages of policies and other related documents on an annual basis. In person delivery of documents to clients also account for transportation emissions. The traditional way was time-consuming, expensive, and not climate-friendly.

In partnership with its accredited insurers, more than 80% of policies and renewal notices and close to 100% of new proposals were delivered to clients in electronic format since September 2020. BDO Insure also delivered e-Official Receipts (e-ORs) to majority of its clients since the first quarter of 2021. These initiatives enabled the business to achieve the following:

- Faster issuance and delivery of policies and other important documents to clients
- Minimal dependence on physical logistics services
- Savings on materials and logistics costs
- Reduce emissions generated by the business, clients, partner insurers and vendors

63%
Individual insurance
clients with Property All
Risk coverage

23%
Business insurance
clients with Property All
Risk coverage

¹ WorldRiskReport2022 – Focus: Digitalization. Extracted November 2, 2022.
<<https://reliefweb.int/report/world/worldriskreport-2022-focus-digitalization>>

Securing Finances for Overseas Filipinos: BDO Remit

BDO Remit, the remittance service arm of BDO Unibank, finds ways to expand its network in order to make money transfer accessible and convenient for Filipinos from anywhere in the world. As part of its commitment to helping overseas Filipinos (OFs) send remittances to their families in the Philippines, the group operates with flexibility to cater to demand and adapt to challenging conditions through grassroots campaigns and webinars that led to a 97% growth in the average savings of OFs. BDO Remit keeps families in the Philippines and overseas connected and confident that remittances can be transferred in crucial moments, even in the face of unprecedented uncertainties. BDO Remit further strengthened its global partnerships by being consistently available, accessible and reliable even through the pandemic.

Consistency, Accessibility

BDO Remit's approach goes beyond remittance, as it builds relationships while providing service to its clients through OF hubs. OFs visit the BDO Remit offices abroad to check their account balances, inquire about financial services, and receive assistance for those who still struggle with digital products and prefer in-person interaction with their countrymen. For many OFs, physical offices make them feel secure in having a BDO representative available to address their concerns. BDO Remit is accessible physically through the international offices in Hong Kong, Macau, Japan, Taiwan, China, South Korea, the United Arab Emirates, the USA, Canada, the United Kingdom, Italy and France.

In Saudi Arabia and the UAE as well in several other countries, financial literacy classes are conducted in partnership with local Filipino communities and the respective Philippine embassies. In Japan, where venue costs are high, BDO Remit offered its office for free as a venue for meetings of Japan-based Filipino organizations. This effort led to more accounts opened and more frequent transactions contributing to economic growth for the country.

Affordability

BDO Remit fostered partnerships with international banks and money transfer companies. Some partnerships facilitate zero-transfer fees in their transactions, which in turn made it possible for remitters to send as frequently as every week. This encouraged better budgeting and savings practices for remitters and their families. At the same time, the Bangko Sentral ng Pilipinas acknowledged that continuous growth of remittance flows contributed to economic recovery by stabilizing the peso and increasing capability for local spending.

97%

Growth in Average Savings in Kabayan accounts

15%

Growth in Total Remittance Transaction Count

12%

Growth in Total Remittance Transaction Volume

4,737

Domestic and International Financial Literacy Lessons Conducted

211,505

Domestic and International Financial Literacy Lesson Participants

Pamaskong Handog

Pamaskong Handog is an annual December event that provides entertainment and gifts for overseas Filipino and their families. Celebrations continued throughout the pandemic, but through an online platform — the BDO Kabayan Facebook page. The Christmas shows returned to physical events at the SM Supermalls in 2022 with more than one (1) million combined audiences taking part in three key locations: Sta. Rosa City in Laguna province, Iloilo City, and Cagayan de Oro City. Overseas Filipinos watched the Pamaskong Handog events live on the BDO Kabayan Facebook page, with a special viewing inside the BDO Remit and BDO Unibank offices in Hong Kong, Japan, Macau, France, and the United Arab Emirates.



Visit BDO Kabayan's Facebook page to view BDO Remit's events for Overseas Filipino families.

Kabayan Account incentives

As part of the SM Group, BDO Kabayan Savings account holders can avail of discounts at retail stores inside SM Supermalls. This allows for affordable basic needs that improve the quality of life for family members. Only the SM-BDO synergy gives these special privileges for overseas Filipino families. BDO Remit also offers a welfare benefit through its free life and accident insurance for qualified remitters of Kabayan Savings account. Recognizing the Filipinos' strong family ties, OFs can visit any BDO Remit office or remittance partner offering Food Remittance Service to choose a meal package to send to their loved ones on special occasions. OF families can celebrate a birthday, graduation, or any occasion with direct food orders made by their loved ones abroad from partner Filipino-owned restaurants.

Waived Remittance Fees for Typhoon-stricken Areas

BDO Remit waived the remittance fees for donations sent to victims of Super Typhoon Karding (international name: Noru) to help accelerate the flow of financial assistance to affected areas in the country. Overseas Filipinos who remitted donations from September 30 to November 30, 2022 were able to do so free of service charge through the following foundations BDO Foundation, Inc., ABS-CBN Lingkod Kapamilya Foundation, Inc., GMA Kapuso Foundation, Inc., and the Philippine Red Cross. BDO Remit has subsidiary offices in several countries that can accommodate the sending of donations through these foundations.

Sustainability Contribution Strategy



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

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

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



Economic Impact

BDO has reinforced its position as the country’s premier full-service bank capable of serving every Filipino’s banking needs over the years. The Bank continues to pursue focused expansion through new branches mainly in provincial areas, supplemented by Automated Teller Machines (ATMs), digital channels and agency banking, as well as increased market coverage of the unbanked and underserved segments of the population to broaden financial inclusion. These initiatives have allowed BDO to generate and distribute economic values, supporting economic activity across the country.

Economic Value Relief Table

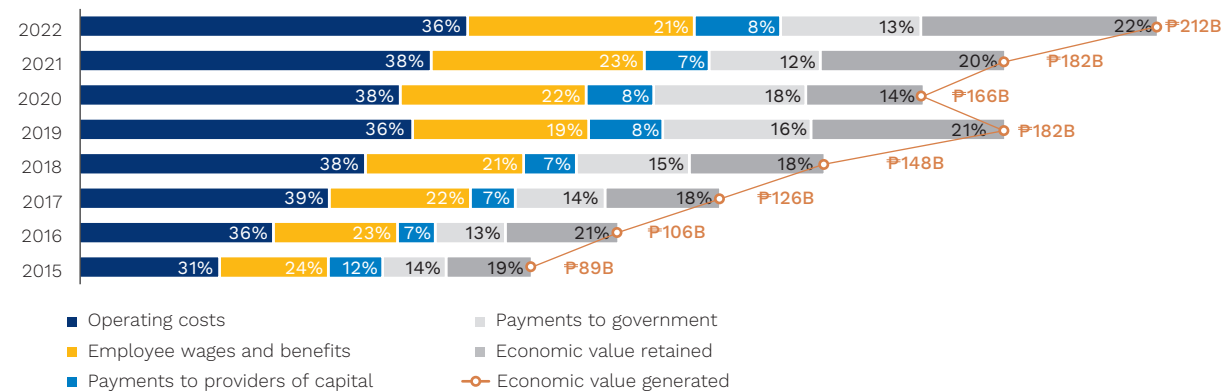
Increased economic activities following the easing in mobility restrictions and economic reopening allowed the Bank to post a 16% increase in direct economic values generated to ₱212 billion, with direct economic value expanding by 11% on a five-year CAGR basis up to 2022 notwithstanding the negative impact of the pandemic on Bank operations in 2020.

Of the total direct economic value generated, 78% or ₱165 billion went to direct economic value distributed, a 14% increase over the previous year’s level. Wages and benefits increased 6% to ₱44 billion, representing 21% of total economic value distributed, benefitting more than 39,000 BDO employees and helping create multiplier impact on domestic demand/consumption. Meanwhile, other operating expenses rose by 9% to ₱75 billion.

The Bank’s total tax payments reached more than ₱27 billion, representing its contribution to government efforts to improve tax revenues and boost economic activity. In addition, the Bank’s community investments amounted to ₱93 million as BDO actively carried out its corporate social responsibility through BDO Foundation, by providing relief, funding rehabilitation, and helping advance the recovery of disaster-stricken communities in the country.

Economic Value Table

Figures in %



Managing Climate Change and other Environmental and Social Risks and Opportunities

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

BDO recognizes that increased carbon emissions result in heightened environmental and social risks — in particular, transition risks and physical risks than can directly impact the Bank's financial value chain. At the same time, the Bank is keen to support opportunities from the transition, from products and services to partnerships and projects related to environmental responsibility and social equity that aligns with its sustainability strategies.

BDO will not finance any activity engaged in the following:

- a) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- b) Production or trade in weapons and munitions¹.
- c) Production or trade in alcoholic beverages (excluding beer and wine)¹
- d) Production or trade in tobacco¹.
- e) Gambling, casinos, and equivalent enterprises¹.
- f) Online gaming and equivalent enterprises.
- g) Any business related to pornography and/or prostitution;
- h) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.
- i) Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- j) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- k) Production or activities involving harmful or exploitative forms of forced labor²/harmful child labor³.
- l) Commercial logging operations for use in primary tropical moist forest.
- m) Production or trade in wood or other forestry products other than from sustainably managed forests.

The Bank recognizes that it plays a critical role in the Philippines towards contributing to a global low carbon economy pathway primarily through utilizing its financial resources, extensive operations and network, and access to millions of Filipinos worldwide.

¹ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations. Note that the highest contributor to topline revenues determine the industry classification and the Bank's SEMS is mapped to industry classification.

² Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

³ Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

Environmental & Social Risk Management System (ESRMS)

BDO has built on the SEMS Policy and developed it into a comprehensive Environmental & Social Risk Management System (ESRMS) that will help identify, assess, and manage E&S risks associated with its lending, investments, and administrative operations. The ESRMS fully incorporates the Bank's key focus areas; key focus sectors with high probability of E&S risk; approach to lending, investments, and administrative operations, including its supply chain; as well as enhanced due diligence, implementation, monitoring, and reporting. The ESRMS provides the Bank's risk appetite for key sectors, defining the nature and level of risk that BDO is willing to take in order to achieve its sustainability strategies. In line with the Bank's institutional approach to the sustainable finance framework transition, the BDO Unibank ESRMS will apply to the BDO Unibank and BDO Private Bank, and incorporates the expectations on environmental risk management set out for BDO Unibank branches overseas by the Monetary Authority of Singapore (MAS) and the Hong Kong Monetary Authority (HKMA). The BDO Network Bank ESRMS will be based on the BDO Unibank ESRMS, but will be more focused on lending to micro, small, and medium entrepreneurs (MSMEs) and government employees. Both the BDO Unibank ESRMS and BDO Network Bank ESRMS were under senior management review in 2022. Both will be presented for their respective boards' approval in Q2 2023 and disclosed in the 2023 BDO Sustainability Report.

Financing the Transition to Low Carbon

Long before sustainable finance became the byword and the mandate that it has become these days, BDO has proactively sought to fund projects on renewable energy from solar, geothermal, wind, hydro, and biomass, along with energy efficiency projects and the country's first green buildings. Since 2010, the Bank has considered Sustainable Energy Finance as a priority sector in financing, in support of national economic development and energy security. Through the Sustainable Finance Desk of the Institutional Banking Group, BDO sought renewable energy projects and actively engaged with project proponents who bring their renewable energy projects to the Bank.

To further drive sustainable development for the country through sustainable finance, BDO publicly announced its approach to energy transition finance on September 8, 2022. The BDO Energy Transition Finance Statement was approved by the BDO Board of Directors on August 26, 2022. This was accomplished after months of extensive research, consultations, and thoughtful deliberations led by the Sustainability Office through a thorough review by the senior leaders and decision makers at the Sustainability Transition Steering Committee, and the Risk Management Committee, until at version 26, the BDO Energy Transition Finance Statement finally reached the full BDO Board.

The BDO Energy Transition Finance Statement is the Bank's holistic and realistic approach on the energy transition that considers the Bank's economic, environmental, and social impact, anchored on good governance.

The Prefatory Sets the Context for BDO

BDO recognizes that the banking industry plays a critical role in the Philippines' committed transition to a low-carbon economy—a transition that will require providing access to affordable, reliable, sustainable, and clean energy.

BDO believes that the transition is a journey that requires adopting a balanced approach. This balanced approach must acknowledge the difficult trade-offs that need to be made along the way, between national economic development that depends on affordable and reliable energy, and the relentless pursuit of the broader goal of climate sustainability.

The landmark Paris Accord of 2015 includes the goal that all coal-fired power plants must be closed by 2030 in Organization for Economic Cooperation and Development (OECD) and European Union (EU) countries, and by 2040 elsewhere. In this context, BDO declared its approach to energy transition finance.

BDO's Declaration has Four Key Components

Coal-Related Financing and Divestment.

BDO will continue its current practice of not lending to new coal-fired power plant capacity, a practice in place since 2019.

It has always been the Bank's way to do things quietly and efficiently. But BDO recognizes that as the largest bank in the country, it has a responsibility to publicly articulate its commitments to its stakeholders and disclose actions that the Bank has taken towards coal divestment in its loan portfolio. The Bank ceased lending to new coal-fired power plant capacity a year before the government issued a moratorium on new coal fired power plant applications.

BDO commits to reduce its coal exposure by 50% by 2033, while ensuring that its coal exposure does not exceed 2% of its total loan portfolio by 2033.

BDO defines new coal exposure as exposure to new capacity, while coal exposure refers to the term loans that will naturally run their course in 2033, and does not include short-term working capital that companies will need to transition out of the coal business.

Ultimately, BDO does not intend to finance any new capacity that will increase harmful greenhouse gas (GhG) emissions in the environment. However, in a situation where the Philippine government implements provisional emergency measures to address an energy crisis, or to the extent that the country's energy resources can no longer meet its energy demand, BDO may reconsider extending capital for coal projects, in the interest of advancing the country's social goals.

BDO clearly expressed its intentions in taking steps to lower greenhouse emissions, while also acknowledging what local energy experts and economists have been sharing in the past few years on energy security and how it may impact the economy and the people. The Bank anticipates that its position on energy security in general, and on coal-related financing in particular, will evolve along the way in response to the country's economic realities, taking into consideration government's energy-related priorities and programs.

Funding Renewable Energy Alternatives.

BDO's efforts are now focused on building on sustainable energy finance initiatives.

BDO will continue to expand its Sustainable Finance initiatives towards funding new and existing renewable energy projects to increase their capacity, and contribute to the country's avoidance of GHG emissions.

This is BDO's way of supporting the Philippines' ambitious goal for 75% reduction and avoidance of its greenhouse gas emissions by 2030.

Energy Transition Support to Affected Customers and Communities.

BDO will support its customers' transition to reduced carbon emissions by providing access to capital so they may invest in innovative technologies that will lessen their greenhouse gas emissions, or adapt their business to renewable energy alternatives.

BDO will provide access to capital required by persons and businesses in communities negatively affected by the energy transition to low carbon emissions.

The Bank views the social impact of the energy transition as equally important as the economic and environmental impacts. BDO is committed to provide access to capital to its customers so they can lower their emissions as they transition, and to communities that will be affected by the transition.

Climate-Related Disclosures and Transparency.

BDO supports the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD).

BDO will be transparent and accountable for its targets and commitments through signing up for the globally-recognized TCFD recommendations which are focused on reporting on climate change actions, risk mitigation, metrics, and targets.

While the statement covered coal financing and divestment in the loan portfolio, the Bank has applied the same approach and considerations in its investment portfolio, and expects to update its declarations as it continues to review its loan and investments portfolios.

The BDO Energy Transition Finance Statement is a landmark policy for the Bank in its sustainability journey, living up to its commitment to find ways in support of the country's transition to a low-carbon economy. To view the full BDO Energy Transition Finance statement, see <https://www.bdo.com.ph/bdo-energy-transition-finance-statement>.

Sustainable Finance as a Catalyst for ESG Transition

For more than a decade, BDO Sustainable Finance has led the Bank's financing of eligible green and social impact projects. This includes business activities such as renewable energy, energy efficiency, green building, clean transportation, pollution prevention and control, sustainable management of natural resources and land use, eco-efficient technology, sustainable water and wastewater management, terrestrial and aquatic biodiversity conservation, climate change adaptation, affordable housing, access to essential services, employment generation and food security.

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

Under the BDO SFF, BDO contributed to the Philippines' Nationally Determined Contribution (NDC) in reducing carbon footprint through the financing of green, blue, and social projects.

Projects that are eligible for financing are required to have environmental benefits such as reduced carbon footprint and reduced vulnerability of communities to climate change. Eligible social projects require positive social outcome for the impoverished, excluded, marginalized, vulnerable, disabled, undereducated, underserved and unemployed populations.

The BDO SFF, established for the green, blue, and social bonds, identifies the following activities as ineligible for financing:

- Production or trade in weapons and munition
- Online gaming and equivalent enterprises
- Hydroelectric plant with weir height of over 50 meters
- Illegal logging, illegal mining, illegal fishing, forced labor, child labor
- Production of tobacco products and palm oil
- New capacity for fossil-fuel power generation or transmission projects, and any activity that supports expansion of fossil-fuel based operations.

BDO Sustainable Finance catalyzes accelerating green recovery by financing innovative projects and pioneering financial instruments to achieve a sustainable financial value chain.

As of December 31, 2022, BDO's total Sustainable Finance to date is at ₱781 billion, including 58 renewable energy projects.

