

29 May 2019

SECURITIES AND EXCHANGE COMMISSION
Corporate Governance and Finance Department
G/F Secretariat Building, PICC Complex

Attention: **Atty. RACHEL ESTHER J. GUMTANG-REMALANTE**
Officer-In-Charge, Office of the Director
Corporate Governance and Finance Department

Dear Atty. Gumtang-Remalante:

In compliance with Memorandum Circular No. 15, Series of 2017 from the Securities Exchange Commission, we submit herewith the **2018 Integrated Annual Corporate Governance Report** ("I-ACGR") of **BDO Leasing and Finance, Inc.** together with its attachments as identified in "Annex A" hereof.

A corresponding Secretary's Certificate is attached attesting that the Board of Directors of BDO Leasing and Finance Inc. duly approved such I-ACGR under its Resolution No. 2019-04. It was unanimously adopted by all the directors present in such meeting of the Board of Directors, including Chairperson Teresita T. Sy.

However, Ms. Sy could not affix her manual and original signature on the I-ACGR at this time as she is outside the Philippines from the time of passing of such resolution until this writing. Thus, BDO Leasing and Finance, Inc. undertakes to submit another page containing the signature of Ms. Sy on or before 7 June 2019.

We trust you find the foregoing in order.

Sincerely,

BDO LEASING & FINANCE, INC.

By:



ANGELITA C. TAD-Y

Compliance Officer &
Corporate Governance Officer

BDO Leasing and Finance, Inc.
39/F BDO Corporate Center Ortigas,
12 ADB Avenue, Ortigas Center,
Mandaluyong City, 1550
Tel. 63(2) 688-1288
Fax +63(2) 635-6453, 635-5811, 635-3898

COVER SHEET

0 9 7 8 6 9
S.E.C. Registration Number

B D O L E A S I N G A N D F I N A N C E , I N C .

(Company's Full Name)

N O . 1 2 A D B A V E N U E O R T I G A S C E N T E R
M A N D A L U Y O N G C I T Y P H I L I P P I N E S

(Business Address : No. Street City / Town / Provinces)

JOSEPH JASON M. NATIVIDAD

(632) 688-1288
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT (I-ACGR)

FORM TYPE

any day in April of every year as determined by the BOD
Annual Meeting

N/A

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc

Amended Articles Number / Sec.

Total Amount of Borrowings
Total No. of Stockholders Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) SS.

SECRETARY'S CERTIFICATE

I, **JOSEPH JASON M. NATIVIDAD**, Filipino, of legal age and with office address at the 14th Floor, North Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City, under oath, do hereby certify that:

1. I am the duly appointed Corporate Secretary of **BDO LEASING AND FINANCE, INC. ("BDOLF")**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with business address at the 39th Floor, BDO Corporate Center Ortigas, No. 12 ADB Avenue, Ortigas Center, Mandaluyong City, and in that capacity, I have custody of the corporate records of BDOLF;

2. Based on the records, during the Regular meeting of the Board of Directors of BDOLF held on May 8, 2019, at which a quorum was present and acting throughout, the following resolution was unanimously passed and approved:

"RESOLVED, That the Board of Directors of BDO Leasing and Finance, Inc. (the "Corporation") approve, as it hereby approves, the 2018 SEC Integrated Annual Corporate Governance Report (I-ACGR) of the Corporation, as approved under CG Resolution No. 2019-04 of the Corporate Governance Committee adopted on April 23, 2019, and which reads as follows:

"CG Resolution No. 2019-04

RESOLVED, That the Corporate Governance Committee of BDO Leasing and Finance, Inc. (the "Corporation") hereby approves and recommends for approval of the Board of Directors, the 2018 SEC Integrated Annual Corporate Governance Report (I-ACGR) of the Corporation, copy of which is attached as Annex "B" to the Minutes and made an integral part of this Resolution, subject to the revisions discussed and approved."


3. Chairperson Teresita T. Sy; Vice Chairman Roberto E. Lapid; Independent Director Jesse H. T. Andres; Directors Antonio N. Cotoco, Jeci A. Lapus, Luis S. Reyes Jr., Nestor V. Tan, Exequiel P. Villacorta Jr., and Walter C. Wassmer were present at the meeting and favorably voted to approve the 2018 I-ACGR, while Independent Directors Ma. Leonora V. De Jesus and Vicente S. Pérez, Jr. were not in attendance.

4. The above-quoted resolution has not been revoked or rescinded and continues to be in full force and effect; and

5. I am executing this certificate for whatever legal purpose it may serve.


BDO Leasing and Finance, Inc.
39/F BDO Corporate Center Ortigas,
12 ADB Avenue, Ortigas Center,
Mandaluyong City, 1550
Tel. 63(2) 688-1288
Fax +63(2) 635-6453, 635-5811, 635-3898

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 29 2019 at Makati City, Philippines.


JOSEPH JASON M. NATIVIDAD
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ___ day of MAY 29 2019 at Makati City, affiant exhibiting to me his Passport No. EC1898564 issued at DFA-Manila with validity up to August 13, 2019, and his Driver's License No. C05-89-038680 with validity up to 02 September 2022.

Doc. No. 234
Page No. 48
Book No. T
Series of 2019.


Atty. CHRISTINE JOY K. TAN
Appointment No. M-225
Notary Public until 31 December 2019
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 57195
IBP No. 063358, 04 January 2019, Makati City
PTR No. 5908983, 03 January 2019, Makati City
MCLE Compliance No. VI-0015458, 20 November 2018

BDO Leasing and Finance, Inc.
2018 Integrated Annual Corporate Governance Report

MAY 29 2019


IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of May, 2019, at Makati City, Philippines.