Economic, Environmental, and Social Impact 2-4, 203-1

Description	2021	2022
Total Sustainable Finance Funded	₱548 billion	₱781 billion
Loans disbursed in the past 5 years	National projects - ₱39.5 billion Airports - ₱12.4 billion Road networks - ₱19.3 billion	National projects - ₱56.7 billion Airports - ₱12.4 billion Road networks - ₱31.2 billion
Road Network Development	167.7km	167.7km
Vehicles Served	138.1 million	138.1 million
Carbon emissions annually reduced through efficient roadways	4,260 tonnes	4,260 tonnes
Total installed Renewable Energy Capacity	2,220 MW*	2,252 MW
Renewable energy projects funded	54	58
Carbon dioxide avoided per year by funded renewable energy projects	4,266,687 tonnes	4,302,502 tonnes
Equivalent passenger vehicles taken off roads yearly	905,887	913,491
Equivalent tree seedlings grown over 10 years	70,550,565	71,142,786
Families Served by Renewable Energy Projects	1,994,189	2,016,602
Biomass Capacity	164 MW	164 MW
Geothermal Capacity	1,179 MW*	1,179 MW
Mini Hydro Capacity	433 MW	433 MW
Solar Capacity	369 MW	380 MW
Wind Capacity	75 MW	96 MW
Disbursed Loan Amount per RE Technology Type	Biodiesel: ₱137 million Bioethanol: ₱570 million Biomass: ₱22.5 billion Geothermal: ₱17 billion Hydro: ₱28.1 billion Solar: ₱12.6 billion Wind: ₱2.9 billion	Biodiesel: ₱137 million Bioethanol: ₱920.9 million Biomass: ₱24.9 billion Geothermal: ₱17 billion Hydro: ₱28.2 billion Solar: ₱12.9 billion Wind: ₱3.9 billion
Bioethanol Production	44.1 million liters per year	44.1 million liters per year
Biodiesel Production	60 million liters per year	60 million liters per year

*Adjusted data on 2021 Geothermal Capacity and Total Installed Renewable Energy Capacity due to data collection improvements

Sustainable Energy Finance Projects 203-1

Biodiesel

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



Bioethanol

Installed capacity 44.12 ML/Y	Disbursed loan amount ₱920.9 million	GHG avoidance per year based on Net (in tonnes CO ₂ e) 35,296
GHG avoidance per year based in Gross (in tonnes CO ₂ e) 49,540	Equivalent passenger vehicle off the road per year 10,518	Equivalent tree seedlings grown for 10 years 819,153




Biomass


Installed capacity 164 MW	Disbursed loan amount ₱24.9 billion	Net Energy Generation (MWh/year) 1,075,002	Gross Energy Generation (MWh/year) 1,194,447
Value of energy generation per year (Php/year) ₱7 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 435,522	GHG avoidance per year based in Gross (in tonnes CO ₂ e) 483,913	
Equivalent passenger vehicle off the road per year 102,743	Equivalent tree seedlings grown for 10 years 8,001,614	No. of households/families (average of 6 persons per family) supplied by RE 228,555	
Amount of agricultural wastes converted to feedstock/power T/Yr 1,572,241	No. of farmers supported 169,745		




Geothermal

Installed capacity 1,179 MW	Disbursed loan amount ₱17 billion	Net Energy Generation (MWh/year) 5,522,758	Gross Energy Generation (MWh/year) 6,136,397
Value of energy generation per year (Php/year) ₱22.21 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 2,237,468	GHG avoidance per year based in Gross (in tonnes CO ₂ e) 2,486,075	
Equivalent passenger vehicle off the road per year 527,835	Equivalent tree seedlings grown for 10 years 41,107,779	No. of households/families (average of 6 persons per family) supplied by RE 1,254,032	


Hydro

Installed capacity 433 MW	Disbursed loan amount ₱28.2 billion	Net Energy Generation (MWh/year) 1,743,038	Gross Energy Generation (MWh/year) 1,926,950
Value of energy generation per year (Php/year) ₱10.2 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 706,167	GHG avoidance per year based in Gross (in tonnes CO ₂ e) 780,677	
Equivalent passenger vehicle off the road per year 165,751	Equivalent tree seedlings grown for 10 years 12,908,653	No. of households/families (average of 6 persons per family) supplied by RE 395,785	

Solar

Installed capacity 380 MW	Disbursed loan amount ₱12.9 billion	Net Energy Generation (MWh/year) 494,300	Gross Energy Generation (MWh/year) 549,223
Value of energy generation per year (Php/year) ₱4.54 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 219,009	GHG avoidance per year based in Gross (in tonnes CO ₂ e) 243,343	
Equivalent passenger vehicle off the road per year 51,666	Equivalent tree seedlings grown for 10 years 4,023,728	No. of households/families (average of 6 persons per family) supplied by RE 93,843	

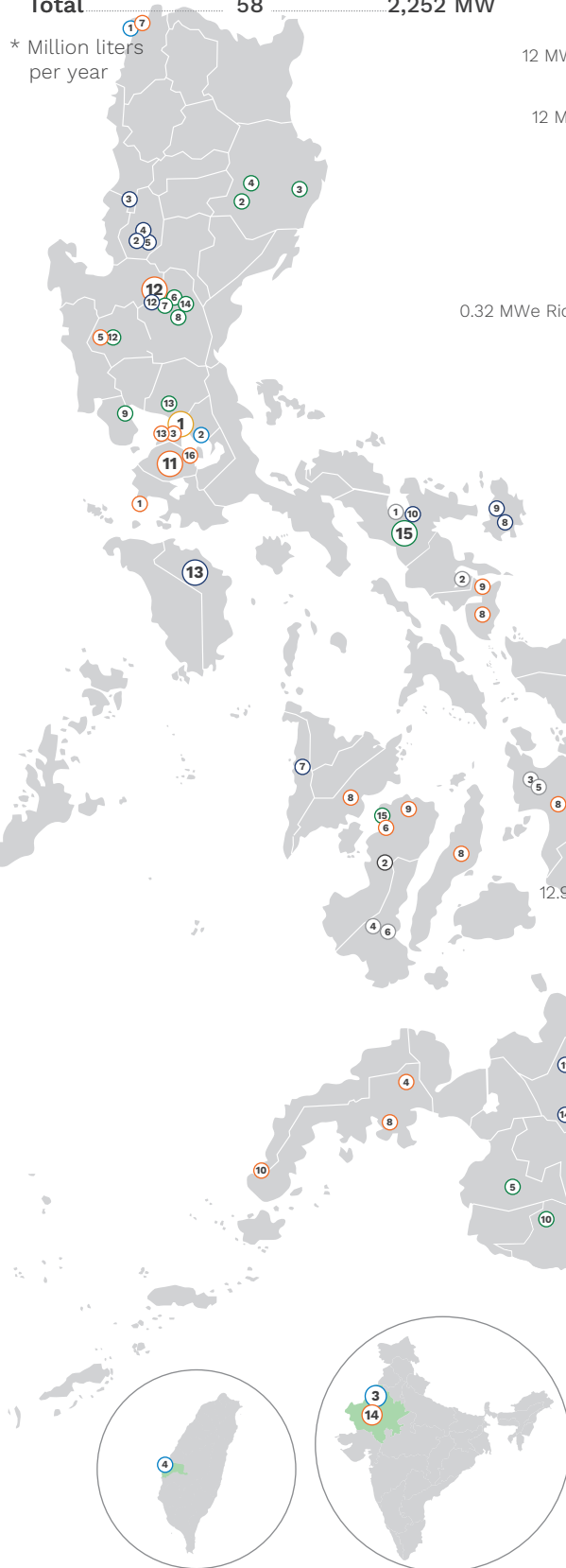
Wind

Installed capacity 96 MW	Disbursed loan amount ₱3.9 billion	Net Energy Generation (MWh/year) 224,229	Gross Energy Generation (MWh/year) 237,483
Value of energy generation per year (Php/year) ₱1.79 billion	GHG avoidance per year based on Net (in tonnes CO ₂ e) 99,349	GHG avoidance per year based in Gross (in tonnes CO ₂ e) 105,221	
Equivalent passenger vehicle off the road per year 22,340	Equivalent tree seedlings grown for 10 years 1,739,863	No. of households/families (average of 6 persons per family) supplied by RE 44,386	

BDO Sustainable Energy Finance Project Map

RE Project	No. of Projects	Capacity
Biodiesel	1	60ML/Y*
Bioethanol	2	4.1ML/Y*
Biomass	16	164
Geothermal	6	1,179
Hydro	13	433
Solar	16	380
Wind	4	96
Total	58	2,252 MW

* Million liters per year



- 1 37.5 MW of 150 MW Wind Power Plant (Burgos, Ilocos Norte)
- 7 6.8 MWp Solar PV Power Plant (Burgos, Ilocos Norte)
- 3 70 MW RoR Hydro Power Plant (Alilem, Ilocos Sur)
- 2 140 MW Hydro Power Plant (Benguet)
- 4 31.8 MW Several RoR Hydro Power Plant (Benguet)
- 5 19 MW Several RoR Hydro Power Plant (Benguet - Hydro Power Plant)
- 5 100 MWp Solar Farm (Tarlac City, Tarlac)
- 12 2 MWe Biogas-Fed Power Plant (Tarlac City, Tarlac)
- 9 12 MWe Biomass-fired Power Plant (Orani, Bataan)
- 3 0.3 MWp Solar Rooftop (Ortigas Center, Pasig City)
- 1 63.29 MWp Solar PV Farm
- 7 8 MW RoR Hydro Power Plant (Bugasong, Antique)
- 11 7 MWe Biomass-fired Power Plant (Brooke's Point, Palawan)
- 4 172.5 MW Geothermal Power Plant (Valencia, Negros Oriental)
- 6 49.4 MW Geothermal Power Plant (Nasulo, Negros Oriental)
- 16 0.38 MWe Biogas plant (Sta. Cruz, Davao del Sur) **NEW**
- 2 14.12 ML/Y Bioethanol Production Plant (Talisay City, Negros Occidental)
- 1 30 ML/Y Bioethanol Production Plant (La Carlota City, Negros Occidental)
- 15 20.58 MWe Turbogenerator Power Plant (Silay City, Negros Occidental)
- 6 132.5 MWp Solar Farm (Cadiz City, Negros Occidental)
- 9 0.325 MWp Solar Rooftop (Bacolod)
- 10 0.5 MWp Solar PV (Zamboanga City)
- 4 0.32 MWp Solar Rooftop (Zamboanga del Sur)
- 5 15 MWe Biomass-fired Power Plant (Sultan Kudarat, Maguindanao)
- 1 60 ML/Y Biodiesel Production Plant (Bagong Ilog, Pasig)
- 13 1.17 MWp Solar PV Rooftop (Western Bicutan, Taguig City)
- 14 28.76 Mwc Solar PV Plant (Jaisalmer district of Rajasthan, India)
- 12 2.4 MW Mini-hydro Power Plant (Maramag, Bukidnon)
- 3 14.1 MW of 762.8 MW Wind Power Plant (Jaisalmer district of Rajasthan, India)
- 4 20 MW of 640 MW Wind Power Plant (Yunlin, Taiwan) **NEW**

- 20 MWe Rice husk-fired Power Plant (Alicia, Isabela)
- 3 19 MWe Cogeneration Power Plant (San Mariano, Isabela)
- 4 15 MWe Biomass-fired Power Plant (Burgos, Isabela)
- 6 12 MWe Rice husk-fired Power Plant Phase 1 (San Jose City, Nueva Ecija)
- 7 12 MWe Rice husk-fired Power Plant Phase 2 (San Jose City, Nueva Ecija)
- 8 12 MWe Biomass-fired Power Plant Phase 3 (Llanera, Nueva Ecija)
- 14 6 MWe Biomass-fired Power Plant (San Jose City, Nueva Ecija)
- 12 132 MW Hydro Power Plant (Nueva Ecija - Pangasinan)
- 19 0.32 MWe Rice husk-fired Cogeneration Power Plant (Sta. Maria, Bulacan)
- 2 24 MW of 54 MW Wind Power Plant (Pililia, Rizal)
- 10 1.8 MW Mini-hydro Power Plant (Buhí, Camarines Sur)
- 8 2.1 MW RoR Mini-hydro Power Plant (San Miguel, Catanduanes)
- 9 1.5 MW RoR Mini-hydro Power Plant (Obi, Catanduanes)
- 8 5.2 MW Solar Rooftop (Iloilo, Leyte, Cebu and Sorsogon)
- 2 140 MW Geothermal Power Plant (Manito, Albay)
- 3 125 MW Geothermal Power Plant (Kananga, Leyte)
- 5 586.4 MW Geothermal Power Plant (Tongonan, Leyte)
- 6 12.9 MW of 25.8 MW RoR Mini-hydro Plant (Jabonga, Agusan del Norte)
- 11 1.6 MW Mini-hydro Power Plant (M. Fortich, Bukidnon)
- 13 10 MW Hydro Power Plant (Oriental Mindoro)
- 1 106 MW Geothermal Power Plant (Kidapawan, North Cotabato)
- 2 28.59 MWp Solar PV Power Plant (Digos, Davao del Sur)
- 10 6 MWe Biomass-fired Power Plant (Surallah, South Cotabato)
- 1 5 MWe Biomass-fired Power Plant (Pili, Camarines Sur)
- 11 1.128 MWp Solar Rooftop (Carmona, Cavite)
- 12 0.015 MWp Solar Rooftop (Umingan, Pangasinan)
- 15 10.5 MW Solar power plant (Kibawe, Bukidnon)
- 16 0.5 MW Solar Rooftop (Sta. Rosa, Laguna) **NEW**

Taiwan

India

Pioneering New Financial Instruments for the Environment

BDO recognizes the value of natural capital, which presents businesses with both risks and opportunities. As a pioneer in sustainable finance in the Philippines, it continues to find ways to protect the environment and identify financing instruments that can contribute to sustaining the availability of natural resources.

Sustaining water supply for the future

In May 2022, BDO issued its first Blue Bond amounting to US\$100 million, through an investment from the International Finance Corporation (IFC). This issuance will expand financing for projects that preserve clean water resources and help prevent marine pollution, while supporting the country's climate goals. The Blue Bond is the first in South East Asia and the first to use the IFC's Blue Finance Guidelines.

BDO has allocated the use of proceeds of the Blue Bonds issuance to three blue projects in water and wastewater management services, bulk water and operations management, waste and wastewater treatment solutions, and bulk water and distribution facility. Water management has improved as a result of increased wastewater treatment facilities, technologies for reducing non-revenue water (NRW), sustainable water supply infrastructure, rain water harvesting, and surface water utilization, all of which increase clean water supply while avoiding ground water extraction. The projects are located in densely populated communities near coastal areas, and helps prevent pollution from entering the oceans. In addition, the projects include technological solutions that ensure efficient water use and prevent water discharge from households to river basins and coastal areas.

At present, severe and extreme water scarcity exist in parts of Luzon, especially in the Greater Metro Manila Region. Available supply cannot keep up with fast rising demand due to the region's rapidly growing population, migration, and economic expansion. By starting at the source, moving through use, and ending with the bodies of water, the Blue Bond-financed projects provide solutions to a systemic issue that ensure the availability of water for future generations.

ASEAN Sustainability Bonds

In January 2022, BDO launched its first ASEAN Sustainability Bond and raised ₱52.7 billion (US\$955 million), to allocate the use of proceeds to eligible projects under the Bank's Sustainable Finance Framework. The Sustainability Bond currently holds the record as the largest private sector debt securities issuance in the Philippines. Offered with a tenor of two years and a fixed rate of 2.9 percent per annum, it was oversubscribed by more than 10 times the original offer of ₱5 billion on the back of strong demand from retail and institutional investors, prompting the Bank to cut short the offering period.

Banking on the Future

As a universal bank, BDO continues to find ways to enable access to financial services as it builds more branches in areas where they are most needed in the country. BDO recognizes that a significant number of Filipinos still prefer addressing financial concerns face-to-face and the Bank's financial inclusion approach includes supporting members of the community who are not ready or inclined to transition to digital services. At the same time, BDO also supports tech-savvy clients through technology-based services available online and through their mobile phones.

Several branch innovations and self-service technologies were prioritized as part of the Bank's digital initiatives.

- **Current Account Savings Account (CASA) Onboarding.** Branches implemented the Customer Relationship Management system, used for various channels to enhance clients' account opening experience.
 - **Marketing Assistant-assisted (MA-assisted).** Clients are assisted with improved onboarding forms while the MA verifies client information for encoding in the system.
 - **Self-service.** Clients have the option to use self-service channels such as Account Kiosks/Digital Tablets available inside the branch for opening an account, which also eliminates the need for paper forms.
 - **Online.** Clients may submit the new account application form online without having to visit the branch. Clients are invited to a virtual interview for the Bank to perform the Know-Your-Customer validation process. This also allows auto enrollment of accounts to BDO Online Banking.
- **Queue Management System.** Branches also employed enhancements on the client's transactional experience when visiting the branch.
 - Branches adopted a new queue management system that offered **paperless transactions processing** where clients can input their transactions on either their mobile phone or a kiosk in the branch, instead of filling up forms. Customers receive a queue number while they wait for their turn with the teller. This saves an average of 30 minutes in processing time for the branch and waiting time for the client.
 - Clients have the option to book an appointment online for their branch visits, receive a QR code to be scanned once they reach the branch, and immediately fall in queue.

Branch Banking

Branch Banking allows clients to have access to more banking services than digital banking. It also supports in-person customer service, such as providing personal advice and guidance from the branch personnel when clients have important and potentially difficult financial decisions to make. This translates to building valuable and long-term client-bank relationships which cannot be formed in the same manner using digital banking.

For example, branches ensure that senior, pregnant women, and customers with disability needing special assistance, are immediately attended to via the "Priority Service Lane" specially designed for them. Ramps outside the branch were also provided to enable persons with disabilities to be able to enter and leave the branch conveniently using their wheel chairs.

In the event of impending natural disasters such as typhoons and floods, or in the aftermath of an earthquake, Branch Banking Group issues safety and security advisories that guide branch personnel on the proper handling of such situations, including providing assistance to clients.

1.7 million

Total New CASA
(Current Accounts/
Savings Accounts)

18.8 million

Number of
Customers Served

At the same time, BDO has always employed and allowed branch personnel to be assigned to the branch near their residences or hometowns in the provinces. This allows the branch to provide personalized service, with no language barrier, as branch personnel who are part of the immediate community know their clients very well and are able to suggest a particular product or solution specific to their needs. BDO branches create jobs and opportunities in different regions in the Philippines.

Ensuring Presence and Availability: ATM and Cash Services

BDO recognizes that cash remains a major mode of payment and an important store of value, especially in times of crisis and disaster events. By enhancing the reach and capacity of its Automated Teller Machine (ATM) network, BDO makes cash more accessible to people who need it.

Aside from ATMs in branches, BDO continues to deploy ATMs in strategic offsite locations to provide easier access to cash. In high foot traffic locations, it is not uncommon to find multiple BDO ATMs – easing peak hours queuing and providing alternatives in case of machine failure.

BDO also partnered with an independent ATM deployer to provide BDO cardholders access to ATMs in more than 2,000 convenience stores nationwide, without incurring transaction charges. BDO Cash Deposit Machines (CDMs) are also available in 640 in-branch and off-site locations in key cities and business districts.

In times of calamities and natural disasters, there is a risk of widespread ATM unavailability in the event of disruption to power, computer or communication systems and infrastructures. BDO has invested in wireless back-up connectivity to bring critical ATMs online once power is available – even while waiting for telecommunications circuits to be restored. Contingency plans are also in place to help ensure the continuous availability of fit banknotes for loading into ATMs.

The Bank looks into the environmental impact when consumers pay through cash, cards, and mobile phones, which all utilize different types of raw materials sourced from nature. BDO recognizes that cash payments have a duty to reduce its environmental impact as broadly as possible due to the need to transport banknotes and coins. BDO continues to optimize its cash logistics network to lessen the distances banknotes and coins travel from the point of pick-up until re-circulation.

CASE STUDY

Anytime, anywhere ATM

BDO supports the Muntinlupa City local government unit (LGU) by deploying a mobile ATM for payment requirements such as during the property tax payment period. This provides the LGU constituents a convenient and safe access to cash to settle their tax obligations.

4,655

Automated
Teller Machines (ATMs)

640

Cash Deposit Machines
(CDMs)

281

Municipalities and Cities
Deployed with ATMs
and CDMs



Serving the Unbanked: BDO Network Bank

As the country's largest community bank and subsidiary of BDO Unibank for the micro, small, and medium enterprises (MSME) segment, BDO Network Bank (BDONB) brings modern, innovative, and relevant banking products and services to unbanked and underserved communities. Unbanked Filipino adults are at 34.3 million or 44% of the total adult population, according to the latest financial inclusion survey report of the Bangko Sentral ng Pilipinas (BSP), a significant decline from 51.2 million adults in 2021. BDONB has contributed to that decrease by filling the gap with a wide range of banking products that include loans, deposits, remittances, bills payments and other banking services through its network across the Philippine archipelago.

In 2022, BDONB continued its network expansion with a total of 453 branches and loan offices, a 30% increase compared to last year. It is physically present in strategic locations and has extended banking hours to cater to more clients. This is complemented by its digital presence via social media and the BDONB website that makes it accessible online. BDONB lowered its minimum initial deposit to encourage more people to save, along with insurance that provides hospitalization allowance.

BDONB is present in Agusan del Sur, Davao Occidental, Sarangani, and Zamboanga del Norte, four out of the six poorest provinces in 2021 (Philippine Statistics Authority Poverty Statistics) and in 16 out of 18 poor provinces in the country. It is present in 88% of the total number of provinces in the Philippines.

The Bank's loans are not just for the sake of lending, but also as capital buildup to help clients improve their lives, and for the community to achieve economic growth. BDONB values its clients, understands their needs, and strengthens relationships with them through ease of access through physical and virtual presence. As a result, BDONB posted a 48% increase in volume from the previous year.

MSME Financing

BDONB focuses on the development of the MSME market segment. MSME loan bookings grew by 16% from 2021 figures, with a 24% increase in number of offices offering MSME loans. The Bank started to track its clients by gender in 2022, and confirmed that female clients accounted for 65% of its total loan bookings. MSME Teams advise their clients on how to improve and expand their businesses, reinforce the importance of savings and wise use of loans, and connect them to the Bank to manage their finances better.



48%
Growth in Volume

16%
Loan Booking Growth

65%
Female MSME Loan
Clients in 2022

Salary Loans for Government Employees

In 2022, teachers in the Mindanao region accounted for 47% of the Bank's total salary loan releases. Loan balance grew by 88%, again, going above and beyond last year's highest accounts receivable on record. Loan releases continued to grow substantially by 106%. BDONB's customer base grew by over 10% as it continues its growth and expansion in more rural areas nationwide, with salary loans reach up by 28%. The number of personnel servicing this segment increased by 17%, allowing for more people to serve the financial needs of our teachers. The Bank determined that 79% of its total active clients are female.

88%
Salary Loan
Balance Growth

106%
Salary Loan
Releases Growth

79%
Female Out of Total
Active Clients Availing
Salary Loans

Other Support Services for Clients

BDONB continues to help promote financial stewardship practices to teachers in schools by organizing financial literacy discussions to help them manage their money and loan wisely. They are also encouraged to pass on the knowledge and be role models to their students. BDONB works closely with the Department of Education by annually supporting its Brigada Eskwela (School Brigade) and Balik-Eskwela (Back to School) programs through providing school supplies to beneficiary schools. BDONB also worked closely with SM Foundation to donate books and learning materials.

Customer Focus: Going Beyond Expectations

- Towards the latter part of December 2021, Typhoon Odette brought torrential rains and violent winds that resulted in the loss of network and data connectivity in the Visayas and Mindanao regions. Despite this, BDONB Siargao Branch still managed to serve its clients' cash requirements by processing withdrawals using Point-of-Sale (POS) machines. Branch personnel travelled to Siargao airport and other locations that had a stable internet connection to process transactions, then travelled back to the branch for cash disbursement.
- At the height of the pandemic when branch personnel in the provinces experienced illness, BDONB created Rapid Response Teams (RRT) per area to support branches that needed additional personnel to service BDONB customers. It became common for an RRT composed of only four personnel to service a branch that usually had double the number of employees. This meant that RRT members had to work harder, faster, and more efficiently to meet customers' needs in the branch they were helping. RRTs also serviced branches located far from their usual place of work and residences, and usually as many as five different branches in two months' time. BDONB branches served as economic frontliners who made sure cash and other services were available to keep the local and national economy going.



- When BDONB opened a branch in Palimbang, Sultan Kudarat in September, it was warmly welcomed as the first bank to ever service the area since it was formally established in 1959. Palimbang is a second class coastal municipality that borders the Moro Gulf, in the Celebes Sea, and as a result, is abundant in marine resources, agriculture, and micro-enterprises that provide livelihood to fishermen, farmers, and general merchandisers. Prior to BDONB's branch, residents who needed banking services had to travel 174 kilometers (99 miles) for 6 to 8 hours to and from General Santos City, since it was the nearest area with a bank. The time lost, inconvenience, transportation expense, and security risks of carrying cash was a daunting experience for many residents. The only alternative was to conduct money transactions through remittance centers and pawnshops that charged premium fees for these services. BDONB's new branch in Palimbang effectively addressed the residents' great need for cash management and other banking needs.



Financial Inclusion through Education

In line with its financial inclusion advocacy, BDO Foundation continued to support the National Strategy for Financial Inclusion of the Bangko Sentral ng Pilipinas (BSP). The Foundation worked closely with BSP's Economic and Financial Learning Office for the implementation of financial education programs in partnership with the Department of Education (DepEd), Overseas Workers Welfare Administration (OWWA), Civil Service Commission (CSC), Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Fire Protection (BFP), and Bureau of Fisheries and Aquatic Resources (BFAR). The trainings shared financial literacy lessons on saving, budgeting, and financial planning, avoiding scams, debt management, entrepreneurship, insurance and retirement planning. The contents were tailored for students, teachers and non-teaching personnel, overseas Filipino workers (OFWs), government workers, armed forces personnel, police personnel, firefighters and fisherfolk.

For Students and Faculty. DepEd Order No. 022 series of 2021 incorporated financial education into the K to 12 Curriculum and integrated financial literacy concepts into the teaching of Mathematics, Science, Araling Panlipunan (Social Studies), entrepreneurship, and technical-vocational and livelihood education, among other subjects. The policy helps ensure that financial education, while not a standalone subject, is taught in schools through the lesson exemplars prepared for the regular subjects and uploaded on the DepEd learning resource portal.

BDO Foundation, DepEd, and Huawei Philippines awarded teachers who developed learning modules that effectively integrated financial literacy into the teaching of Science and Mathematics. The outstanding modules were honored at the online awards ceremony of the Search for the Best Supplemental Learning Materials in the Teaching of Defined Key Concepts in Science and Mathematics. A panel of judges composed of distinguished academicians from the country's top universities evaluated 96 entries. Twelve winning modules were uploaded on the DepEd learning resource portal, where they could be accessed by all teachers.

5.04 million

Beneficiaries to date

1.6 million

Beneficiaries in 2022

BDO Foundation also partnered with Huawei Philippines and Knowledge Channel Foundation for the production of five curriculum-based educational videos on early numeracy. Designed to teach Mathematics to Grade One pupils, these learning resources were made available for viewing on Knowledge Channel's on-air, online and offline platforms. These programs helped empower learners and educators, even as they contributed to the implementation of DepEd's K to 12 Curriculum, its Brigada Eskwela program and the achievement of its Sulong Edukalidad advocacy and the Basic Education Development Plan 2030.

For Fisherfolk. BFAR issued Fisheries Order No. 159 Series of 2022 or the Nationwide Adoption of Fish N' LEarn, the Financial Education Game for Fisherfolks, in the Conduct of BFAR Technical Trainings. The order mandates all BFAR regional and provincial offices as well as national and local training centers to adopt the training tool as a regular offering. BDO Foundation's contributions to the development of Fish N' LEarn received recognition when the Department of Agriculture and BFAR officials conferred the Gawad Pagkilala award to the Foundation at the opening ceremony of the 59th Fish Conservation Week.

For Overseas Filipinos. BDO Foundation continued the implementation of the financial education program for OFWs, also known as Pinansyal na Talino at Kaalaman or PiTaKa (PURSE), through Pre-Departure Orientation Seminars that migrant workers attend prior to deployment abroad. Related to this, the Foundation participated in the Multi-stakeholder Consultation on the Full-Cycle National Reintegration Program, a two-day consultation conducted by the Department of Migrant Workers to align various stakeholder programs towards the successful reintegration of OFWs back into Philippine society. The initiative is in line with Republic Act No. 11641 or the Department of Migrant Workers Act of 2021.

For Civil Servants. The Civil Service Commission (CSC) formalized its adoption of the financial education program for civil servants through the issuance of an internal policy that makes financial education an integral part of personnel training. In 2022, CSC rolled out the program in the entire government bureaucracy through train-the-trainers sessions participated in by personnel of the Civil Service Institute, CSC's training arm.

For the Uniformed Personnel. BDO Foundation and BSP continued to work with the AFP, BFP and PNP for the development of financial education trainers' manuals for publication in early 2023. The manuals will be used by trainers in the rollout of financial education programs for the armed forces, firefighters, and police personnel.

For the Agricultural Sector. BDO Foundation also forged ties with other government agencies to reach more beneficiaries. The Foundation signed an agreement with the Agricultural Credit Policy Council and BSP for the development of a financial education program for small farmers, fisherfolk, livestock raisers, young agripreneurs, and repatriated OFWs engaged in agribusiness. It also started to form partnerships with the Department of Trade and Industry, Local Government Academy, and the Technical Education and Skills Development Authority (TESDA) for the development of programs tailored for their respective target audiences.

Through its programs, BDO Foundation helped institutionalize financial education in the capacity building measures of its partner organizations. As it contributed to the government's efforts to improve financial literacy levels in the country, the Foundation helped enhance the economic well-being of underserved Filipinos so that they may have brighter financial futures.

Other Activities

- The Foundation participated in the BSP Financial Education Stakeholders Expo for the fifth consecutive year. Following the theme “Owning the Future: Rebuilding and Strengthening Financial Health through Financial Literacy,” BDO Foundation worked with the BDO Marketing Communications Group for a Financial Self-Care 101 learning session. BDO brand ambassador and Miss Universe 2015 Pia Wurtzbach shared insights on how to achieve financial wellness.
- As the pandemic limited the conduct of in-person financial literacy training sessions, BDO Foundation and the BSP started to develop nine online learning modules that cover lessons on financial planning, saving and budgeting, debt management, basics of investing, fraud and scam prevention, financial consumer protection, digital financial literacy, Personal Equity and Retirement Account (PERA), and relevant economic indicators. The modules will be initially accessible to BDO and BSP employees and will eventually be made available to partner institutions and the general public.

CASE STUDY

Securing the financial future of Filipino fishers

What could be the most effective way to share financial literacy lessons with Filipino fishers? The answer: Fish N’ LEarn, an innovative gamified training intervention.

Fish N’ LEarn contributes to the achievement of Sustainable Development Goals in the areas of financial inclusion, poverty reduction, and environmental protection. The teaching tool supports the Department of Agriculture’s goal to attain a food-secure and resilient Philippines with empowered and prosperous farmers and fisherfolk. It aims to help improve the financial literacy, productivity, and income-generating capability of an estimated 1.9 million fisherfolk all over the country.

Fish N’ LEarn is a brainchild of the technical working group composed of officers of BDO Foundation, the Bureau of Fisheries and Aquatic Resources (BFAR), Fish Right program of the United States Agency for International Development (USAID Fish Right), and Bangko Sentral ng Pilipinas (BSP).

The educational game makes financial literacy lessons engaging for fishers and their families by mimicking real-life events that influence the daily financial decisions of the target audience. Guided by a game master, 10 to 30 participants can learn lessons on five key topics: the protection of fishers’ source of livelihood through the conservation of marine resources; saving, budgeting, and financial planning; entrepreneurship and finding supplementary sources of income; insurance; and loans and debt management.

To ensure the sustainability of the initiative, BFAR leadership issued Fisheries Order No. 159 Series of 2022, mandating all offices and training centers of BFAR to adopt the game as part of their regular training programs. The Technical Working Group has trained 234 trainers in BFAR’s central and provincial offices, enabling its personnel to conduct Fish N’ LEarn sessions all over the country. The nationwide rollout of the financial education program for fisherfolk has so far reached 2,911 fishers.

In 2022, 120 game kits were turned over to BFAR and USAID in commemoration of Farmers’ and Fisherfolks’ Month in May. Funded and produced by BDO Foundation, the kits include cards and play money as well as USB drives containing handouts, guides, and tests that trainers can use. The USBs also contain four financial education videos produced by the Foundation on opening a bank account, saving, budgeting and financial planning, debt management, entrepreneurship, and avoiding scams.

Managing our Environmental Impacts

Energy and Emissions

In 2022, overall electricity consumption for BDO offices decreased due to the decommissioning of the BDO South Tower in Makati City, previously the third facility with the highest electricity consumption at 6,167 megawatts (MW). On the other hand, BDO established 108 new branches and offices in 2022, mostly in the BDO Network Bank format. To comply with the Bank's ongoing digitalization roll-out, work hours were also extended for branch personnel, even occasionally on weekends and/or holidays.

The Bank's Technical Working Group (TWG) on Energy Management performed an audit of Bank offices and branches to determine a consumption baseline and establish consumption patterns across the largest branches and across regional locations. This will aid the TWG in identifying gaps, and determining a comprehensive energy management plan, and energy efficiency programs in 2023.

In Q3 2022, BDO kicked off its transition to renewable energy sources by shifting a portion of its energy sourcing from a new service provider for five of its largest buildings with the highest energy consumption. By yearend, 3,703 megawatt hours (MWh) representing 3.7% of the Bank's energy consumption was sourced from renewables, mainly from a geothermal energy source. The partial transition to renewables was a pilot initiative which the Bank will expand and scale to its other buildings in 2023.

At the same time, BDO continued to pursue energy efficiency projects with the conversion of building equipment to more efficient technologies such as inverter technology for air-conditioning units and LED technology for lighting. As a practice, Procurement requires the use of more energy-efficient bulbs and air-conditioning systems for new and renovated branches. The Bank still partially uses older equipment in consideration of its lifecycle.

In 2022, the Bank started to track the electricity and fuel consumption of its leased assets (buildings owned by BDO) to start reporting on its Scope 3.

Managing our Resources



Out of 1,197 branches audited

915
use LED lighting

Out of 98 buildings surveyed

48%
use LED lighting

52%
use a combination of LED and conventional bulbs



Out of 1,197 branches audited

92%
are installed with inverter air-conditioners

Out of 96 buildings surveyed

66%
are installed with inverter air-conditioners

30%
are installed with a combination of inverter and conventional air-conditioners

4%
are installed with conventional air-conditioners

Water Consumption, Discharge, and Effluents

The Bank recycled 65.1 million liters of water in 2022, from BDO Corporate Center Ortigas, which has state-of-the-art rainwater and condensate harvesting facilities. This was an increase from 58.6 million liters the previous year. Some buildings now use waterless urinals to further save on water use. The Water Management TWG are looking into more water efficiency mechanisms for new and refurbished offices and branches in 2023.

BDO's water withdrawal and water discharge are both through third-party providers which source their water from freshwater sources. The Bank's buildings are equipped with septic tanks and sewer treatment facilities which processes wastewater prior to discharge. Some buildings are also connected to third-parties that collect and process wastewater prior to discharge to lakes or freshwater outlets. The Bank also makes use of third-party service providers for siphoning septic tanks annually.

Fuel Consumption

Diesel consumption is driven by generators in each of the Bank's 1,652 branches as emergency power source to ensure that power supply remains ready and reliable. In order to avoid downtime, generators that run on diesel are regularly run and tested as part of preventive maintenance. On the other hand, LPG consumption comes from cafeteria services provided by food concessionaires at selected office buildings. As employees fully returned to work in 2022, cafeteria services also resumed in full, compared to limited services the previous year. The Energy Management TWG will conduct an audit of all fuel consumption to continue to identify ways for fuel efficiency.

Materials and Waste

The Bank's Waste Management Technical Working Group (TWG) conducted a waste audit across BDO group branches and facilities in 2022 and determined paper to be its top generated waste, followed in considerably lesser volumes by plastics and metals. The TWG created the Bank's Waste Management Program anchored on segregation at source and a "Reduce, Reuse, Recycle" strategy that was launched among a pilot group of four (4) sites, representing different types and sizes of BDO branches and offices across the regions of Luzon, Visayas, and Mindanao. The BDO Waste Busterrr waste segregation campaign was launched in Q4 2022, aimed at educating employees on the impact of segregating at source and engaging them to be Waste Busterrr champions for BDO. Through multimedia communication channels, employees were able to share their tips on how they reduce, reuse and recycle waste at work and at home. The TWG worked with the Marketing Communications Group to produce three e-learning videos on the rationale for waste management, waste segregation best practices, and employees' role in building a culture of sustainability that commits to reducing greenhouse gas emissions. The videos were made mandatory trainings for all employees located at the pilot buildings and branches to encourage behavior change.

65.1 million liters
Amount of Water Recycled

295,706 kilograms
(325.96 US ton/
295.71 tonnes)
Total Waste Directed to Disposal

25,221 kilograms
(27.80 US ton/
25.22 tonnes)
Total Waste Diverted from Disposal

4 key facilities
Pilot testing sites for the **Waste Busterrr: Reduce, Reuse, Recycle Waste Management Program**

At the same time, waste bins for biodegradable, non-biodegradable and recyclable items were provided in pantry areas for bigger offices, and in common areas for the smaller branches. BDO also invested in the construction of Materials Recovery Facilities (MRF) at the pilot buildings, where the waste collected from different office floors are sorted. Hazardous waste are kept safe in a storage area for hauling by third party vendors accredited by the Department of Environment and Natural Resources. Collection of waste, waste-related data, and waste monitoring and tracking were implemented by engineers, technicians, housekeeping, security, and a third-party recycler at the pilot sites. Third-party vendors recycle the paper, issue certificates on the amount recycled, and plant trees on behalf of the Bank, in exchange for the collected waste. Third party vendors convert carton and paper waste to bond papers or seed papers, while plastic and other packaging waste are converted to different types of products such as clothes hangers, pallets, furniture, trash bins, trays, among others. Due to the improvement in waste segregation during the Waste Busterrr pilot, the percentage of recyclable waste out of the Bank's total waste generation increased from 7% to 9% in 2022.

A related initiative is BDO's participation in The X-Trash Challenge, a waste management competition among Philippine companies sponsored by the Philippine Business for Social Progress (PBSP) and Basic Environmental Services Technology (BEST) to reduce waste by collecting recyclable paper, plastic, and metal wastes. BDO competed in 2021 and 2022, finishing second place in both years.

In 2021, BDO collected 10,920 kilograms of plastic waste to gain 30,119 environmental points equivalent to ₱30,119 that was used to purchase food packs and groceries for priority underprivileged families in Cavite, Makati and Muntinlupa cities, in partnership with Samahan ng Nagkakaisang Pamilya ng Pantawid (SNPP). In 2022, BDO collected 22,728 kilograms of plastic, paper and metal waste equivalent to 69,516 environmental points, worth ₱69,516, in partnership with the Addition Hills Integrated School in Mandaluyong City. The proceeds were used to purchase food packs for priority families in Metro Manila.