TERESITA T. SY
Chairperson


ROBERTO E. LAPID
VICE CHAIRMAN/PRESIDENT


MA. LEONORA V. DE JESUS
INDEPENDENT DIRECTOR


ANGELITA C. TAD-Y
COMPLIANCE OFFICER


JESSE H.T. ANDRES
INDEPENDENT DIRECTOR


VICENTE S. PÉREZ, JR.
INDEPENDENT DIRECTOR


JOSEPH JASON M. NATIVIDAD
CORPORATE SECRETARY

SUBSCRIBED AND SWORN to before me this MAY 29 2019, affiants exhibiting to me competent proofs of their identity, to wit:

Affiant

Roberto E. Lapid
Jesse H. T. Andres
Ma. Leonora V. De Jesus
Vicente S. Pérez, Jr.
Angelita C. Tad-y
Joseph Jason M. Natividad

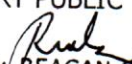
Competent Evidence of Identity

Drivers License No. N17-75-004908 valid up to June 7, 2023; TIN 108-159-915
Passport No. P4536849A, valid up to September 27, 2022; TIN 132-173-322
Passport No. P6145077A, valid up to February 21, 2028; TIN 144-291-116
Passport No. EC6678686, valid up to February 6, 2021; TIN 156-263-802
Passport No. EC2859952, valid up to November 17, 2019; TIN 101-902-349
Passport No. EC1898564, valid up to August 13, 2019; TIN 908-730-009

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

Doc No. 124
Page No. 26
Book No. 1
Series of 2019.

NOTARY PUBLIC


Atty. REAGAN C. OLIVA
Appointment No. M-333

Notary Public until 31 December 2020
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 43988

IBP No. 063368, 04 January 2019, Quezon City
PTR No. 7333878, 03 January 2019, Makati City
MCLE Compliance No. VI-0014822, 13 November 2018

COVER SHEET

0 9 7 8 6 9
S.E.C. Registration Number

B D O L E A S I N G A N D F I N A N C E , I N C .

(Company's Full Name)

N O . 1 2 A D B A V E N U E O R T I G A S C E N T E R

M A N D A L U Y O N G C I T Y P H I L I P P I N E S

(Business Address : No. Street City / Town / Provinces)

JOSEPH JASON M. NATIVIDAD

(632) 688-1288
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

LETTER TO REGULARIZE THE SIGNATURE OF MS. TERESITA
SY IN THE -ACGR

FORM TYPE

any day in April of every
year as determined by
the BOD

Annual Meeting

N/A

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc

Amended Articles Number / Sec.

Total No. of Stockholders

Total Amount of Borrowings
Domestic - Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

June 6, 2019

RACHELLE ESTHER J. GUMATANG-REMALANTE

Director/Officer-In-Charge
Corporate Governance and Finance Department
SECURITIES AND EXCHANGE COMMISSION
Ground Floor, Secretariat Building, PICC Complex,
Pasay City



Dear Director Gumatang-Remalante,

This is to submit the duly notarized signature page of the 2018 SEC I-ACGR of BDO Leasing and Finance, Inc. bearing the manual signature of our Chairperson, Ms. Teresita T. Sy. This submission will complete the required signatures in the 2018 IACGR submitted to SEC on May 29, 2019. Kindly include this document therein to complete our submission.

Again, we fully appreciate the kind consideration you have given to us in complying with the signature requirements of the said report.

Thank you.

Very truly yours,

Angelita C. Tad-y
FVP/Chief Risk and Compliance Officer

BDO Leasing and Finance, Inc.
39/F BDO Corporate Center Ortigas,
12 ADB Avenue, Ortigas Center,
Mandaluyong City, 1550
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www.bdo.com.ph

We find ways®

BDO Leasing and Finance, Inc.
2018 Integrated Annual Corporate Governance Report

IN WITNESS WHEREOF, we have hereunto set our hands this JUN 07 2019 June, 2019, at Makati City, Philippines.


TERESITA T. SY
Chairperson

SUBSCRIBED AND SWORN to before me this JUN 07 2019, affiants exhibiting to me competent proofs of their identity, to wit:

Affiant


Teresita T. Sy

Competent Evidence of Identity

Passport No.P3927961A, valid up to August 3, 2022 issued at DFA NCR East TIN 139-336-978

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

Doc No. 62
Page No. 14
Book No. 1
Series of 2019.

NOTARY PUBLIC

Atty. HOPE JAN D. CASTILLO-CANDIDO
Appointment No. M-331
Notary Public until 31 December 2020
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 58166
IBP No. 063370, 04 January 2019, Makati City
PTR No. 7333865, 03 January 2019, Makati City
MCLE Compliance No. VI-0020068, 06 March 2019