In alignment with waste management and ongoing digitalization efforts, business units also embarked on transitioning to paperless transactions. To manage paper consumption, electronic processes were embedded in the different business operations. For Procurement, the Electronic Forms Management System (e-Forms) is an automated workflow facility that handles the online requisition for the purchase of various items and services which was previously done manually using paper forms. The eForms also handles consolidation of approved requests for repetitive items with standard unit cost. It auto creates purchase orders per supplier. These purchase orders are being received, serviced and billed by the suppliers via the Electronic Purchase Order and Delivery System (EPODS).

10 trees

Planted by a Third-Party Vendor in BDO's Behalf, together with the Philippine Business for Social Program

588 trees

Planted for BDO from 2009 until September 2022

30,119

Environmental Points in 2021

69,516

Environmental Points in 2022

Consumer Banking Group (CBG) Marketing also established digital routing and approval of documents for its Sign-off Sheets, Cost Estimates, Conforme, Media Plans. Externally, the team shifted its collaterals to digital formats which resulted to significantly lesser production of printed paper. Among such collaterals were Product Manuals across all card products, anti-fraud flyers, sales materials, and Statement of Account converted to electronic or eSOA sent to BDO cardholders to their registered email addresses. The team also shifted 80% of its ad placements to digital, leaving 20% allocated for billboard placements. It has an ongoing initiative to donate old billboard tarps to BDO Foundation for community partners to repurpose as tents, sun shade/cover, bed gardening, or bags and other items. On the product side, the team is revisiting the materials used for the Bank's credit cards, exploring the use of sustainable card plastics such as Ocean plastics, bio-sourced materials and recycled PVC cards instead.

Other business unit initiatives related to reducing waste and paperless banking are detailed in other sections of this report.

Materials Reused and Recycled

Reused and donated materials	as of Dec 31, 2022	Unit
Paper (for recycling by papermill)	1,149,660	Kilograms
	1,267	US Tons
	1,150	Tonnes
Reused workstations	2,834	sets of workstation
Recycled compactors (movable shelves)	168	bays
Computer sets donated through BDO Foundation	75	count of units/items


Not-IT furniture, fixtures & equipment (Non-IT FFEs)	as of Dec 31, 2022	Unit
Non-IT furniture, fixtures & equipment donated	135	count of units/items
Non-IT furniture, fixtures & equipment refurbished/repaired and re-allocated (Unibank)	2,431	count of units/items
Non-IT furniture, fixtures & equipment refurbished/repaired and re-allocated (Subsidiaries)	298	count of units/items

IT furniture, fixtures & equipment (IT FFEs)	as of Dec 31, 2022	Unit
IT furniture, fixtures & equipment re-allocated (Unibank)	1,736	count of units/items
IT furniture, fixtures & equipment re-allocated (Subsidiaries)	189	count of units/items

CASE STUDY:

Waste Busterrr Campaign

The Waste Management Program sets the tone towards a green and healthy environment by promoting a culture of responsible waste segregation and disposal in the workplace that aims to Reduce, Reuse, Recycle waste materials. Enewsgrams were sent out to employees on a weekly basis in Q4 2022 up to February 2023.




Ready to become one of BDO's eco-warriors?

We are a week away from launching one of the Bank's biggest sustainability initiatives and you can be actively part of it!

This new initiative will allow each one of us to do our share in ensuring the protection of our environment, our own health, and our natural resources.

Any idea what this project is? **THROW** in your guesses to tanglo.ana@bdo.com.ph and get a chance to win a prize!



Waste Busterrr: Reduce. Reuse. Recycle. Manage your waste, save the planet


Waste management is vital to environmental protection. It ensures that less waste is produced, while also properly segregated, recycled, and disposed of, so there's less pollution in our atmosphere, soil, and water systems.

By having a Waste Management Program, we are helping lower greenhouse gas emissions in the country, thus strengthening the fight against global warming and environmental destruction.

Here in BDO, we are doing our part in protecting our planet by pilot-testing a Waste Management Program in the following sites:

- BDO Corporate Center Ortigas
- BDO Greenhills-Roosevelt Branch
- BDO Cebu-Gorordo Branch
- BDO Network Bank Davao-Sasa Branch

You too can help save the world we live in for our future and the future of generations to come. Be a Waste Busterrr. Help reduce waste and promote its reuse and recycling through proper segregation.



Waste Busterrr: Reduce. Reuse. Recycle. Know how to throw


Did you know that pizza boxes, while made of a recyclable material, cannot be recycled if soiled, neither do unclean PET bottles?

Knowing where to throw is as important as knowing how to dispose of our trash. Here are some tips on how to make sure recyclable wastes do not go to waste:

1. Wash your recyclable bottles first before throwing them in the proper trash bin.
2. Make sure to throw only clean paper-based materials in your personal trash bins. Fold if you must but do not crumple them.
3. As much as possible avoid your food cartons from getting soiled. In case they are, don't put them together with your clean recyclables.

You too can help save the world we live in for our future and the future of generations to come. Be a Waste Busterrr. Help reduce waste and promote its reuse and recycling through proper segregation.

Employees from participating branches and offices are enjoined to properly segregate their wastes. Be a Waste Busterrr.



Waste Busterrr: Reduce. Reuse. Recycle. Don't throw your future away

The less we throw away, the less polluted our surroundings will be, leaving our future generations with a cleaner environment and richer natural resources.

Here are some tips on how to **REDUCE** waste:

- Go paperless by paying your bills online.
- Use rechargeable batteries for your gadgets.
- Use reusable bags and containers.
- Repurpose some of your pre-loved items like bottles and clothes.
- Buy secondhand items and donate some of your used goods too.
- Buy in bulk and avoid individually wrapped items.
- Start composting in the kitchen and yard.
- In the office, use both sides of a sheet of paper.
- Also, bring your own mug, glass, plate, and utensils instead of using the disposable ones.

Do you have other tips on how to reduce waste at home and here in BDO? Send them to tanglo.ana@bdo.com.ph and get a chance to win a special token.



Waste Busterrr: Reduce. Reuse. Recycle. Recycle the present, save the future

Recycling offers a lot of benefits and presents a lot of opportunities too! Not only does it avoid wastage and reduces pollution, recycling also helps in lessening consumption of our natural resources.

On one hand, you and your family can also earn extra income and more from recycling!

Maximize the use of these items thru recycling:

- Paper
- Clear or colored glass bottles or jars
- Cardboard packaging (juice boxes, milk cartons, egg cartons)
- Plastic containers (look for the recycling triangle usually located at the bottom of the container)
- Metal (aluminum-drink cans, food cans)

Be a Waste Busterrr and help the Bank and your colleagues contribute to sustainability by sending in your tips on how to reuse waste. Send them to tanglo.ana@bdo.com.ph and get a chance to win a special token.



Waste Busterrr: Reduce. Reuse. Recycle. Be a part of the solution, not pollution

Our Waste Management Program, now being pilot tested in select branches and offices, is part of our overall sustainability commitments to our clients, stakeholders, employees, and our nation as a whole.

Globally, it also supports the UN Sustainable Development Goal (UN SDG) 12, also known as Responsible Consumption and Production.

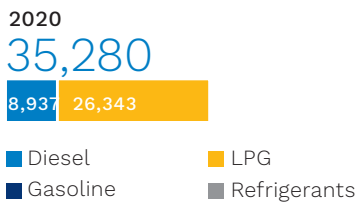
With the Program in place, we are:

- Reducing waste that goes to our landfills by segregating our recyclables from non-recyclables
- Helping conserve energy and our natural resources
- Helping reduce air and water pollution, as well as lower greenhouse gas emissions in the country
- Building a culture of sustainability among employees, who in turn will serve as an example to their families, friends, and communities on green living
- Setting an example to the banking industry by complying with the mandate of Bangko Sentral ng Pilipinas under Circular 1085 to embed sustainability principles in bank operations.

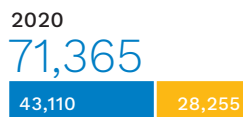
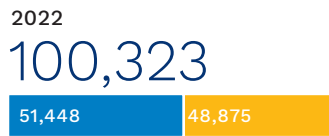
Be a Waste Busterrr. Help reduce waste and promote its reuse and recycling through proper segregation.

BDO Resource Consumption 2-4

Fuel Consumption (in liters)



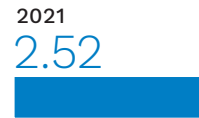
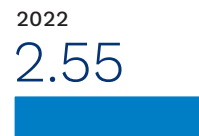
Electricity Consumption (in '000 kWh)



■ Branches
■ Offices

*Adjusted 2021 electricity consumption for Offices due to data collection improvements

Energy Intensity (MW/employee/year)



Calculated as: Total electricity consumption / Employee count

Water Consumption (in '000 cu.m)



■ Branches ■ Offices

Recycled Water (in million liters)



Water discharge (in '000 cu.m.)*



*Water discharge monitored is only for offices

Waste Generation (in kg)



■ Wastes directed to disposal
■ Wastes diverted from disposal (recycled)

Fuel Consumption of Tenants (in liters)

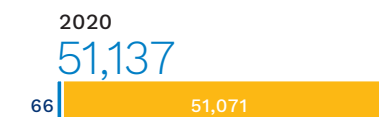
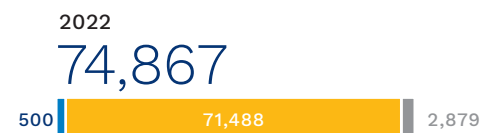


■ Diesel

Electricity Consumption of Tenants (in '000 kWh)



GHG Emissions (in tonnes CO₂e)



■ Scope 1 ■ Scope 2 ■ Scope 3

*Adjusted 2021 Scope 2 emissions due to data collection improvements

Breakdown of BDO Emissions for Scope 1, 2, 3

	Luzon	Visayas	Mindanao	Total
Fuel consumption				
Diesel (liters)	69,173	45,604	16,342	131,119
Generator Sets	69,173	45,604	16,342	131,119
Gasoline (liters)	-	4,942.68	16,401.44	21,344
Heating and Cooking: LPG (liters)	12,434	-	-	12,434
Refrigerants: R-410A (liters)	44	-	-	44
Scope 1 emission (in metric tonnes)				
CO ₂	274	135	88	497
CH ₄	0.0266	0.0183	0.0118	0.0567
N ₂ O	0.0015	0.0011	0.0007	0.0033
Total CO ₂ e	276	136	88	500
Electricity consumption				
From non-renewables (MW)	83,426	6,364	6,866	96,656
From renewables (MW)	3,703	-	-	3,703
Scope 2 emission (in metric tonnes)				
CO ₂	61,630	4,532	5,326	71,488
CH ₄	-	-	-	-
N ₂ O	-	-	-	-
Total CO ₂ e	61,630	4,532	5,326	71,488
Scope 3				
Diesel (liters)				
Generator Sets	1,506	-	-	1,506
Electricity (MW)	3,998	-	35	4,033
Scope 3 emission (in metric tonnes)				
CO ₂	2,851	-	27	2,878
CH ₄	0.00054	-	-	0.00054
N ₂ O	0.00003	-	-	0.00003
Total CO ₂ e	2,851		27	2,879

Sustainability Engagements and Partnerships

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

VISION2045 Initiative: Championing the UN Sustainable Development Goals

BDO was among 50 companies featured in the VISION2045 campaign, a series of 50 documentaries on 50 organizations that inspire and lead other organizations around the world to actively participate in creating a better and fairer society for all. BDO anchors its sustainability framework on the SDGs and embeds the SDG goals in the way it does business. The 50 films bring together experts, business leaders and government officials for a collection of top-level conversations about how business leaders and organizations around the world are embracing key principles of sustainability and social prosperity, and deliver on the 17 SDGs. The UN celebrates its 100th year in 2045, with the hope that, by then, its core principles will be a way of life for all. To view BDO's VISION2045 film, go to <https://vision2045.com/philippine-banks-must-drive-sustainability-and-find-ways-to-reach-the-unbanked/>.

Regional Partnership: Unlocking Capital for Sustainability

Cognizant of the role of finance in addressing the climate crisis and ensuring a just transition to a low carbon economy, BDO partnered with Eco-Business, the Singapore-based independent media and business intelligence company dedicated to sustainable development and ESG performance. BDO co-sponsored the fifth edition of "Unlocking Capital for Sustainability," the annual series of regional forums organized by Eco-Business together with the United Nations Environment Programme. Some 500 leaders across government, finance, business and civic society gathered in person and virtually for wide-ranging discussions on the outlook for sustainable finance in the region, ESG integration and valuation, an Asian sustainable finance taxonomy, the role of carbon markets, financing the net zero transition, and mainstreaming impact investing. The 2022 forum featured more than 50 speakers across the globe from four country-level virtual dialogues in Malaysia, Indonesia, Philippines and India, and culminated in a two-day hybrid event held in Singapore in September. BDO announced its Energy Transition Finance Statement at the Philippine event and the Singapore regional forum that was streamed virtually to government, financial leaders and civic society around the world (see <https://events.eco-business.com/flagship-events/unlocking-capital-for-sustainability-2022#about>).



Amplifying Best Practices: Nordic Chamber Sustainability Book

To envision a sustainable future, the Nordic Chamber of Commerce in the Philippines gathered stories of best practices in sustainability initiatives from among its partners in business, government, and the Embassies of Denmark, Finland, Norway, and Sweden. BDO has long partnered with the Nordic Embassies in various forums to learn from their countries' progressive and leading edge approach to social equity, diversity and inclusion, gender empowerment, ESG, and green energy transition. BDO's

narrative on “Finding Ways for Sustainability” is among the stories that featured in the first Nordic-Philippines Sustainability Book published in 2022. BDO’s Head of Sustainability also joined panelists representing Nordic companies in the Philippines in the “Nordic Ambassadors’ Forum: Sustainability Perspectives” event that marked the book’s launch in November (<https://nordcham.com.ph/news/nordic-ambassadors-forum-sustainability-perspectives>).

Careers in the Cloud: Upskilling unemployed and out-of-school youths in technology

Through the Human Resources Group, BDO partnered with Youthworks PH and Philippine Business Education (PBed), as well as Amazon Web Services (AWS) to provide free Cloud computing skills for at least 100 unemployed and out-of-school youths via AWS re/Start, a skills development program that prepares learners for entry-level careers in the Cloud. The trainees were provided remote mentoring, and employability skills and technical-vocational training with AWS re/Start. This was followed by an onsite 3-months on-the-job-training (OJT) under the mentorship of the Bank’s IT professionals on cloud services, infrastructure and network monitoring, system administration, low-risk security operation activities, System Integration Testing/User Acceptance Testing, and automation scripting. The trainees will be provided with employment opportunities in BDO upon completion of their 3-month mentorship.

Partnering for Volunteerism: Addressing sustainability challenges in the community

BDO launched its Employee Volunteer Program (EVP) to mobilize the potential of over 39,000 BDO employees across the country to help augment the capacity of partner non-profit organizations in addressing sustainability challenges. The EVP empowers employees to become Sustainability Champions through their volunteer work. Strategic partnering with key organizations and institutions helped identify existing volunteer opportunities aligned with the EVP themes that address poverty and hunger, environment, education, and financial inclusion, underpinned by protection and respect for human rights. For its initial run in 2022, the EVP partnered with the following:

- **Caritas Philippines**, the humanitarian, development and advocacy arm of the Catholic Church in the Philippines
- **Don Bosco One TVET**, the technical-vocational center of the Salesian Society of St. John Bosco in the Philippines
- **East-West Seed Foundation**, the corporate social responsibility arm of East-West Seed Philippines, dedicated to empowering Filipino farmers with good seeds and greater knowledge
- **Tanging Yaman Foundation**, a non-profit organization that links donors with various beneficiaries among the most underprivileged in the Philippines
- **SM Foundation**, the corporate social responsibility arm of SM Investments Corporation, dedicated to enabling access to quality education, healthcare, farmer’s training, shelter, and social inclusion

The Bank looks forward to expand its advocacy with its current partners and to enlist more organizations to be part of the initiative in the coming years.