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

COMPLIANT/ NON-COMPLIANT

ADDITIONAL INFORMATION

EXPLANATION

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

Recommendation 1.1

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| <p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance | <p>The BDOLF Board has 11 members, 5 of whom are bankers with local and international banking experience, 3 are entrepreneurs, 2 are Public Administrators and 1 is a lawyer. See Profile of Directors on page No. 16, of the 2018 Annual Report. (Annex A)</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Leasing%202018%20Annual%20Report.pdf</p> <p>For the qualification standards, see Selection, Nomination and Election of Board Members on page 6 of the Revised Corporate Governance Manual. (Annex B)</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| <p>2. Board has an appropriate mix of competence and expertise.</p> | <p align="center">COMPLIANT</p> | | <p>The BDOLF Board has a diverse and balanced composition. See Board of Directors Diversity, age, skills, experience and background on page 10 of the 2018 Annual Report and page 2, Section 1 (Board Governance Framework – Board Diversity) of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p> | <p align="center">COMPLIANT</p> | | <p>There have been no changes in the personal circumstances of each director that would otherwise disqualify them to remain as Directors. Their individual profile can be viewed on page 16-21 in the Board of Directors section of the 2018 Annual Report.</p> |
| Recommendation 1.2 | | | |
| <p>1. Board is composed of a majority of non-executive directors.</p> | <p align="center">COMPLIANT</p> | <p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p> | <p>The BDOLF Board is led by a Non-Executive Chairperson with 3 Independent Directors, 2 Non-Executive Directors and 5 Executive Directors. See Governance Structure on page 11 of the 2018 Annual Report.</p> |
| Recommendation 1.3 | | | |
| <p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p> | <p align="center">COMPLIANT</p> | <p>Provide link or reference to the company’s Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p> | <p>See Page 2, Section 1, on Board Governance Responsibilities (Board Governance Framework – Director Orientation and Continuing Education) of the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| <p>2. Company has an orientation program for first time directors.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p> | <p>See page 2 Section 1 on Board Governance Responsibilities (Board Governance Framework – Director Orientation and Continuing Education) of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>3. Company has relevant annual continuing training for all directors.</p> | <p align="center">COMPLIANT</p> | | <p>See page 2 – Section 1 of the Revised Corporate Governance Manual.</p> <p>The continuing education program for Directors is an on going process to ensure the enhancement of their skills and knowledge. All directors and key officers are given updates and briefings during the regular Board Audit Committee and Corporate Governance Committee meetings throughout the year, 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 leasing industry and that they possess the knowledge required for their positions. In 2018, the annual corporate governance seminar for directors concentrated on the Financial Technology (FinTech).</p> <p>See page 13 – 14 of the 2018 Annual Report. Directors’ Continuing Education.</p> |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommendation 1.4

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| <p>1. Board has a policy on board diversity.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> | <p>See page 2, Section 1, Item 4 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> <p>The BDOLF Board has 2 female and 9 male Directors. See Corporate Governance Report on page 10 of the 2018 Annual Report.</p> |
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Optional: Recommendation 1.4

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| <p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p> | <p>See Page 2, Section1, Item 4 Board Governance Framework (Board Diversity) in the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> <p>See page 10, (Diverse and Balanced Composition) in the 2018 Annual Report.</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BD-O%20Leasing%202018%20Annual%20Report.pdf</p> |
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Recommendation 1.5

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| <p>1. Board is assisted by a Corporate Secretary.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p> | <p>Atty. Joseph Jason M. Natividad is the Corporate Secretary. See Page 3, Section 1, Item 5 - Board Governance Framework (Independent Officers) in the Revised Corporate Governance Manual for his duties and functions. See page 22 of the 2018 Annual Report for his qualifications.</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| 2. Corporate Secretary is a separate individual from the Compliance Officer. | COMPLIANT | | He is a separate individual. |
| 3. Corporate Secretary is not a member of the Board of Directors. | COMPLIANT | | He is not a member of the Board. |
| 4. Corporate Secretary attends training/s on corporate governance. | COMPLIANT | Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered | See attached Annex C for the Certificate of Attendance of Atty. Joseph Jason M. Natividad. He attended the 2018 Advance Corporate Governance Seminar held on 19 September 2018. |
| Optional: Recommendation 1.5 | | | |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting. | COMPLIANT | Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting | See Annex D for the scanned copy of transmittal memo to a director on the distribution of board materials. |
| Recommendation 1.6 | | | |
| 1. Board is assisted by a Compliance Officer. | COMPLIANT | Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions. | The Company has a dedicated independent Compliance Officer functionally reporting to the Audit Committee. She is Angelita C. Tad-y. See page 3-4 of the Revised Corporate Governance Manual for her duties and functions and page 12 of the 2018 Definitive Information Statement for her profile and qualifications. (Annex E) |
| 2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | COMPLIANT | | The Compliance Officer has a rank of First Vice President. However, such rank has an equivalent position with adequate stature and authority in the Company. |
| 3. Compliance Officer is not a member of the board. | COMPLIANT | | She is not a member of the Board. |
| 4. Compliance Officer attends training/s on corporate governance. | COMPLIANT | | Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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

Recommendation 2.1

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| <p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p> | <p style="text-align: center;">COMPLIANT</p> | <p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p> | <p>In discharging their fiduciary duty, directors perform functions such as the review and guiding of corporate strategy, risk management policies and procedures, annual budgets and business plans, and monitoring their implementation; the setting financial objectives, monitoring implementation of and corporate performance; and approving the issuance of capital stock distribution of dividends, strategic plans, major capital expenditures, acquisitions, equity investments, fixed assets, mergers, joint ventures, divestments, and significant related party transactions.</p> <p>See page 4- Duties, Functions and Responsibilities of the Board of the Revised Corporate Governance Manual</p> <p>BDOLF Webstie: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Recommendation 2.2

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| <p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p> | <p style="text-align: center;">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting).</p> | <p>For 2018, the Company's objectives and strategy were discussed during regular meetings of the Board of Directors in addition to the periodic business review meetings during the year.</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| 2. Board oversees and monitors the implementation of the company's business objectives and strategy. | COMPLIANT | Indicate frequency of review of business objectives and strategy | See page 4- Duties, Functions and Responsibilities of the Board of the Revised Corporate Governance Manual BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
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Supplement to Recommendation 2.2

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| 1. Board has a clearly defined and updated vision, mission and core values. | COMPLIANT | Indicate or provide link/reference to a document containing the company's vision, mission and core values. Indicate frequency of review of the vision, mission and core values. | The Company's Vision and Mission Statement is found in page 5 of the 2018 Annual Report while the Core Values is found in Page 1 of the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf These are reviewed every year. |
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| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | COMPLIANT | Provide information on or link/reference to a document containing information on the strategy execution process. | The strategy execution process is described in page 7 of the 2018 Annual Report. It encompasses the focus areas of the Company, its strategic initiatives and a diversified business model with products and services catering to the changing needs of Filipino customers. |
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Recommendation 2.3

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| 1. Board is headed by a competent and qualified Chairperson. | COMPLIANT | Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications | The Chairperson of the BDO Board of Directors is Ms. Teresita T. Sy since September 20, 2005. See page 16 of the 2018 Annual Report for her profile and qualifications |
|--------------------------------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommendation 2.4

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| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | COMPLIANT | Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation | See page 5- Management Succession Planning under Section 2, Establishing Clear Roles and Responsibilities of the Board (Duties, Functions and Responsibilities of the Board) of the Revised Corporate Governance Manual BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. Board adopts a policy on the retirement for directors and key officers. | COMPLIANT | | See attached Policy on Retirement of Directors approved by the Board of Directors on May 30, 2018. |

Recommendation 2.5

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|-------------------------------------------------------------------------------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | COMPLIANT | Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance. | The Company's remuneration policy follows that of the Parent Bank which is geared towards attracting, retaining and motivating employees and members of the Board. See page 14 of the 2018 Annual Report. |
| 2. Board adopts a policy specifying the relationship between remuneration and performance. | COMPLIANT | | The remuneration framework for senior management includes fixed pay, bonus and for the long-term is the Employee Stock Option Plan. It is linked to corporate and individual performance, based on an annual appraisal of senior management officers. See page 14 of the 2018 Annual Report. |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration. | COMPLIANT | | No. The directors are required to recuse in the deliberation. |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Optional: Recommendation 2.5

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| <p>1. Board approves the remuneration of senior executives.</p> | <p>COMPLIANT</p> | <p>Provide proof of board approval</p> | <p>The Company follows the Board approved Remuneration policy that of the Parent Bank.</p> |
| <p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p> | <p>COMPLIANT</p> | <p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p> | <p>The Company is following the Parent Bank's Remuneration Policy has a measurable standard established by the Parent Bank via the Key Result Areas Plan for each employee every year, which specifies the focus area of performance and the results expected that are aligned with the strategy of the Parent Bank. The performance of these standards is the basis for the yearly appraisal rating of employees.</p> |

Recommendation 2.6

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| <p>1. Board has a formal and transparent board nomination and election policy.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.</p> <p>Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> | <p>The procedures for the nomination of directors are published in page 11 of the 2018 Definitive Information (DIS) while the election of directors is in page 3 thereof. The policy for the selection, nomination and election of directors are on page 6 of the Revised Corporate Governance Manual published in the BDOLF website.</p> <p>Please see Section 13, page 32-33 of the Revised Corporate Governance Manual – Promoting Shareholder Rights/Right to Nominate.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p> | <p align="center">COMPLIANT</p> | | <p>See Page 6, Section 2, Item – Establishing Clear Roles and Responsibilities of the Board. - Duties, Functions and Responsibilities of the Board. (Selection, Nomination and the Board of Directors), and Page 20, Section 3, Item – Establishing Clear Roles and Responsibilities of the Board, Board Committees (Nomination Committee), of the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |

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| <p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p> | <p align="center">COMPLIANT</p> | | <p>This is included in the procedure for nomination of directors on page 11 of the 2018 DIS. See Page 6, Section 2, Item – Establishing Clear Roles and Responsibilities of the Board - Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors) in the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>4. Board nomination and election policy includes how the board shortlists candidates.</p> | <p align="center">COMPLIANT</p> | | <p>The short listing of candidates by the Nominations Committee is done by pre-screening and checking the qualifications of nominees from the pool of candidates versus the standard. See Page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors) in the Revised Corporate Governance Manual and page 11 of the 2018 Definitive Information Statement.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |

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| <p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> | <p align="center">COMPLIANT</p> | | <p>The Nominations Committee leads in the process of identifying and evaluating nominees for directors. It evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the Company. The result of the evaluation determines the role and key attributes than an incoming director should have. See Page 6, Section 2, Item – Duties, Functions and Responsibilities of the Board (Selection, Nomination and the Board of Directors), and Page 20, Section 3, Item – Board Committees (Nomination Committee), in the Revised Corporate Governance Manual 28 and page 29 of the 2018 Annual Report.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p> | <p align="center">COMPLIANT</p> | | <p>See Page 6, Selection, Nomination and Election of Board Members in the Revised Corporate Governance Manual. This is handled by the Nominations Committee.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>Optional: Recommendation to 2.6</p> | | | |
| <p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p> | <p align="center">COMPLIANT</p> | <p>Identify the professional search firm used or other external sources of candidates</p> | <p>We use the director database of the Institute of Corporate Directors as one of the sources when searching for candidates to the Board. See page 6, Selection, Nomination and Election of Board Members in the Revised Corporate Governance Manual.</p> |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommendation 2.7