Human Capital Sustainability Strategy



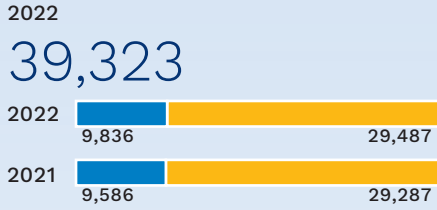
Sustainability is everyone’s responsibility at BDO. The Bank aims to develop a “can lead” workforce with a sustainability mindset that BDO bankers can bring to work, at home, and wherever they find themselves in the world. BDO bankers strive to live the core values of Customer Focus, Out-of-the-Box Thinking,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



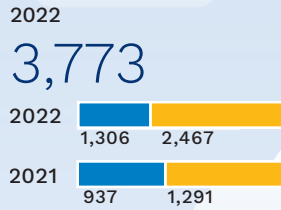
Employee Profile

■ Male ■ Female

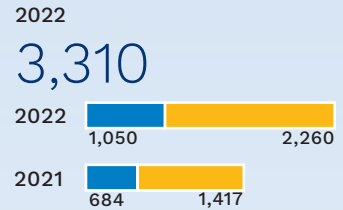
Employee Count



New Hires

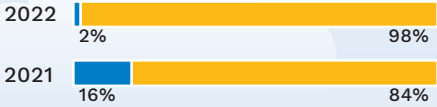


Employee Separations



Leave Availments

Parental Leave (out of total availments)



Vacation Leave



Sick Leave

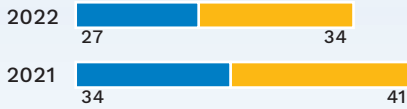


Training & Development

Average Training Hours Per Employee

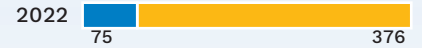


By Gender

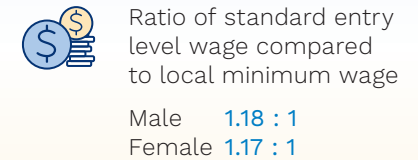
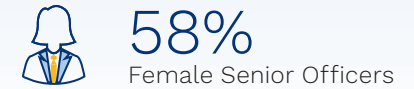
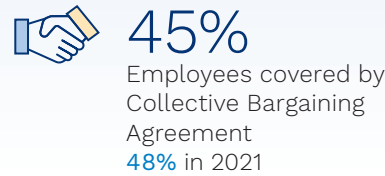
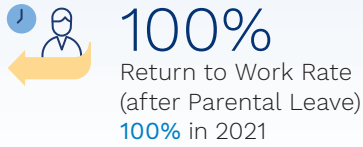


Skills Upgrade

Officership Development Program (ODP)

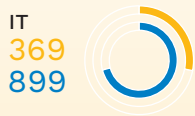


Management Development Program (MDP)

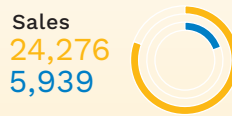


Employee Functions

STEM-Related



Revenue-Generating



Employee Appraisal



Employee Count by Location

Luzon

30,636 2022
30,568 2021

Visayas

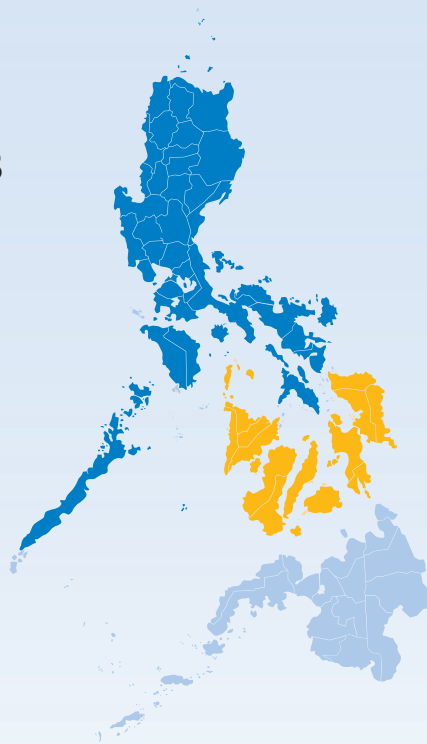
3,888 2022
3,680 2021

Mindanao

4,680 2022
4,526 2021

Abroad

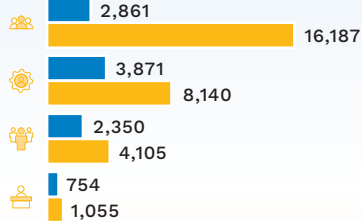
119 2022
99 2021



By Level

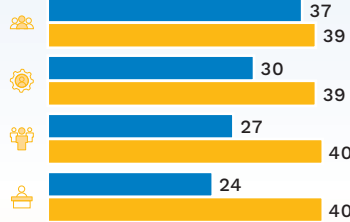
2022 Gender Diversity

Male Female



Average Training Hours

2022 2021



Employee Appraisal

2022 2021



Rank and File

Junior Management: First line managers or supervisors

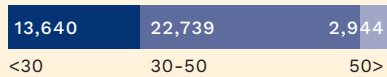
Middle Management: Managerial roles below senior management

Senior Management: Assistant Vice President and up

By Age Group

Employee Count

2022



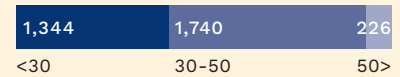
New Hires

2022



Employee Separations

2022



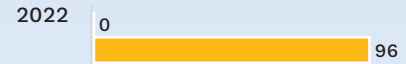
Occupational Health and Safety

Male Female

Incidents of work-related ill-health

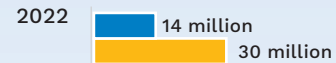


Lost-time injuries (hours)



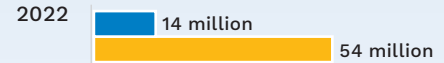
Safe man hours

Based on 1 million hours worked



Total hours worked

Based on 1 million hours worked



In 2022, the Bank's Human Resources Group (HR) kept its focus on three key initiatives: rapid responses to curb COVID-19 cases and protect employee health, digital transformation initiatives on all processes and transactions, and enhanced company policies to support employee rights and well-being in the workplace.

Sustaining a safe work environment

In January, the Philippines reached its highest number of COVID-19 cases due to the highly contagious Omicron variant affecting thousands of households and organizations nationwide. In response, the Bank intensified its COVID-19 antigen testing with weekly and bi-monthly testing for frontliners and back office support, respectively. Enhanced contact tracing across the Bank was also implemented as a proactive response to mitigate transmission of infection among team members. The Bank continued to provide medical teleconsulting facility through COVID Care, extended additional sick leaves, and distributed health kits to boost employee immune systems.

HR also partnered with business units and subsidiaries to employ risk mitigation strategies which included the following:

- vigilance in the adherence to established safety protocols, such as wearing of mask and physical distancing,
- temperature checking,
- dissemination of updated information on health protocols,
- minimizing floor occupant density,
- Split Operations where dual location of critical functions and various teams were strictly enforced to ensure business continuity and continuously create a safe work environment for all stakeholders of the Bank.

The Bank also continued its COVID-19 Vaccination Program with booster shots for its employees and household members in Metro Manila and provincial sites. By end of October 2022, 90% of local employees had received their booster shots.

BDO's pandemic response reflects its commitment to healthy and safe working conditions for its employees. The Bank has written policies and procedures for occupational health and safety (OSH) which the bank strictly enforces through the safety officers. BDO has likewise instituted engineering and administrative controls to prevent accidents.

The Health and Safety Committee, composed of senior officers from different groups (Human Resources, Branch Banking Group, Consumer Banking Group, Security & Investigation Division, Premises and Facilities Management Department, Risk Management Group, and the employees' labor union), provides oversight and acts as the policy making body to address OSH concerns. The Committee meets regularly to evaluate how well the programs and system for promoting occupational health and management are working. The Department of Labor and Employment, Bangko Sentral ng Pilipinas and Bureau of Fire Protection routinely audit the OSH programs of the Bank.

Risk assessment are properly documented for the different bank operations. The Safety Officers continuously inspected the workplace throughout the year to assess possible hazards. Security Officers are also trained to report hazards. To ensure timely reporting of incidents and hazards, communication channels were put in place for the Safety Officers and Security Officers. The Safety Officers attended external trainings prescribed by the DOLE.

Employees are likewise trained to report incidents and hazards. Every three years, the employees are required to take a course on occupational health and safety. In high-rise buildings, trainings are conducted face-to-face. In partnership with Bureau of Fire Protection, Fire Officers also conducted training for BDO employees. When an unsafe condition exists, where an accident will likely happen, work will be halted until the corrective actions and controls are put in place. All levels of operations observe safety conditions.

BDO has a written procedure on how to conduct incident investigation and reporting. The place of the accident will be inspected, and people involved, including witnesses, will be consulted in order to identify the root cause of the accident and other aggravating factors. The investigation team defines the corrective actions, both short and long-term, to prevent the recurrence of the accident. A written report will be put together to document the incident.

Continuous digitalization on HR processes

As the Bank's policies and procedures continued to evolve in response to COVID-19, business units redefined how they do business, paving the way to a "new normal" where digital tools became even more essential in operating efficiently, while continuing employee and client safety protocols.

HR's own work processes were redefined to deliver HR services that is relevant to the evolving employee needs and workplace requirements. This also meant including relevant digital solutions to increase operational efficiency and create positive employee experiences throughout the employee cycle:

- New HR modules on end-to-end recruitment process were launched using existing online channels. This facilitated ease and convenience of access to forms for external applicants, as well as efficient tracking and automated dataflow at the back-end process.
- Blended approach on interviews and job offers conducted with the use of video-call tools to make the process still as immersive, but with the added security of ensuring safety and health protocols.
- An enhanced career website (www.careers.bdo.com.ph) drives candidate engagement through multimedia introduction of BDO as an organization, and presentation of employee testimonies with domestic and international career opportunities.
- Online submission of nominations for the Bank's Officership Development Program (ODP) and Management Development Program (MDP) was implemented to allow paperless submission, as well as download and consolidation of nominations in real time.

Learning and Development

The iLearn Hub was launched which enabled wider reach for employees to learn. The platform also offered access to employees different options for learning through videos, online courses or blended learning.

The shift to blended training approach resulted in reduction of printing of learning handouts such as attendance sheets, evaluation forms, etc.

Equal Opportunity Employer 2-25

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

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

Employee Rights

In 2022, HR further enhanced this commitment with new policies and programs that also aligns with the BDO Code of Business Conduct and Ethics. In the Policy on Employee Grievance and Non-Retaliation, the Bank is committed to foster a supportive, safe and harmonious workplace for its employees. This policy provides for an avenue for employees to voice out their complaints and/or concerns which hinder and affect their work, to an appropriate body which shall, in turn, pursue action to resolve the grievance issue in a fair and timely manner. The policy ensures that the complainant will be protected against any form of retaliation from the respondent.

Labor Relations

The Bank's Collective Bargaining Agreement (CBA) is in effect for a period of 5 years, from November 2020 to October 2025. Forged at the height of the pandemic, the CBA was the result of peaceful negotiations that served the mutual interest of the Bank and its employees. The negotiating panel was equally represented by men and women from both Management and the Labor Union, with the common goal of strong industrial relations towards a sustainable organizational performance. In 2022, 45% of BDO employees were covered by the CBA.

Safety and Well-being

The new Policy on Mental Health outlines the Bank's commitment to foster a supportive, safe and harmonious workplace for its employees. It aims to raise awareness on mental health issues, prevent stigma and discrimination, provide support for employees who may be at risk and/or with mental health condition, and facilitate access to mental health services. BDO places a high value on mental health awareness and supports this with BOUNCE BDO, a dedicated online mental wellness platform available to all employees.

For one, the Bank recognizes that the day-to-day service that customer-facing employees must provide to clients, particularly in the challenging past two years of the pandemic, may impact on employees' mental health. Case managers in BDO Life insurance, for example, must interview grieving beneficiaries of the deceased policy owner, in order to fully support them in their claims. Employees may also avail of counseling



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

assistance regardless of their level or position: Leaders on managing personal issues that impact team members' performance, employees on balancing work-life responsibilities or processing major life changes. Some employees may simply want to learn yoga exercises or improve their posture from sitting all day. BOUNCE BDO finds ways to help employees with various mental health needs.

Performance to Sustainability Goals

BDO's Human Capital Strategy aims to drive a sustainability mindset and develop leaders in the sustainability movement. This supports the Bank's sustainable finance framework that embeds environmental responsibility and social inclusion in everything the Bank does. To align the Bank's sustainability principles with individual performance, HR has provided for sustainability commitments in the behavioral norms statements integrated in the Performance Management Assessments of individual employees, effective 2023. Employees will be rated on their performance against the Bank's sustainability commitments. HR will continue to work with the business units to align performance with sustainability goals and targets.

CASE STUDY:

Employee-initiated Geographic Mobility

For its branch personnel, BDO follows a policy of hiring from within the immediate community. Over the years, BDO has supported employee-initiated location transfer requests to broaden career opportunities, accommodate reasonable personal needs, and retain talent. Such requests encompass various reasons ranging from avoiding long hours of commute from nearby provinces, better quality of life and well-being, needing to look after family members in hometowns, raising a family, or relocating due to business exigencies. Some of our employees who have successfully filed for transfer requests share their experiences:

Clarissa A. Tolentino, Service Fulfillment Officer, Loans Administration Department, Extension Office, Batangas City

Clarissa or Cla has been with the Bank since 2004, and was previously with HR Recruitment at the BDO Head Office in Makati until she decided to file for a transfer request in 2015. Cla and her husband decided to finally settle for good in Batangas, a province located in the Luzon region. In November 2015, she transferred to the Loans Administration Department (LAD) under Comptrollership Group in Batangas City, a move that required a big adjustment in learning the essential aspects of her new role. At some point, Cla considered looking for a more familiar HR role outside the Bank, but what kept her was BDO's stability and growing network in the provinces. She decided to focus on her new role instead, and after three years, again landed a new role under LAD's Service Fulfillment Unit. Cla advises fellow employees to be well-prepared because "it will not be easy, but after the period of adjustment, everything will be ok."



April Joy M. Queddeng, Client Service Associate, Tarlac Branch

April was previously with the BDO Newport City branch in Pasay City, when she received approval to transfer to Tarlac province, her hometown in Northern Luzon. The transfer opportunity came at a time when she was diagnosed with a health condition and living in the province with less pollution proved beneficial to her recuperation. It also enabled her to receive care and spend more time with her family. “BDO also finds ways for its employees to achieve happiness, while also achieving the company’s goal.



Jasper Luzano Bayocot, Documentation Officer from LAD-IBG Extension Office – Cebu Gorordo

Jasper has been with the Bank for more than 10 years when he requested for a transfer from Manila to Cebu City to join his wife who was a fellow BDO employee assigned to the BDO branch in Mandaue City, in the Visayas region, and to be nearer his hometown in Bohol. Jasper was initially hesitant to transfer due to uncertainties in major life changes. But a new role in a different field motivated him to pursue his decision to relocate regardless of all forms of adjustments and pressures. It proved to be an excellent move. On hindsight, Jasper realized that “moving from one place to another workplace is quite a difficult decision but in my case, it was essential that I held on to my faith in God, rather than be overcome by uncertainties and emotions.”



An Employee Volunteer Program with sustainability themes

In 2022, BDO launched its Employee Volunteer Program (EVP) designed to promote a sustainability mindset and engage employees as sustainability advocates in BDO’s sustainability commitments and initiatives. The EVP Core Team is led by the Human Resources Group, Sustainability Office, and BDO Foundation and championed by directors of the BDO Board’s Corporate Governance Committee who have oversight on employee engagement in sustainability.

The EVP was designed to contribute to the achievement of SDGs in the areas of poverty and hunger, the environment, education, and financial inclusion, all underpinned by respect for universal human rights. It gives all BDO employees opportunities to give back to the community by contributing their time, effort, and skills in the volunteer events of the BDO Foundation and external partner organizations which have existing volunteer activities aligned to the EVP SDG themes.

In October 2022, BDO launched the EVP pilot run at a partnership agreement signing with the first five EVP partner organizations: Caritas Philippines, Tanging Yaman Foundation, Don Bosco One TVET and SM Foundation. Throughout November and December, volunteer opportunities focused on financial inclusion through financial literacy for Don Bosco students, teachers and non-teaching personnel; Caritas Philippines beneficiaries; and SM scholars in different parts of the country. The Foundation welcomes more external partners and is coordinating with other organizations for future volunteer opportunities.

BDO Employees Volunteer for the Community

Aubrey Kaye de Paz, **Accounting Assistant, Caloocan - Maypajo Branch**

A lot of people lost their jobs during the pandemic. I am fortunate to be employed in BDO so I was able to keep my job and provide for my family during those difficult times. Upon seeing the employee volunteer program, I registered immediately because I really wanted to share my blessings with the community. My colleagues and I were able to join the distribution of Christmas food packs last December 3 and 10 at Sta. Clara Parish and Letre Mission Passion Church, both located in Malabon City. It was a fulfilling and rewarding experience for me and I also got the chance to meet and be friends with other volunteers from other units and branches of BDO. I realized that you can make other people feel loved by sharing your time.



Johndel Diaz, **Financial Advisor, BDO Life, Biñan - San Antonio Branch**

Since volunteering is my passion, I joined the EVP when I read the emails. I have been actively involved in outreach activities since my elementary days. Volunteering made me realize that we could bring happiness to others in simple ways. We are able to make them feel that someone cares for them. It's not the food packs that made the outreach memorable but the smiles in every person's face which made it more valuable. We're also very thankful to people of Barangay Atisan in San Pablo, Laguna because they prepared food for us. They cooked pancit, puto, banana cue, and fresh buko juice. I would cherish that moment as one of the best Christmas activities I've ever had.



Peachie Leal, **Customer Support Head, BDO Securities Corporation, BDO Corporate Center Ortigas**

I chose to volunteer as a speaker for the Financial Literacy Program because I want to help people make sound financial decisions and achieve financial freedom and stability by sharing my knowledge and experiences on how to effectively earn, use, save, and invest money. It's good for young professionals to learn this early on so they can have a strong foundation on money management, and it is especially critical for Filipinos to be financially literate given the challenges we're currently facing as a nation.

Rechie Villaflor Marañon,
Service Office, Cotabato-SK Pendatun Branch

I volunteered for the Relief Operations for those affected by Typhoon Paeng and Handog sa 'Yo ng BDO Foundation in partnership with Caritas Philippines. During the relief operations, there was a grandmother holding her 2 year-old grandson, crying and thanking me for visiting them and giving them relief goods. She lost her son during the flood and she and her grandson were left by themselves. I felt sorry for her loss and hoped she will be okay. I remember when I also needed a hand because we lost our home to a fire just before I was hired here at BDO. I believe that by volunteering, I can help victims who are still rebuilding their lives. BDO's employee volunteer initiative is a fantastic opportunity for employees to get involved.



Price Castor,
Branch Manager, Bacolod-Lacson Branch

Being able to contribute some of my time to help people in our community is a natural sense of accomplishment for me. Last November, I participated in the financial literacy session for students of Don Bosco TVET - Victorias in Negros Occidental who will soon look for employment after they graduate from their course. It is fulfilling to share my knowledge and personal experience about saving, with students who were eager to know how to save their hard-earned salary in the future. I noted that some of them do not have or have not experienced having an ATM card. It makes me proud of BDO to have this Employee Volunteer Program so we can reach out to the unbanked sector. Given the chance, I will continue to volunteer to have a positive impact to society.

Mary Ann Buena,
Marketing Officer, Camarines Sur-Pili Branch

Together with my BDO colleagues, I participated in the distribution of gift packs at Christ the King Parish last December. One memorable encounter that struck me most was with an elderly lady who had difficulty walking, but still fell in line to receive our gift pack. She was grateful to all of us not just for the presents she received, but for our presence as BDO volunteers. That experience made me appreciate BDO more because we are able to help others and the fulfillment comes back to us instantly. This is why we are BDO--we give meaning and value to people by finding ways to help them.



Disaster Response Strategy



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

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



Relief Operations

In line with its disaster response advocacy and in the spirit of bayanihan or volunteerism, BDO Foundation provided aid for thousands of Filipinos affected by natural disasters, more often than not as a result of climate change.

The Foundation mounted relief operations in provinces placed under a state of calamity, mobilizing volunteers for the immediate distribution of relief goods in underserved communities. Volunteers visited evacuation sites and distributed relief packs containing food, rice and drinking water to families displaced by typhoons or tropical storms, flooding, landslides, earthquakes, volcanic eruptions and fire-related incidents. Depending on the need, the Foundation also provided other items such as hygiene kits that included soap and alcohol, as well as cleaning kits to help residents clean up dirt and debris caused by storms, heavy rains and floods. Beneficiaries included families affected by a 7.0-magnitude earthquake that devastated parts of Northern Luzon, the Bulusan Volcano eruptions, and Typhoons Agaton, Karding, and Paeng, among others.

The disaster response efforts were made possible by volunteers from partner parishes, diocesan social action centers, non-governmental organizations, local government units, the military, and the police. They were also supported by employees of BDO and BDO Network Bank branches, who helped the Foundation assess situations in affected areas and coordinate logistics. BDO volunteers also helped distribute relief goods in certain locations, under the Employee Volunteer Program. Backed by the BDO Unibank community and its partners, BDO Foundation successfully completed relief operations despite limitations caused by COVID-19.