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| <p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs</p> <p>Identify transactions that were approved pursuant to the policy.</p> | <p>See Page 10, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual for the full version of the RPT policy.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> <p>Approved RPT transactions are mostly credit accommodations, leases, purchase/disposal of assets, materials and supplies and outsourcing arrangements.</p> <p>Material RPT transactions are identified in the Quarterly Reports on Consolidated Material RPTs which the Company submit to the Parent Bank for consolidating the report for submission to BSP.</p> |
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| <p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p> | <p align="center">COMPLIANT</p> | | <p>The Related Party Transactions Committee composed of at least 3 regular members majority of whom are independent directors including the Chairman and an Adviser. The Committee handles the review of material RPTs. The Board approves all material Related Party Transactions. See Page 10, Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> <p>See attached Related Party Transactions Policy, which can also be viewed through the following link:</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Updated-Related-Party-Transactions-Policy-October-2018.pdf</p> |
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| <p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p> | <p align="center">COMPLIANT</p> | | <p>It covers DOSRI, Subsidiaries, Affiliates and Other Related Parties. See Annex A (Related Party Transactions Policy) in the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> <p>See attached Related Party Transactions (RPT) Policy, which can also be viewed through the following links:</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Updated-Related-Party-Transactions-Policy-October-2018.pdf</p> |
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Supplement to Recommendations 2.7

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| <p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p> | <p>The RPT materiality thresholds for all types of RPTs are in the Related Party Transactions Policy. See Annex A of the Revised Corporate Governance Manual.</p> <p>RPT transactions are mostly credit accommodations, leases, purchase and disposal of assets, materials and supplies and outsourcing arrangements.</p> <p>Material RPT transactions are identified in the Quarterly Reports on Consolidated Material RPTs which the Company submit to the Parent Bank for consolidating the report for submission to BSP.</p> |
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| <p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on voting system, if any.</p> | <p>During the Annual Stockholders' Meeting, material RPTs are presented together with the other acts of the Board for approval/confirmation by all stockholders whereby effectively, the majority of non-related party shareholders are also included in the voting. Their corresponding votes will be counted and reflected in the voting tabulation. Moreover, RPT is composed of 3 members majority of whom are Independent Directors.</p> |
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Recommendation 2.8

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| <p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identity the Management team appointed</p> | <p>See page 11 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> <p>See page 12 of the 2018 Annual Report.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/BD%20Leasing%202018%20Annual%20Report.pdf</p> |
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| <p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> | <p>See page 11 of the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> <p>The assessment process for senior management is part of the Board Performance Self-Assessment Form. This is being done annually. For the independent control functions, this is</p> |
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being done through the yearly Appraisal Report, which is individually reviewed by the Audit Committee.

Recommendation 2.9

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| 1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management. | COMPLIANT | Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel. | The Company follows that of the Parent Bank's Key Result Areas (KRA) Plan which is the effective performance management framework adopted to ensure that individual performance is tracked versus standards set by Management and Board. |
| 2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management. | COMPLIANT | | Same for employees although the KRA focus areas are substantially different. |

Recommendation 2.10

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| 1. Board oversees that an appropriate internal control system is in place. | COMPLIANT | Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system | See Internal Control and Risk Management on page 11 of the Revised Corporate Governance Manual. BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders. | COMPLIANT | | Same |
| 3. Board approves the Internal Audit Charter. | COMPLIANT | Provide reference or link to the company's Internal Audit Charter | See attached Internal Audit Charter. |

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Recommendation 2.11

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| <p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> | <p>See Internal Control and Risk Management on page 11 of the Revised Corporate Governance Manual.</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p> | <p align="center">COMPLIANT</p> | <p>Provide proof of effectiveness of risk management strategies, if any.</p> | <p>See Enterprise Risk Management Framework on page 30 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |

Recommendation 2.12

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| <p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p> | <p align="center">COMPLIANT</p> | <p>Provide link to the company's website where the Board Charter is disclosed.</p> | <p>See page 11 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p> | <p align="center">COMPLIANT</p> | | <p>Yes.</p> |
| <p>3. Board Charter is publicly available and posted on the company's website.</p> | <p align="center">COMPLIANT</p> | | <p>Yes.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Refernce-2018.pdf</p> |

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Additional Recommendation to Principle 2

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| 1. Board has a clear insider trading policy. | COMPLIANT | Provide information on or link/reference to a document showing company's insider trading policy. | See page 28 of the Revised Corporate Governance Manual BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
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Optional: Principle 2

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| 1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates. | COMPLIANT | Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any. | This is covered in the Related Party Transactions Policy published in the corporate website at: BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Updated-Related-Party-Transactions-Policy-October-2018.pdf |
| 2. Company discloses the types of decision requiring board of directors' approval. | COMPLIANT | Indicate the types of decision requiring board of directors' approval and where there are disclosed. | The types of decision requiring board approval: <ul style="list-style-type: none"> • Corporate strategy, risk management policies and procedures, governance policies and practices, annual budgets and business plans, annual and interim financial statements, key operational initiatives, selection of CEO, the hiring, resignations and promotions of senior officers, succession planning, remuneration and nomination of directors. • Issuance of capital stocks, distribution of dividends, strategic plans, major capital expenditures, amendments of Articles of Incorporation and By-Laws, acquisitions, equity investments, fixed assets, mergers, joint ventures, divestments, and significant related party transactions. |

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See page 4-18 Duties, Functions and Responsibilities of the Board in the Revised Corporate Governance Manual.

See page 23 of the 2018 Annual Report.

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

Recommendation 3.1

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| <p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> | <p>The Board has established 6 committees to assist in the performance of its roles and functions. See Establishing Board Committees page 18-21 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Recommendation 3.2

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| <p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> | <p>See page 19-20 of the Revised Corporate Governance Manual.</p> <p>YES. See External Audit on page 20 and Strengthening the External Auditor's Independence on page 29 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>2. Audit Committee is composed of at least</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a</p> | <p>The Audit Committee is composed of 3 members</p> |

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| <p>three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p> | | <p>document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> | <p>all of whom are Independent Directors including the Chairman. See page 24 of the 2018 Annual Report on the Audit Committee composition. Qualification can be seen on page 19 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> | <p>See page 19 of the Revised Corporate Governance Manual on the qualifications and type of directorship of the Audit Committee members.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> | <p>The Chairman of the Audit Committee is Ma. Leonora V. De Jesus, Independent Director. She is not a Chairman of any other Board Committees. See page 24 of the 2018 Annual Report and page 20 of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>Supplement to Recommendation 3.2</p> | | | |
| <p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p> | <p align="center">COMPLIANT</p> | <p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p> | <p>All services provided by the External Auditor are required to be approved by the Audit Committee. See External Audit on page 20 and Strengthening the External Auditor's Independence on page 29</p> |

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| | | | of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present. | COMPLIANT | Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present. | The Audit Committee conducted a dialogue on February 20, 2018 with External Auditor without anyone from management present. |
| Optional: Recommendation 3.2 | | | |
| 1. Audit Committee meet at least four times during the year. | COMPLIANT | Indicate the number of Audit Committee meetings during the year and provide proof | In 2018, Audit Committee held 13 meetings with Ma. Leonora V. De Jesus and Jesse H.T. Andres attended all meetings while Vicente S. Perez, Jr. attended 10 of 13 meetings. See page 24 of the 2018 Annual Report. |
| 2. Audit Committee approves the appointment and removal of the internal auditor. | COMPLIANT | Provide proof that the Audit Committee approved the appointment and removal of the internal auditor. | This is part of the Terms of Reference of the Audit Committee. See Internal Audit Division on page 19 of the 2018 Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| Recommendation 3.3 | | | |
| 1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. | COMPLIANT | Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of | See page 20 of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |

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| | | directors aligned with the company's strategic direction, if applicable. | The function of identifying the quality of directors is vested on the Nominations Committee, which is a separate and distinct committee. |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | COMPLIANT | Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship. | The Corporate Governance Committee is composed of 3 members all of whom are Independent Directors including the Chairman. See page 26 of the 2018 Annual Report on membership composition. |
| 3. Chairman of the Corporate Governance Committee is an independent director. | COMPLIANT | Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee. | The Chairman of the Corporate Governance Committee is Atty. Jesse H.T. Andres, Independent Director. See page 26 of the 2018 Annual Report. |
| Optional: Recommendation 3.3. | | | |
| 1. Corporate Governance Committee meets at least twice during the year. | COMPLIANT | Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof. | In 2018, the Corporate Governance Committee held 5 meetings. See page 26 of the 2018 Annual Report. |
| Recommendation 3.4 | | | |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. | COMPLIANT | Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions | See Risk Management Committee on page 21 of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | COMPLIANT | Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship | The Risk Management Committee is composed of 3 members, majority of whom are Independent Directors including the Chairman. See page 27 of the 2018 Annual Report for the membership composition. |
| 3. The Chairman of the BROC is not the | COMPLIANT | Provide information or link/reference to a | The Chairman of the Risk Management |

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| Chairman of the Board or of any other committee. | | document containing information on the Chairman of the BROC | Committee is Mr. Vicente S. Perez, Jr., Independent Director. See page 27 of the 2018 Annual Report. |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | COMPLIANT | Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC. | See page 17-20 of the 2018 Annual Report. Members are a banker, lawyer and investment officer (the last two having extensive experience in public administration). |
| Recommendation 3.5 | | | |
| 1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company. | COMPLIANT | Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions. | See Related Party Transactions Committee on page 21 of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | COMPLIANT | Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship. | The Related Party Transactions Committee is composed of 3 members all of whom are Non-Executive Directors, majority of whom are Independent Directors including the Chairman. See page 29 of the 2018 Annual Report on the membership composition. |
| Recommendation 3.6 | | | |
| 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | COMPLIANT | Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes. | Each committee has its own Terms of Reference that clearly define the composition, duties and responsibilities, which are approved by the Board. These are published in the Company's website at BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Refernce-2018.pdf |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| 2. Committee Charters provide standards for evaluating the performance of the Committees. | COMPLIANT | | Yes. This is included in the Terms of Reference of each committee. |
| 3. Committee Charters were fully disclosed on the company's website. | COMPLIANT | Provide link to company's website where the Committee Charters are disclosed. | <p>Yes. These are published in the Company's website at:</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Reference-2018.pdf</p> |