Relief Operations

Beneficiaries to date

761,761

2022 beneficiaries

70,960

School Buildings

Classrooms built to date

124

Count of beneficiary schools

34



Rehabilitation of Rural Health Units

203-1

Majority of Filipinos, particularly those in geographically isolated and disadvantaged areas, cannot afford the costs of consultations, outpatient care, and medicines in hospitals. This becomes even more critical in disaster-stricken areas where urgent medical care makes the difference between life or death. By rehabilitating rural health units (RHUs), BDO Foundation provides access to high-quality primary healthcare to underserved Filipinos when they most need it.

BDO Foundation continued to rehabilitate RHUs in different parts of the country in 2022. The Foundation improved the health centers' exteriors, layout and interior design, lobbies and waiting areas, offices, birthing clinics, consultation rooms, treatment rooms, and pharmacies. Using available space, it built breastfeeding stations for nursing mothers, play areas for children, and waiting lounges for senior citizens. It installed new furniture and fixtures to help health workers accommodate more patients and benefit mothers, infants and children, persons with disabilities, senior citizens, and indigenous peoples living in remote areas.

Supported by the Department of Health (DOH) and local government units, the RHU initiative facilitates the healthcare delivery system in the country, one of the key goals under the Philippine Health Agenda. The rehabilitation of facilities enabled health workers to provide the best possible primary healthcare services more efficiently to their constituents. Doctors, nurses, and midwives became better equipped to



Dr. Rachele Jean Sanchez, municipal health officer of Placer in Surigao del Norte, thanks BDO Foundation for the support during the pandemic.

Rural Health Units (RHUs)

131
Rehabilitated RHUs
to date

6,969,582
Population covered to date

10
Rehabilitated RHUs,
in 2022

477,208
Population covered in 2022

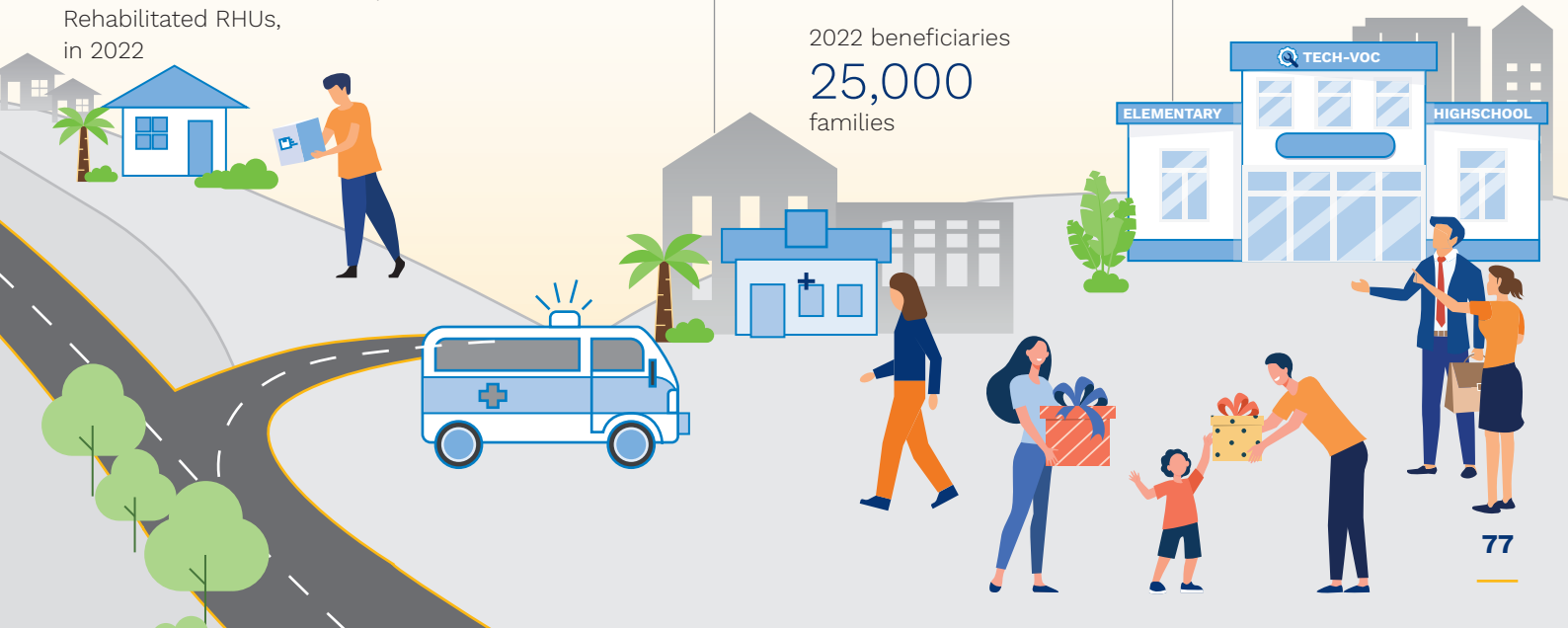
Handog sa 'Yo ng BDO Foundation Food Assistance

Beneficiaries to date
69,900
families

2022 beneficiaries
25,000
families

Tech-Voc Training Facilities

706
No of beneficiaries
per year



serve the community. The improvements resulted in the health centers receiving high assessment scores from the DOH and accreditation from the Philippine Health Insurance Corporation, which provides universal health care coverage for Filipinos.

Like other BDO Foundation programs, the rehabilitation of health facilities was made possible by officers of BDO and BDO Network Bank branches, who recommended health centers that needed assistance. As COVID-19 restrictions limited travel, branch heads represented the Foundation in RHU turnovers, personally attending the inauguration and reopening of the health centers. The program gained greater significance as the country continued to recover from the pandemic, providing free antigen testing and assisting in the rollout of the government's COVID-19 vaccination program.

Christmas gift-giving program

For its Christmas gift-giving initiative called Handog sa 'Yo ng BDO Foundation, the Foundation provided food assistance for economically disadvantaged communities across the country for the third consecutive year. It distributed bags containing food, rice and drinking water to help poor families celebrate the season despite the pandemic and the country's economic situation.

The project was made possible with the support of Caritas Philippines, the social arm of the Catholic Church in the country. Caritas Philippines volunteers from parishes and diocesan social action centers distributed food packs in Luzon, the Visayas, and Mindanao, reaching beneficiaries in 35 provinces.

Handog sa 'Yo ng BDO Foundation was also backed by Tanging Yaman Foundation, a non-profit organization that links donors with beneficiaries. In line with its Christmas for Others program, Tanging Yaman personnel distributed food packs to families in cities of Caloocan, Malabon, Manila, Muntinlupa, Pasay, Pasig, Quezon, and Taguig.

School Building and Technical-Vocational Facilities 203-1

BDO Foundation's long-term initiatives in disaster-affected areas include the construction of new classrooms and technical-vocational facilities. As part of a shared advocacy to support disadvantaged communities devastated by disasters, the Foundation signed an agreement with the Philippine Geothermal Production Company (PGPC) for the construction of a three-classroom school building in Baybay Elementary School in Catarman, Northern Samar. Catarman was severely hit by Typhoons Bising, Odette, and Tisoy in recent years. This initiative supports the Department of Education's (DepEd's) Adopt-A-School program to address the shortage of classrooms in Baybay Elementary School and help administrators accommodate more students as the school resumes face-to-face classes. BDO Foundation partnered with PGPC for the construction of a school building in the same school back in 2014. In 2015, the Foundation and the geothermal firm joined forces again for the construction of a school building in Tiwi Community College in Albay.



BDO Foundation also started the construction of a two-storey technical-vocational training facility for underserved youth at the Don Bosco Technical and Vocational Education and Training (TVET) Center in Balamban, Cebu. The training facility will serve as a workshop complete with training tools and equipment, where senior high school students can learn technical-vocational livelihood skills. This is the Foundation's third partnership project with the Salesian Society of St. John Bosco, with similar structures built by at Don Bosco training centers in Mati, Davao Oriental in 2019 and Dumangas, Iloilo in 2021. Don Bosco's TVET Centers educate economically disadvantaged and out-of-school youth and prepare them for gainful employment in the Philippines and abroad.

Supporting Education 203-1

* Joint funding with Huawei Philippines for Knowledge Channel Teaching in the New Normal, a program that provides public school principals and teachers professional development training on how to use multimedia learning resources to teach lessons online and offline

* Distribution of 33 laptops donated by Huawei Philippines to schools in Benguet, Lanao del Sur, Negros Oriental, Palawan, and Quezon as part of efforts to give more educators and learners much needed access to computers and help schools prepare for the resumption of face-to-face classes

* Donation of learning kits to students of Nanapun Elementary School in Marawi City, Lanao del Sur in partnership with BancNet and in support of DepEd's Balik Eskwela program

* Donation of learning and hygiene kits to students of Mampang Elementary School in Zamboanga City in support of DepEd's Balik Eskwela (Back to School) program and in partnership with BDO Remit and Western Union

* Participation in the Strengthening Financial Resilience session of the Public Sector Human Resource Symposium with the theme "Building Resilient Organizations: Honing Agile and Future-Ready Leaders and HR Practitioners," an event organized by the Civil Service Institute of the Civil Service Commission

Establishment of vegetable gardens

Making inroads into initiatives that help promote food security and address hunger, BDO Foundation signed a memorandum of agreement with East-West Seed Foundation, the corporate social responsibility arm of East-West Seed Philippines, for the implementation of a project called *Gulayamanan*.

The partnership project aims to establish vegetable gardens in disadvantaged communities for the benefit of residents who lack livelihood opportunities. It is expected to provide income to beneficiaries and additional food supply to their communities. The initiative includes the conduct of financial literacy sessions for the target audience.

SCHOOL BUILDINGS BUILT

18
Elementary Schools

15
High Schools

1
College

BENEFICIARIES PER YEAR

14,981
Elementary Students

16,788
High School Students

1,589
College Students

CLASSROOMS BUILT

60
in Elementary Schools

60
in High Schools

4
in College



Other projects

BDO Foundation made an impact on underserved sectors of society through other projects.

* Support for the League of Corporate Foundations CSR Expo 2022 themed “Creating the Future We Need: Striking a Path During a Period of Transition”

* Support for the Zero Extreme Poverty Philippines 2030 7th General Assembly themed “Innovations in Achieving Progress Towards the SDGs 2030”

* Donation to the National Citizens’ Movement for Free Elections and Parish Pastoral Council for Responsible Voting to support the non-profit organizations’ efforts to ensure the integrity of the national and local elections

BDO Foundation has made significant strides since its inception 14 years ago. But while much has been achieved in the past, more needs to be done in the future. As it sets its sights in 2023 and beyond, the Foundation is gearing up for more financial inclusion interventions, disaster response projects and post-disaster programs. While implementing ongoing initiatives, the Foundation will also explore more opportunities to contribute to the achievement of SDGs and work towards a sustainable, resilient, and financially inclusive future. Supported by the BDO Group, BDO Foundation will find ways for underserved Filipinos so that they may live better lives.

Governance-based Sustainability Strategy



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



Good Governance to Create a Sustainable Future

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

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

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

Our Board of Directors and Governance Structure

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

Board Composition

The Board is composed of eleven (11) members and aided by five (5) advisors. It is led by a Non-Executive Chairperson with five (5) Independent Directors, three (3) Non-Executive Directors, and two (2) Executive Directors who are the Vice Chairman and the President & CEO.

The present composition of the Board exceeds the minimum regulatory standards which require that independent and non-executive directors account for the majority. Independent and Non-Executive Directors of the Bank comprise 82% (9 of 11) of the Board. With five (5) of 11 Board seats allocated for independent directors, the Bank goes beyond the 1/3 minimum requirement of the BSP and the SEC.

Independent directors chair eight (8) of nine (9) Board Committees, namely Risk Management, Board Audit, Corporate Governance, Related Party Transactions, IT Steering, Nominations, Compensation, and Trust. This provides independent, objective, and balanced judgment on significant corporate matters and ensures that key issues and strategies are objectively reviewed, constructively challenged, thoroughly discussed and rigorously examined.

The Board advisors are considered as integral parts of the Board and whose influence are akin to directors. Their opinions and recommendations are taken into consideration by the Board members. The presence of a female Board advisor provides an independent view of the Bank and complements the three (3) female non-executive directors in the Board, one of whom is an independent director.

In 2022, the following changes in board membership and advisor composition occurred:

- Appointment of Mr. Vipul Bhagat as Independent Director on January 8, 2022 in place of Atty. Gilberto C. Teodoro, Jr., Independent Director, who resigned from the Board of Directors effective October 7, 2021;
- Election of Mr. Walter C. Wassmer as Non-Executive Director on April 22, 2022 in place of Atty. Jose F. Buenaventura, Independent Director, whose term ended on April 22, 2022 and was subsequently appointed as Advisor to the Board; and
- Appointment of Senior Associate Justice Estela P. Bernabe (Ret.) as Independent Director on July 31, 2022 in place of Mr. Christopher A. Bell-Knight, Non-Executive Director, who resigned from the Board of Directors and was subsequently appointed as Advisor to the Board.

Screening of Directors

The Board is responsible for the screening of new directors through the Nominations Committee. The Nominations Committee leads the process of identifying and evaluating the nominees for directors. Annually, before the re-election of the directors in the Annual Stockholders' Meeting, it evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Bank. The result of the evaluation determines the role and key attributes an incoming director should have. The Nominations Committee receives recommendations for potential candidates and uses, to the extent possible, external search firms or external databases in selecting the pool of candidates for the new members of the Board as done with the appointment of two (2) new independent directors and election of a new non-executive director in 2022. The Nominations Committee recommends the most suitable candidate to the Board for appointment or election as director.

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

Board Diversity

In evaluating the suitability of an individual board member and promoting diversity in the composition of the Board, the Nominations Committee annually reviews the Board and Board Committee composition to ensure appropriate balance of skills, competencies, experience of its members, and diversity to ensure the alignment with the new regulations.

The Committee recommends to the Board of Directors the slate of nominees for election to the Board of Directors during the Bank's annual stockholders' meeting. The Committee takes into account the relevant qualifications of every candidate nominated for election, with competence and integrity as the primary factors, including other criteria such as, among others, physical and mental fitness, relevant educational and professional background, personal track record, experience and training, commitment to contribute, willingness to serve, and interest to remain engaged and involved, without regard to race, gender, ethnic origin, religion, age, or sexual orientation.

As part of the Board's commitment to continually promote and observe diversity in its membership, it ensures that the members of the Board have expertise in fields relevant to BDO's business and strategic plans. The present members of the Board have extensive experiences in banking, credit management, investment management, accounting and finance, insurance, legal management, business management, strategy formulation, bank regulations including anti-money laundering, information technology, sustainability, and risk management. More than half of the board members have foreign education and/or work experiences, which bring global perspectives to the board. In 2022, a foreign director and a female independent director joined the Board on January 8, 2022 and July 31, 2022, respectively, thus further enhancing diversity in the Bank's Board.

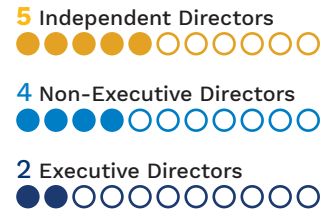
Considering the changes done, complexity and scope of the Bank's business, the Board believes that its current size and composition provide sufficient diversity among its directors, foster critical discussion, and promote balanced decision-making. It views diversity at the Board level, which includes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

Selection and Appointment of Senior Executive Management

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

Board Snapshot

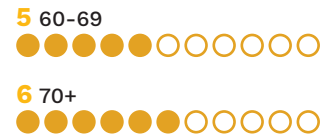
DIRECTOR INDEPENDENCE



DIRECTOR DIVERSITY



DIRECTOR AGE



BOARD SKILL DIVERSITY



Review of Bank's Mission, Vision, and Strategic Plans

The Board, being the highest governance body, is responsible for approving and updating the Bank's mission, vision, objectives and strategies on a continuing basis and in overseeing management's implementation thereof which takes into account the Bank's long-term financial interests, its level of risk tolerance, and ability to manage risks effectively. In the Bank's Annual Officers' Meeting on March 19, 2022, which was attended by the majority of the Board of Directors of the BDO Group, the Bank's mission and vision statements were revisited versus the accomplishment of the strategic plans of the Bank. The Board actively engages in the affairs of the Bank and keep up with material changes in the Bank's business and regulatory environment and ensures that the Bank has beneficial influence on the economy. The Board also approves and oversees the implementation of policies governing major areas of the Bank's operations. The Board holds special meetings as may be necessary to discuss strategic matters and critical concerns.

During the year, the Board approved, reviewed, and oversaw the Bank's financial budget and capital funding, business targets and strategies, quarterly declaration of dividends, and the release of the 2021 audited financial statements within 59 days from year end.

Its oversight functions include the review of operational and financial performance of senior management and work of the various committees in accordance with their Terms of Reference. The Board also discussed macroeconomic outlook pre- and post-national election, including the current state of COVID-19 and the ongoing global inflation and their impact on the bank strategies. As part of its strategy to build strong business franchise, the Board approved the additional equity investment and capital infusion by BDO Unibank into BDO Network Bank in response to the latter's strong salary and MSME loan growth. It also approved the increase in the Bank's authorized capital stock (common shares) from 5.5 billion to 8.5 billion shares, and the amendment to the Bank's Articles of Incorporation to reflect the increase.

Sustainability Initiatives

The Board also oversaw matters related to sustainability. It approved the issuance of its maiden Blue Bond, the first of its kind in Southeast Asia, amounting to US\$100 million, through an investment from the International Finance Corporation, to expand financing for projects that help prevent marine pollution and preserve clean water resource, while supporting the country's climate goals. The Board also approved the addition of a blue category in the Bank's Sustainable Finance Framework to support the country's blue economy while establishing a new asset class in the Philippine debt market. It also approved the Bank's Energy Transition Finance Statement in support of the Paris Agreement and the Philippines' Nationally Determined Contributions (NDCs).

Improving Board Effectiveness

Board Performance

A yearly self-assessment is conducted focusing on the performance of the Board, directors, Committees and senior management, through the Corporate Governance Committee, using an approved set of questionnaires. The performance evaluation process begins with sending out customized Board Evaluation Questionnaires to each director and advisor. They are required to complete the questionnaire and explain the rationale of their response. The results of which are tabulated and consolidated.

The Bank engaged Isla Lipana & Co./PwC Philippines (PwC) anew as external facilitator for the Bank's 2021 Board Effectiveness Evaluation (BEE). The results from the directors' and Board Advisors' assessment responses show that the Board has healthy and positive dynamics, indicating that the Board works well as a group. The Board is also diverse in terms of expertise, experience and perspectives, which is key for a well-governed bank. The results further indicate strong oversight

and engagement by the Board with senior management. The Board also approves and monitors appropriate key performance indicators for senior management, which are aligned to the Bank's strategic plan, and oversees management's conduct of the Bank's business to assess if it is being properly managed, and intervenes as needed. The Chairperson, Vice-Chairperson, Lead Independent Director, and the President and CEO also demonstrated strong leadership in their respective roles. The Board Committees, on the other hand, generally exhibited high level of engagement with and oversight of senior management. The appointment of Director Estela P. Bernabe on July 31, 2022 addressed the recommendation of PwC to consider further improving the gender diversity of the Bank's Board.