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

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| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission. | COMPLIANT | <p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p> | <p>BDOLF follows procedures set by SEC and BSP on tele/videoconferencing of board and/or committee meetings. See attached SEC Memorandum No. 15, Series of 2001, and BSP Circular No. 969, Series of 2017 and the Terms of Reference of BDOLF Committees.</p> <p>The Terms of Reference of BDOLF Committees can also be viewed through the following link:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Reference-2018.pdf</p> <p>See page 11 of the 2018 Annual Report for the Attendance of the Directors to the Board, page 23-29 for the attendance Committees and Minutes of 2018 Annual Stockholders Meeting for the shareholder's meeting.</p> |
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| | | | BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| 2. The directors review meeting materials for all Board and Committee meetings. | COMPLIANT | | The directors are expected to prepare diligently for the meetings to evaluate and add value to the items presented, actively participate and contribute meaningfully to the discussions of the Board. See Board and Committee meetings on page 21-22 of the Revised Corporate Governance Manual. |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | COMPLIANT | Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors | See Minutes of the 2018 Annual Stockholders Meeting (Open Forum). BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| Recommendation 4.2 | | | |
| 1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company. | COMPLIANT | Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies | See Multiple Board Seats on page 22 of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf See page 16 – 22 of the 2018 Annual Report for the list of directorships in PLCs and non-PLCs of the members of the BDOLF Board. |
| Recommendation 4.3 | | | |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| 1. The directors notify the company's board before accepting a directorship in another company. | COMPLIANT | Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed. | This is part of the Multiple Board Seats Policy on page 22 of the Revised Corporate Governance Manual, BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| Optional: Principle 4 | | | |
| 1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group. | COMPLIANT | | Yes. Executive Directors Nestor V. Tan, Robert E. Lapid, Antonio N. Cotoco, Luis S. Reyes, Jr., Walter S. Wassmer, sits in the BDOLF and BDO Board. They have no directorships in a listed company outside of the Bank. |
| 2. Company schedules board of directors' meetings before the start of the financial year. | COMPLIANT | | Schedule of regular board meetings for the coming year is set in advance before the start of the new calendar year and published in the Board Calendar of Activities for the information and guidance of all directors and advisers. See Board Meetings-Frequency on page 21of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 3. Board of directors meets at least six times during the year. | COMPLIANT | Indicate the number of board meetings during the year and provide proof | In 2018, the BDO Board met 14 times. See Board of Directors Meetings on page 11 of the 2018 Annual Report. |
| 4. Company requires as minimum quorum of at least 2/3 for board decisions. | COMPLIANT | Indicate the required minimum quorum for board decisions | The Company's Board meetings have always been attended by more than 2/3 of the members deciding on any matter for approval by the Board. |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Hence, the requirement of at least 2/3 minimum quorum for board decisions has been consistently complied with. See meeting attendance of directors, which are above 75% of all meetings on page 11 of the 2018 Annual Report.

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

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| <p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p> | <p>COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p> | <p>The Company's Board shall have at least 3 Independent Directors. Currently, the 3 Independent Directors constitute 27% of the full Board. See Independent Directors on page 22 of the Revised Corporate Governance Manual and Composition on page 16-21 of the 2018 Annual Report.</p> <p>BDOLF Website https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Recommendation 5.2

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| <p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p> | <p>COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> | <p>See Profiles of the Independent Directors on page 16 – 21 of the 2018 Annual Report.</p> |
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Supplement to Recommendation 5.2

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| <p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p> | <p>COMPLIANT</p> | <p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> | <p>The Company has no voting trust agreements and restrictions in the By-Laws that constrain the directors' ability to vote independently.</p> |
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Recommendation 5.3

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| <p>1. The independent directors serve for a</p> | <p>COMPLIANT</p> | <p>Provide information or link/reference to a</p> | <p>See Tenure/Term Limits of Independent Directors</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| cumulative term of nine years (reckoned from 2012). | | document showing the years IDs have served as such. | on page 24 of the Revised Corporate Governance Manual. |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | COMPLIANT | Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director | See Tenure/Term Limits of Independent Directors on page 24 of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting. | COMPLIANT | Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting. | This is part of the Tenure/Term Limits of Independent Directors Policy. However, this is not yet invoked since the incumbent Independent Directors' tenures are still within the prescribed limit, i.e. reckoned from 2012. |
| Recommendation 5.4 | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | COMPLIANT | Identify the company's Chairman of the Board and Chief Executive Officer | The Chairperson of the Board is Ms. Teresita T. Sy while the President is Mr. Roberto E. Lapid. |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | COMPLIANT | Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO. | Their roles are separate and distinct from each other to achieve a balance of authority, clear accountability, and better capacity for independent decision making. See Chairperson of the Board and Chief Executive Officer on page 24-25 of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf The Chairman and President have no family relationship. |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommendation 5.5

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| <p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p> | <p>The Company has a Lead Independent Director in 2018. She is Ma. Leonora V. De Jesus.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Recommendation 5.6

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| <p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p> | <p align="center">COMPLIANT</p> | <p>Provide proof of abstention, if this was the case</p> | <p>As of this date, Directors have no material interest in on any transaction affecting the corporation.</p> |
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Recommendation 5.7

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| <p>1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.</p> | <p align="center">COMPLIANT</p> | <p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p> | <p>On July 17 2018, two separate meetings were held between the external Auditors and Chief Risk/ Compliance Officer with the 3 Independent Directors (who comprised majority of the NEDs).</p> |
| <p>2. The meetings are chaired by the lead independent director.</p> | <p align="center">COMPLIANT</p> | | <p>See reply on Recommendation 5.7 No.1</p> |