In 2022, the Corporate Governance Committee endorsed to the Board the continuous engagement of the services of an external facilitator for its yearly self-assessment. To the Committee, engaging an independent party every year, rather than every three years as recommended by the Securities and Exchange Commission, provides more governance inputs to the Board and allows comparability and continuity of aspects examined. The Bank reappointed PwC as external facilitator for the 2022 Board Effectiveness Evaluation (BEE). PwC facilitated a peer and self-evaluation process on the Board, Board Committees, and individual directors.

Continuing Education for Directors

The continuing education program for directors is an ongoing process to ensure the enhancement of their skills and knowledge. Every year, all directors and key officers are given updates and briefings, and are required to attend a corporate governance seminar on appropriate topics to ensure that they are continuously informed of the developments in the business and regulatory environments, including emerging opportunities and risks in the banking industry.

All of the directors of BDO Unibank complied with the annual corporate governance training requirement of four (4) hours in 2022. Eight (8) directors of BDO Unibank, along with members of senior management, attended its in-house corporate governance seminar held on July 20, 2022. Keynote speaker Prof. Kishore Mahbubani of the Asia Research Institute, National University of Singapore provided valuable insights on geopolitical risk in the face of fierce geopolitical contest among world superpowers and the continuing rise of Asia and the ASEAN. S&P Global, on the other hand, talked about sustainability and the role of boards, with focus on climate change and biodiversity challenges that companies are facing today.

Two (2) directors attended the corporate governance seminars facilitated by the Institute of Corporate Directors last August 3, October 28, and December 9, 2022, which covered advanced corporate governance training, anti-money laundering updates, diverse and inclusive policies, and ESG strategy. One director attended the corporate governance seminar facilitated by the Risks, Opportunities, Assessment and Management (ROAM), Inc., with topics on corporate governance regulatory updates, global and regional trends, and personal liability of directors and officers under the law.

Chairperson of the Board

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

Independent and Non-Executive Directors' Meeting

Regular meetings are held by Independent and Non-Executive Directors (INED) with the heads of the control functions (i.e., Chief Risk Officer, Chief Compliance Officer, and Chief Internal Auditor) as well as the external auditor, without the presence of management or any bank executive, to discuss various matters or issues outside the Board Audit Committee and Risk Management Committee meetings. The INED also meet with the heads of business and operating units to understand further and engage in deeper discussions with the Bank management. The meetings are chaired by the Lead Independent Director.

In 2022, the INED conducted three (3) sessions and the results of these sessions were discussed with the Bank's Executive Directors in three (3) separate sessions.

Board Committees

The Board has established nine (9) committees to help in discharging its duties and responsibilities. These committees derive their authority from and report directly to the Board. Their mandates and scopes of responsibility are set forth in their respective Terms of Reference, which are subjected to annual review and may be updated or changed in order to meet the Board's needs or for regulatory compliance. The number and membership composition of committees may be increased or decreased by the Board as it deems appropriate, consistent with applicable laws or regulations specifically on the majority membership and chairmanship of independent directors in various committees. As of December 31, 2022, eight (8) of nine (9) board-level committees are chaired by Independent Directors.

The Board of Directors

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

Executive Committee

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

Board Audit Committee

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

Corporate Governance Committee

- Oversees the Sustainability initiatives of the Bank, particularly key processes, standards and strategies designed to manage environmental and social impact and governance.
- Assists the Board in formulating the governance policies and overseeing the implementation of the governance practices of the Bank as well as its subsidiaries and affiliates.
- Conducts annual performance evaluation of the Board of Directors, its committees, executive management, peer evaluation of directors, and conducts a self-evaluation of its performance.
- Oversees the continuing education program for directors and key officers and proposes relevant training for them.

Trust Committee

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

Risk Management Committee

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

Nominations Committee

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

Compensation Committee

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

Information Technology Steering Committee

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

Related Party Transactions Committee

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

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

Independent Control Functions

Compliance

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

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

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

Internal Audit

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

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

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

Compliance with the SEC Code of Corporate Governance

Publicly-listed companies are advised to disclose in their Annual Report the company's compliance with the Code of Corporate Governance and where there is non-compliance, to identify and explain the reason for such issue. We confirm that as of December 31, 2022, the Bank has substantially complied with the recommendations of the Code except for the following: 1) Policy on retirement age of directors and 2) Disclosure of executive remuneration on an individual basis. For a more detailed discussion on the matter, please refer to the BDO Annual Report.

Corporate Policies and Practices

BDO Code of Conduct and Business Ethics

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

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

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

Internal Fraud, Breach of the Code, or other Unethical/Illegal Activities 205-1

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

Risk Management and Business Continuity

Operational risks (identification, measurement, management and reporting) arising from health, safety and environmental issues are appropriately managed through policies and measures that are integrated into BDO's day-to-day operations. These include Environmental Consciousness, Occupational Health and Safety, and Community Health and Safety. The Risk Management Group (RMG) reviews and assesses the business continuity plan (BCP) Framework and Policies, as well as BCP documents.

BDO also has in place an enterprise business continuity framework that is continuously reviewed for the Bank's preparedness for major disaster scenarios (e.g. typhoons, flooding, earthquakes, and other natural disasters brought about by climate change). Enterprise BCP implementation is led by the BCP Management Team (BCP MT) chaired by the Bank's President & CEO, with senior representatives from concerned Business and Support Units: Information Technology, Central Operations Group, Human Resources Group, Branch Banking Group, Marketing Communications Group, and RMG. Business Unit and Support Unit-specific BCP activations may be implemented based on the unit's BCP plan.

The Bank performs tests and exercises to ensure that the plans are viable in the event of an actual scenario. All BDO employees undergo Business Continuity 101 training during their onboarding process. In addition, dedicated units coordinate proper BCP training and practice. A call tree test, unit BCP Test, TCP Test and Enterprise BCP Test are exercised annually, along with an evacuation or emergency drill.

Data Privacy and Protection

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

The Bank implements a Privacy Management Program (DPMP), which serves as the framework for protecting the data privacy rights of the Bank's data subjects, to ensure compliance with the Philippine Data Privacy Act (PDPA).

BDO's DPMP aims to comply with the National Privacy Commission's (NPC) Five Pillars of Data Privacy Accountability and Compliance.

1. **Appointment of Data Protection Officer.** The Bank appointed a Data Protection Officer (DPO) who is registered with the National Privacy Commission (NPC). Compliance Officers for Privacy (COPs) in each business and support unit (BSU) were also appointed to ensure proper coordination in the implementation of any initiatives related to the Bank's DPMP.
2. **Conduct of Privacy Impact Assessment (PIA).** Following the previous year's completion of PIA for the whole BDO Group to assess privacy risks and ensure that necessary security measures are in place that will mitigate risks to personal data and uphold the data privacy rights of

individuals, the regular conduct of PIA for new products, services, policy, and procedural changes have been implemented. Each BSU ensures that PIAs are updated and gaps are identified, mitigating actions and target dates are planned and monitored. Privacy risk is integrated with the Bank's enterprise risk management framework – privacy risk monitoring is integrated in the Banks operational risk management tools. The PIA status reports are being reported to the Risk Management Committee (RMC) of the BDO Board.

3. **Privacy Management Program and Privacy Manual.** The Bank's Data Privacy Management Program (DPMP) serves as a framework for protecting the data privacy rights of the Bank's data subjects. Part of the DPMP is the Bank's Data Privacy Manual (DPM) to serve as a reference for all units of the Bank in complying with Republic Act 10173, also known as the Data Privacy Act of 2012. The Bank's DPM is being reviewed/updated annually. In 2022, the DPM has been updated/enhanced to intensify data protection provisions. All bank personnel are required to comply with the terms set out in the Manual.
4. **Implement Data Privacy and Protection Measures.** Even before the Data Privacy Act, BDO is continuously implementing and enhancing data privacy and protection measures processing of personal data. Foremost among these steps are the establishment and updating of the Enterprise Data Privacy Policy, Data Privacy Statement, and Breach Reporting Procedures, including the templates for Consent, Data Sharing Agreement (DSA), and Outsourcing Agreement Supplements. In 2022, Consent, Data Privacy Statement and the Data Sharing Agreement templates were enhanced to align with the Bank's Customer Journey program and new NPC regulations - aligned with the DPA's principles of Transparency, Legitimate Purpose and Proportionality. To ensure continuous education within BDO, an eLearning course on Data Privacy was established, mandatory to be taken every 2 years by all employees. A regular assembly of the COPs are also being conducted by the Data Protection Officer (DPO) for a refresher on the DPA principles, new NPC circulars as well as new enterprise strategic programs that may have an impact on data privacy and security – this is to complement their training program and increase data privacy awareness. A Data Privacy campaign through an email blast via BDO eNewsgram (images attached) was launched to serve as a continuing reminder to all employees that Data Privacy is everyone's responsibility. As part of the Bank's cybersecurity program, the Bank's data protection policies were also enhanced (e.g., data classification and minimum protection policy) through the DPM to align with the recent technology solutions implemented by the Bank and new cyber threats.
5. **Exercise of Breach Reporting Procedures.** As a precaution and to proactively manage personal data breach incidents, the Bank documented in its DPM the detailed procedures in reporting potential personal data breaches. Breach reporting is also included in the Bank's Data Privacy training and awareness initiatives. In 2022, the breach reporting procedures was enhanced to align with the Bank's Cybersecurity Incident Management Framework. The Bank's Information and Cyber Security Office also conducted a Crisis Management Tabletop Exercise covering a data breach (i.e., ransomware) scenario to test and improve the Bank's readiness. The RMC is also regularly updated with respect to the progress of

SAMPLE CAMPAIGN MATERIALS USED



the Bank's compliance to the PDPA. In view of its commitment to comply with data privacy requirements, and as part of its continuing assessment and development efforts, the Bank has actively participated in the establishment of the Data Privacy Coordinating Group (DPCG) of the Bankers Association of the Philippines (BAP). BAP DPCG, with BDO's DPO as one of the chosen members, participates in various private forums and liaises with other DPOs and the NPC.

Consumer Protection Practices

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

The Board is primarily responsible in maintaining an effective oversight on the Bank's consumer protection policies and programs. Senior management implements the Board-approved strategy and ensures that control mechanisms are in place.

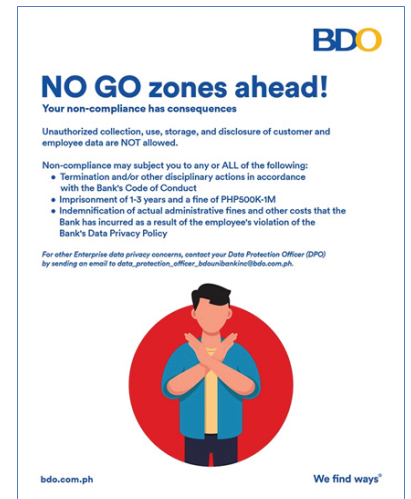
BDO's Consumer Assistance Management System reflects the Bank's commitment that our customers are treated fairly, honestly, and professionally at all stages of their relationship with the Bank. To ensure its effective implementation, BDO Customer Contact Center records customer complaints and monitors its resolution in adherence to established standard operating procedures and service level agreements. Customer feedback and complaints are analyzed and these are reported to the Board's Risk Management Committee on a periodic basis.

BDO devotes resources to ensure that customers are provided with accessible, affordable, independent, fair, accountable, timely, and efficient means for resolving complaints with their financial transactions. In 2022, CAMS logged around 7 million customer cases of which only 7% were problem-related in nature. Majority of the cases were inquiries (4.3 million or 60%) and requests (2.4 million or 33%).

Supply Chain and Approach to Procurement

204-1, 414-1, 414-2

BDO sources 96% of its supplies from a local supply chain and 99.8% of its spend on local suppliers. The Bank follows a Manual on General Procurement Guidelines that establishes the policies on procurement of products and services and provides a framework of efficient, consistent, transparent and compliant purchasing practices across all Business Units (BU) of the Bank. BDO also has an online Vendor Accreditation System (VAS) that serves as the central storage facility of all Bank accredited vendors/suppliers, and contractors. The VAS provides real time status of vendor evaluation for accreditation, allows the upload of required documents for vendor accreditation, and generates reports for monitoring and reference. The Bank works with its suppliers to generate awareness and understanding of sustainability principles to help identify and mitigate the supply chain's environmental and social impact. The Bank also aims to find ways to build its supply chain's resilience to both natural and man-made disasters brought about by climate change.



Acceptance/Solicitation of Gifts, Bribery, Corruption, and Anti-Competitive Behavior 205-1, 205-2, 205-3, 206-1, 415-1

The Bank has zero tolerance for the solicitation and acceptance, directly or indirectly, of any gift (including entertainment services or activities), gratuity, commission or any form of payment from clients, business partners, suppliers and third party service providers in connection to a service that may, in any way, influence the Director's, Officer's or employee's decision-making in exchange for any unnecessary favorable treatment. Likewise, BDO commits to comply with anti-corruption and bribery laws in all jurisdictions it operates. In 2022, there were four (4) minor instances of cash abstraction (internal fraud) involving Bank employees who were then dismissed accordingly, consistent with the existing labor laws. The Bank undertook to file legal cases against these erring employees to demonstrate its zero tolerance policy on fraud. Also in the same year, no public legal cases involving bribery and corruption were brought against BDO and its employees.

BDO prohibits making any political donations to prevent any attempt to encourage favorable treatment of BDO and/or its directors and employees. The Bank reaffirms that it adheres to the no political contributions policy.

BDO is not involved in any anti-competitive behavior and has no violations of existing anti-trust and monopoly laws. No legal actions, pending or completed, pertaining to anti-competitive and anti-trust behavior were filed against the Bank.

Anti-Money Laundering, Counter-Terrorist Financing, and Proliferation Financing 2-23

BDO's Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF), and Proliferation Financing (CPF) compliance programs are approved by its Board of Directors. The Board Audit Committee and the Board of Directors receive monthly reports on AML compliance and monitoring from the Anti-Money Laundering Unit (AMLU) of the Compliance Group. AML concerns are escalated to the AML Committee, a management group whose main duty is to oversee the Bank and its affiliates' effective and correct compliance with anti-money laundering laws and the Bank's AML/CTF/CPF program. The AML Committee, which consists of representatives from Compliance, Corporate Governance, Legal, Branch Banking, and HO Senior Officer, meets every three months or more frequently as needed.

The AMLU is in charge of ensuring that the Bank's Anti-Money Laundering and Terrorist Financing Prevention Program is implemented correctly and efficiently. This involves using a risk-based approach to implement KYC policies and procedures, record retention policies, a system for promptly capturing and reporting covered transactions, investigating suspicious alerts and reporting as necessary, and creating and conducting specialized training.

The dedicated Compliance Units in specific business areas, such as Trust, Remittance, and Global Operations, as well as Unit Compliance Coordinators in various Head Office units and branches, are also under the supervision of the AML Unit. Through each Compliance Officer, it also oversees the AML compliance of its domestic and foreign businesses.

BDO Local and international branches and subsidiaries are subject to AML regulations and procedures. Additionally, the overseas foreign branches and subsidiaries abide by AML laws, rules, and jurisdiction-specific requirements. BDO likewise complies with Philippine AML regulations. The AML/CTF/CPF policies and practices are audited by an independent third-party annually.

AML Risk Assessment 2-23

BDO risk assessment determines risk classification to assess the AML/ Financial crime risk by looking into the country, products, business activity or industry, client's profile, delivery channels, ownership structure and affiliation.

The Bank does not engage with shell companies/businesses and virtual exchange companies. The same rule applies to Financial Action Task Force (FATF) and Office of Foreign Assets Control (OFAC) sanctioned nations unless additional due diligence reveals that the customer, even if they are citizens of a sanctioned nation, is not on the list of nations with which no business should be conducted. Such nationals are nevertheless regarded as high risk and are subject to yearly enhanced due diligence (EDD). The Bank's policy outlines a list of high-risk clients and industries as well as foreign and domestic geographic locations that have been designated as such based on a sanction list.

Additionally, the Bank conducts a bi-annual enterprise-wide risk assessment.

The Bank has a "one-touch" KYC policy which eliminates repetitive KYC process for clients with multiple transactions with various business units within the BDO Group.

BDO categorizes its clients based on the overall risk they pose who undergo the corresponding Customer Due Diligence (CDD). For clients who pose a low risk, average due diligence is carried out, while EDD is used for clients who pose higher AML risk.

BDO complies with the directives of the OFAC, FATF, and United Nations Security Council (UNSC) sanctions laws and the list issued by the Bangko Sentral ng Pilipinas. Moreover, BDO has subscribed to a watchlisting-name screening platform used by its remittance business, foreign subsidiaries and its Hong Kong and Singapore branches.

BDO actively monitors unusual and potentially suspicious activity which results in alerts on potential money laundering transactions. For possible suspicious transaction reporting, alerts are reviewed and investigated by the concerned business unit/branch of account, as well as by a dedicated team in the AMLU. BDO protects the confidentiality of Suspicious Transaction Report filings and any other information that could lead to the discovery of a STR.

AML Training 2-23

BDO offers customized face-to-face AML training to frontliners and relationship managers in order to communicate significant policies, new laws, and regulations. All bank employees are required to complete e-learning courses with exams after completing training every two years. The training includes identification and reporting of transactions that must be reported to government authorities, examples of different types of money laundering involving the FI's products and services, and internal policies to prevent money laundering for employees who are relevant to reporting.

Expanded Anti-Trafficking in Persons Act of 2022 2-23

The Bank supports the Rules and Regulations Implementing (RRI) issued by the Anti-Money Laundering Council (AMLC) on Section 9(d) of Republic Act No. 9208, as amended by RA 11862, also known as the Expanded Anti-Trafficking in Persons Act of 2022. (ATIP).

The rules and regulations do not impose an undue compliance burden on covered persons. The relevant provisions are aligned with the existing suspicious transaction reporting framework and bank inquiry procedure established by the Anti-Money Laundering Act of 2001 (AMLA), as amended. Reportorial obligations to law enforcement agencies (LEAs) were also aligned with AMLC reportorial obligations. Similarly, access to financial information not protected by bank deposit secrecy laws was aligned with bank inquiry requirements.

BDO ensures that while it provides access to financial opportunities that it closely monitors its financial flows so that it does not contribute to human rights violations especially in the age of the Internet and digital platforms.

Tax Governance

BDO, through its Comptrollership Group, follows a policy of full tax compliance. It aims to contribute to nation building through the timely payment of taxes due to the government, as provided under the Tax Code and applicable tax regulations and issuances. The Bank believes that the timely payment of taxes enables government to finance a sustainable and economic environment and create jobs and demand for the services and products of BDO.

The Bank also has implementing units responsible for the payment of taxes on its various transactions. Under Comptrollership Group is the Tax Compliance Unit which provides advisory services and announcements on the latest tax regulations. To ensure full tax compliance, the implementing units are also subject to internal and external audits.

On its business conduct and integrity in relation to tax, the Bank observes formal communications with Bureau of Internal Revenue (BIR) on a need and/or requirement basis. In case of adverse material tax findings and material claims for tax refunds, the same are disclosed through the Bank's Audited Financial Statements (AFS) and before the Philippine Stock Exchange (PSE).

On industry-related tax issues, the Bank engages the BIR in consultation with the Bankers Association of the Philippines (BAP).

On Dominion Holdings, Inc. formerly BDO Leasing and Finance GRI 2-6(d)

Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc. or BLFI) is a subsidiary of BDO Unibank Inc., whose primary purpose is to hold/ own real estate properties, securities/shares of stocks, and other assets of other companies, and engage in investment and business activities involving these assets.

The change in corporate name from BDO Leasing and Finance, Inc. to Dominion Holdings, Inc. and the amendment of its Articles of Incorporation and By-Laws were approved by the Securities and Exchange Commission (SEC) on July 18, 2022, and are in line with the strategic direction of its principal shareholder, BDO Unibank, Inc. (BDO), to convert the former BLFI into a holding company. As an investment holding company, Dominion Holdings, Inc. will have more flexibility in pursuing business opportunities which will enhance shareholder value for all shareholders.

Prior to this, BLFI ceased operations as a leasing and financing company on October 19, 2020, and completed the assignment and transfer of its leasing and financing business to an affiliate, BDO Finance Corporation. BDO Finance was established to provide customers with continued access to lease products and services, and it also assumed the lease

1,335

Employees Trained

11

Trainings Completed

8

Courses Available
in e-Learning

transactions booked in BLFI to ensure the latter's existing clients received continuity of service. BLFI surrendered its Certificate of Authority to operate as a financing company to the SEC on July 5, 2022.

Dominion Holdings, Inc.'s consumption of electricity, water, and fuel, along with its greenhouse gas emissions are reported in the Unibank data.

On BDO Finance Corporation

BDO Finance Corporation (BDOFC) is a domestic corporation that operates as a financing and leasing institution of BDO Unibank, providing leases, mortgage loans, factoring, installment paper purchase and floor stock financing. BDO Strategic Property Holdings, Inc. owns 100% of BDOFC, which is classified as a non-bank financial institution, with operations regulated by the Securities and Exchange Commission (SEC) and supervised by the Bangko Sentral ng Pilipinas (BSP).

BDOFC understands the value that asset acquisition can bring to businesses. Modernizing equipment is critical to meeting business objectives and achieving optimal operational productivity, which increases profitability and potentially lowers greenhouse gas emissions. BDOFC offers tailored leasing and financing solutions to businesses and offers alternatives to providing lines of credit or cash flow, allowing businesses to purchase or lease the equipment they require. Businesses can obtain the asset they need with customized solutions that do not require a large capital budget. The company also offers revolving short-term credit and discounting facilities to finance working capital requirements of various businesses.

BDOFC taps existing clients of the BDO Group with leasing and financing requirements not offered by the Unibank. BDOFC also markets directly to select small, medium and corporate accounts, as well as individuals with leasing and financing requirements which cannot be serviced by the Bank, for a bigger market reach.

BDO Finance Corporation's consumption of electricity, water, and fuel, along with its greenhouse gas emissions are reported in the BDO Unibank data.

Stakeholder Communication

Through a comprehensive and carefully-executed communication strategy, BDO Unibank shared stories with its clients and stakeholders about how the Bank helps fuel the country's economy, protect the environment, advance social good, and promote a low carbon economy through its initiatives, products, services, and investments.

BDO's sustainability communications highlighted the Bank's initiatives, with key themes on sustainability stories on the following topics:

- Support for micro, small and medium enterprises (MSMEs),
- Sustainable finance, green buildings and vehicles,
- Accreditation of the BDO Sustainable Finance Framework by Sustainalytics
- Sustainability Bond and Blue Bond issuances
- Disaster relief and rehabilitation initiatives
- Employee Volunteer Program partnerships

The Bank also promoted the BDO Energy Transition Finance Statement and the 2021 Sustainability Report through the participation of the Sustainability Office as speaker in the following forums:

- American Chamber of Commerce forum on "Finding ways to Navigate ESG and the SDGs";
- Nordic Chamber of Commerce of the Philippines (NordCham) annual Nordic Ambassadors' Forum on "Perspectives on Sustainability";

- Eco-Business Unlocking capital for sustainability forum on “Election promises and the road to sustainable development” in Manila and Singapore;
- UN Environment Programme “Multi-stakeholder Dialogues on Global Plastic Pollution” in Senegal;
- SM Sustainability Forum PH on “Financing Renewables and Energy Efficiency,” and,
- The Commission on Human Rights’ round table discussions on “Climate Justice and the National Inquiry on Climate Change.”

To illustrate the impact of the Bank’s sustainability efforts, the Bank also featured the various awards and recognition it received, including being named Asia’s Top Sustainability Advocate and Industry Champion of the Year at the 2022 Asia Corporate Excellence and Sustainability (ACES) Awards in Kuala Lumpur, as well as receiving the Platinum Award for the 13th consecutive year and the Best Sustainability Bond from a Financial Institution Awards at The Asset Triple A ESG Corporate Awards 2022 in Hongkong.

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

Looking Ahead

The Bank, as a financial institution, recognizes the importance of addressing climate change and supporting the country’s transition towards a low-carbon economy. The Bank, through its Board and Senior Management, remains committed to advancing the sustainability agenda and achieving strategic resilience by consistently incorporating sustainability in the way it conducts business. The Board, being the highest governance body, plays a crucial role in ensuring that sustainability is embedded in the Bank’s compliance, corporate governance, and risk management frameworks. The Board sets the tone at the top by promoting an enterprise-wide culture that continually fosters environmentally and socially responsible business decisions. The Bank endeavors to contribute to the country’s sustained growth by financing economic activities that nurture the environment, empower the Filipino consumers, and promote the best interest of the Bank’s various stakeholders. Consistent with the UN Sustainable Development Goals (SDGs), UN Global Compact, and the government’s Sustainable Finance Roadmap, the Bank constantly strives to create lasting, net positive impact through delivery of various banking products and services that are sustainable, inclusive, equitable, environment-friendly, and socially-relevant.

GRI Content Index



BDO Unibank, Inc. has reported in accordance with the GRI Standards for the period January 1 to December 31, 2022.

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Standard	Disclosure	Page Number(s), Direct Answer, URLs, or Reason for omission
GRI 1: Foundation 2021		
General Disclosures		
GRI 2: General Disclosures 2021	The organization and its reporting practices	
2-1	Organizational details	2, 4-5
2-2	Entities included in the organization's sustainability reporting	2
2-3	Reporting period, frequency and contact point	2, 107
2-4	Restatements of information	43, 61
2-5	External assurance	No external assurance
Activities and workers		
2-6	Activities, value chain and other business relationships	4-5, 8-9, 12-14, 24-36, 37-64, 65-74, 75-80, 81-99
2-7	Employees	8-9, 12-14, 65-74
2-8	Workers who are not employees	Information was not tracked during the reporting period covered
Governance		
2-9	Governance structure and composition	82-85
2-10	Nomination and selection of the highest governance body	82-85
2-11	Chair of the highest governance body	86
2-12	Role of the highest governance body in overseeing the management of impacts	88-89
2-13	Delegation of responsibility for managing impacts	15-16, 85, 88-89
2-14	Role of the highest governance body in sustainability reporting	15-16, 88
2-15	Conflicts of interest	89
2-16	Communication of critical concerns	We do not disclose this matter due to confidentiality constraints
2-17	Collective knowledge of the highest governance body	86
2-18	Evaluation of the performance of the highest governance body	85-86
2-19	Remuneration policies	We do not disclose this matter due to confidentiality constraints
2-20	Process to determine remuneration	89
2-21	Annual total compensation ratio	We do not disclose this matter due to confidentiality constraints
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	6-7
2-23	Policy commitments	10-11, 39-41, 95-97
2-24	Embedding policy commitments	12-14, 17-18
2-25	Processes to remediate negative impacts	70-71, 91, 94-95
2-26	Mechanisms for seeking advice and raising concerns	70-71, 91, 94-95
2-27	Compliance with laws and regulations	We do not disclose this matter due to confidentiality constraints
2-28	Membership associations	105
Stakeholder engagement		
2-29	Approach to stakeholder engagement	19, 98-99
2-30	Collective bargaining agreements	70

Material Topics

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs
GRI 3: Material Topics 2021	Disclosures on material topics	
	3-1 Process to determine material topics	17-19
	3-2 List of material topics	17-18
Data Security and Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	93-95
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	93-95
Employee Health & Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	65-74
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	68-69, 92
	403-2 Hazard identification, risk assessment, and incident investigation	68-69, 92
	403-3 Occupational health services	68-71
	403-4 Worker participation, consultation, and communication on occupational health and safety	70-71
	403-5 Worker training on occupational health and safety	68-71, 92
	403-6 Promotion of worker health	68-71, 92
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68-69
	403-8 Workers covered by an occupational health and safety management system	92
	403-9 Work-related injuries	67
	403-10 Work-related ill health	67
Customer Welfare		
GRI 3: Material Topics 2021	3-3 Management of material topics	81-99
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	93-95
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance concerning the health and safety impacts of products and services reported
Systemic Risk and Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	65-74, 81-99
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	38
	201-2 Financial implications and other risks and opportunities due to climate change	56-62
	201-3 Defined benefit plan obligations and other retirement plans	We do not disclose this matter due to confidentiality constraints and competitive information issues
	201-4 Financial assistance received from government	No financial assistance received from the government
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	92, 95
	205-2 Communication and training about anti-corruption policies and procedures	14, 91, 95
	205-3 Confirmed incidents of corruption and actions taken	95
GRI 207: Tax 2019	207-1 Approach to tax	97
	207-2 Tax governance, control, and risk management	97
	207-3 Stakeholder engagement and management of concerns related to tax	97
	207-4 Country-by-country reporting	Information was not tracked during the reporting period covered. Taxes paid are reported as totals in the Annual Report.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Information was not available during the reporting period covered
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Information was not available during the reporting period covered

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs
Business Ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	81-99
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	6-7
	2-23 Policy commitments	10-11, 39-41, 95-97
	2-24 Embedding policy commitments	12-19
	2-25 Processes to remediate negative impacts	70-71, 91, 94-95
	2-26 Mechanisms for seeking advice and raising concerns	70-71, 91, 94-95
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	95
Labor Practice		
GRI 3: Material Topics 2021	3-3 Management of material topics	65-74
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	66
	202-2 Proportion of senior management hired from the local community	66
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	66-67
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	We do not disclose this matter due to confidentiality constraints and competitive information issues
	401-3 Parental leave	66
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Information was not available during the reporting period covered
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	66-67
	404-2 Programs for upgrading employee skills and transition assistance programs	66, 69
	404-3 Percentage of employees receiving regular performance and career development reviews	67
Diversity & Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	65-74
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	66-67, 70-71, 84
	405-2 Ratio of basic salary and remuneration of women to men	We do not disclose this matter due to confidentiality constraints and competitive information issues
Access & Affordability		
GRI 3: Material Topics 2021	3-3 Management of material topics	25-36
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	8-9, 21-23, 25-36
Physical Impact of Climate Change		
GRI 3: Material Topics 2021	3-3 Management of material topics	37-64
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	39-42
Financing Sustainable Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	37-64
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	8-9, 12-14
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	42-55
Selling Practices and Product Labeling, Product Design and Lifecycle Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	56-62
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	57-58
	417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance recorded during the reporting period covered
	417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance recorded during the reporting period covered

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs
Management of Legal and Regulatory Environment		
GRI 3: Material Topics 2021	3-3 Management of material topics	81-99
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	95
	205-2 Communication and training about anti-corruption policies and procedures	12-14, 91, 95
	205-3 Confirmed incidents of corruption and actions taken	95
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	95
GRI 207: Tax 2019	207-1 Approach to tax	97
	207-2 Tax governance, control, and risk management	97
	207-3 Stakeholder engagement and management of concerns related to tax	97
	207-4 Country-by-country reporting	Information was not tracked during the reporting period covered. Taxes paid are reported as totals in the Annual Report.
GRI 415: Public Policy 2016	415-1 Political contributions	95
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	93-95
Direct Economic Value Generated		
GRI 3: Material Topics 2021	3-3 Management of material topics	38-64
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	38
	201-2 Financial implications and other risks and opportunities due to climate change	56-62
	201-3 Defined benefit plan obligations and other retirement plans	We do not disclose this matter due to confidentiality constraints and competitive information issues
	201-4 Financial assistance received from government	No financial assistance received from the government
Executive Responsibility in ESG		
GRI 3: Material Topics 2021	3-3 Management of material topics	15-16, 81-99
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	15-16, 85, 88-89
	2-14 Role of the highest governance body in sustainability reporting	15-16, 88
Human Rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	37-64, 65-74, 75-80, 81-99
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	8-9, 43-48, 77-79
	203-2 Significant indirect economic impacts	8-9, 20-23, 37-64, 75-80
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Information was not available during the reporting period covered
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	53-55, 72-80
	413-2 Operations with significant actual and potential negative impacts on local communities	No significant actual and potential negative impacts recorded during the reporting period covered

GRI Standard	Disclosure	Page Number(s), Direct Answer and/or URLs
Supply Chain Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	95
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	14, 95
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Information was not available during the reporting period covered
	308-2 Negative environmental impacts in the supply chain and actions taken	Information was not available during the reporting period covered
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	We do not disclose this matter due to confidentiality constraints
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Information was not available during the reporting period covered
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	95
	414-2 Negative social impacts in the supply chain and actions taken	95
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	56-62
GRI 301: Materials 2016	301-1 Materials used by weight or volume	57-62
	301-2 Recycled input materials used	57-61
	301-3 Reclaimed products and their packaging materials	59
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	57-61
	306-2 Management of significant waste-related impacts	57-61
	306-3 Waste generated	57-58, 61
	306-4 Waste diverted from disposal	57-61
	306-5 Waste directed to disposal	57, 61
Water and Wastewater		
GRI 3: Material Topics 2021	3-3 Management of material topics	56-62
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	57
	303-2 Management of water discharge-related impacts	57
	303-3 Water withdrawal	57, 61
	303-4 Water discharge	57, 61
	303-5 Water consumption	57, 61
Energy Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	56-62
GRI 302: Energy 2016	302-1 Energy consumption within the organization	56-57, 61-62
	302-2 Energy consumption outside of the organization	56-57, 61-62
	302-3 Energy intensity	61
	302-4 Reduction of energy consumption	56
	302-5 Reductions in energy requirements of products and services	56
GHG Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	56-62
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	61-62
	305-2 Energy indirect (Scope 2) GHG emissions	61-62
	305-3 Other indirect (Scope 3) GHG emissions	61-62
	305-4 GHG emissions intensity	61-62
	305-5 Reduction of GHG emissions	39-42, 56-60
	305-6 Emissions of ozone-depleting substances (ODS)	62
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	62

Memberships in Associations

ACI Philippines the Financial Markets Association Inc.

Association of Bank Compliance Officers, Inc.

Association of Bank Remittance Officers, Inc.

Association of Credit Executives in the Tourism Industry Inc.

Association of Philippine Correspondent Bank Officers, Inc.

Australian - New Zealand Chamber of Commerce Phils., Inc.

Bank Marketing Association of the Philippines

Bank Security Management Association of the Philippines Incorporated

Bankers Association of the Philippines

Bankers Institute of the Philippines, Inc.

British Chamber of Commerce of the Philippines, Inc.

Clearing Officers Club, Inc.

Credit Card Association of the Philippines, Inc.

Dutch Chamber of Commerce in the Philippines, Inc.

Employers Confederation of the Philippines

Financial Executives Institute of the Philippines

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

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

German-Philippine Chamber of Commerce & Industry Inc.

Healthcare Information Management Association of the Philippines, Inc.

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

Institute of Internal Auditors Philippines, Inc.

International Monetary Conference

IT & Business Process Association of the Philippines, Inc.

Italian Chamber of Commerce in the Philippines, Inc.

Japanese Chamber of Commerce and Industry of Cebu, Inc.

Korean Chamber of Commerce Philippines (KCCP) Inc.

Makati Business Club, Inc.

Malaysia Chamber of Commerce and Industries Philippines, Inc.

Management Association of the Philippines

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

National Association of Securities Broker Salesmen, Inc.

Nordic Chamber of Commerce of the Philippines, Inc.

People Management Association of the Philippines, Inc.

Phil. Association of National Advertisers, Inc.

Philippine Association of Stock Transfer and Registry Agencies, Inc.

Philippine Chamber of Commerce & Industry, Inc.

Philippine Payments Management, Inc.

Singapore Philippines Association Inc.

Spanish Chamber of Commerce in the Philippines

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

The Canadian Chamber of Commerce of the Philippines, Inc.

The Japanese Association Manila Inc.

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

The Philippines-Japan Society, Inc.

Trust Officers Association of the Philippines, Inc.

Sustainability & ESG Awards and Recognition

Platinum Award

(2010–2022)

The Asset ESG Corporate Awards 2022

Top Sustainability Advocates in Asia

(2021–2022)

Asia Corporate Excellence & Sustainability Awards (ACES) 2022

Industry Champions of the Year

(2019, 2022)

Asia Corporate Excellence & Sustainability Awards (ACES) 2022

BDO Unibank, Asian Excellence Awardee

(2011–2022)

Corporate Governance Asia 12th Asian Excellence Award 2022

Best Investor Relations Company (Philippines) awardee

(2011–2022)

Corporate Governance Asia 12th Asian Excellence Award 2022

Best Corporate Communications awardee

(2014–2015, 2017–2022)

Corporate Governance Asia 12th Asian Excellence Award 2022

Asia's Best CSR awardee

(2020–2022)

Corporate Governance Asia 12th Asian Excellence Award 2022

Best Sustainability Bond – Financial Institution (Philippines)

(Deal: BDO Unibank PHP52.7 billion ASEAN sustainability bond)

The Asset Triple A Country Awards for Sustainable Finance 2022

Best Green Bonds of the Year (Philippines)

(Deal: ACEN Corporation's PHP10 billion ASEAN Green Bond; Joint issue manager, joint lead underwriter, and bookrunner: BDO Capital & Investment Corporation)

Alpha Southeast Asia 16th Annual Best Deal & Solution Awards 2022

Four Golden Arrows

ASEAN Corporate Governance

Scorecard (ACGS)

2022 Golden Arrow Awards

Excellence Award for Communication Skills BDO 2020 Sustainability Report

(2022)

International Association of Business

Communicators (IABC) Philippines, The 19th

Philippine Quill Awards 2022

Contact Information ²⁻³

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INVESTOR AND SUSTAINABILITY INQUIRIES

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

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The 2022 Sustainability Report can be viewed and downloaded online at www.bdo.com.ph/sustainability-report.

The 2022 Annual Report and the Financial Supplements can be viewed and downloaded online at www.bdo.com.ph/annual-report.

BDO Unibank is regulated by the Bangko Sentral ng Pilipinas. <https://www.bsp.gov.ph>

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

BDO