Optional: Principle 5

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| <p>1. None of the directors is a former CEO of the company in the past 2 years.</p> | <p align="center">COMPLIANT</p> | <p>Provide name/s of company CEO for the past 2 years</p> | <p>The Company's President for the last 2 years until now is Mr. Roberto E. Lapid.</p> |
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Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| 1. Board conducts an annual self-assessment of its performance as a whole. | COMPLIANT | Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees | This was done from January to March 2018 and spearheaded by the Corporate Governance Committee. See Improving Board Effectiveness/Board Performance on page 13 of the 2018 Annual Report. |
| 2. The Chairman conducts a self-assessment of his performance. | COMPLIANT | | Yes, this is part of the yearly Board Self-Assessment. |
| 3. The individual members conduct a self-assessment of their performance. | COMPLIANT | | Yes, this is part of the yearly Board Self-Assessment. |
| 4. Each committee conducts a self-assessment of its performance. | COMPLIANT | | Yes, this is part of the yearly Board Self-Assessment. |
| 5. Every three years, the assessments are supported by an external facilitator. | | Identify the external facilitator and provide proof of use of an external facilitator. | For 2018 self-assessment, no external facilitator was used yet. This requirement will take effect in 2019. |

Recommendation 6.2

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| 1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees. | COMPLIANT | Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders | See page 26 of the Manual on Corporate Governance BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. The system allows for a feedback mechanism from the shareholders. | COMPLIANT | | The result of the yearly self-assessment is published in the Annual Report which is distributed to the shareholders and hence, they could comment on the information published. See Improving Board Effectiveness on page 13 of the 2018 Annual Report. |

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

Recommendation 7.1

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| <p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p> | <p>The Revised Code of Business Conduct and Ethics is published in the corporate website.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf</p> |
| <p>2. The Code is properly disseminated to the Board, senior management and employees.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> | <p>The Office of the Human Resources is responsible for overseeing the implementation of this Code across the BDO Unibank Group. This was disseminated bankwide through the eNewsgram. Officers and staff were required to sign the Acknowledgment Receipt Form to document that they have read and understand the provisions of the Code. See page 7 of the Code – Responsibility for Implementation.</p> |
| <p>3. The Code is disclosed and made available to the public through the company website.</p> | <p align="center">COMPLIANT</p> | <p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p> | <p>The Revised Code of Business Conduct and Ethics is published in the corporate website.</p> <p>BDOLF Website. https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf</p> |
| <p>Supplement to Recommendation 7.1</p> | | | |
| <p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p> | <p>See page 3 # 6 Acceptance/Solicitation of Gifts, Bribery and Corruption under Observance of Standards of Conduct for Individuals of the Revised Code of Business Conduct and Ethics. Likewise, the institution commits to comply with anti-corruption and bribery laws in all jurisdictions it operates.</p> |
| <p>Recommendation 7.2</p> | | | |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| <p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p> | <p align="center">COMPLIANT</p> | <p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p> | <p>All directors and employees are required to acknowledge that they have read and understood the Code stipulating their compliance with the standards and policies set forth therein.</p> <p>The Code applies at all times to all members of the Board of Directors and BDO Unibank Group employees in their dealings with clients, business partners and service providers. See page 1 of the Code – Applicability of the Code and Commitment to the Code.</p> |
| <p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p> | <p align="center">COMPLIANT</p> | | <p>See page 7 of the Code – Responsibility for Implementation, and Approval and Disclosure</p> |

Disclosure and Transparency

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

Recommendation 8.1

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| <p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p> | <p>See page 27 Section 8. Enhancing Company Disclosure Policies and Procedures of the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Supplement to Recommendations 8.1

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| <p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting</p> | <p align="center">COMPLIANT</p> | <p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> | <p>As a policy, audited financial statements are released not later than 60 days after the close of the financial year. The 2018 FS were disclosed to the PSE 60 days from Dec. 31, 2018.</p> <p>The interim reports for 1st, 2nd and 3rd quarter of 2018 were disclosed to the PSE respectively after the end of the quarter.</p> |
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Recommendation 8.2

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| <p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p> | <p>COMPLIANT</p> | <p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p> | <p>See page 28 of the Revised Corporate Governance Manual which is published in the corporate website at BDOLF website:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| <p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p> | <p>COMPLIANT</p> | <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> | <p>Actual dealings of shares are disclosed in PSE Edge within 3 days after transaction date. The disclosures are published in the corporate website at BDOLF website:</p> <p>https://www.bdo.com.ph/leasing/company-disclosures/files/pdf</p> |

Supplement to Recommendation 8.2

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| <p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p> | <p>COMPLIANT</p> | <p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p> | <p>See attached quarterly disclosure to PSE of BDOLF's Public Ownership Report and List of BDOLF's Top 100 stockholders for 2018, which can also be viewed through the following links:</p> <p>PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31</p> <p>BDOLF website: https://www.bdo.com.ph/leasing/investors-relations</p> |
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Recommendation 8.3

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| <p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their</p> | <p>COMPLIANT</p> | <p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences,</p> | <p>See page 16-21 Board of Directors of the 2018 Annual Report.</p> |
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| judgment. | | expertise and relevant trainings attended. | |
| 2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | COMPLIANT | Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended. | See page 12-13 of the 2018 Definitive Information Statement. The security ownership of management is in page 5 of the report. |
| Recommendation 8.4 | | | |
| 1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. | COMPLIANT | Disclose or provide link/reference to the company policy and practice for setting board remuneration | See Article III, Section 5 (Compensation of Directors) and Article IV, Section 2 (Compensation of Officers) of the Amended By-Laws, which can also be viewed in BDOLF's website through the following link: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF_by_Laws.pdf |
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same. | COMPLIANT | Disclose or provide link/reference to the company policy and practice for determining executive remuneration | See page 5-6 Remuneration and Other Incentives of Directors and Senior Management of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | NOT COMPLIANT | Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO. | On the disclosure of remuneration on an individual basis for Board members and Executive Officers, the Board has serious concerns given the possible adverse security issues and poaching of talents by competitors in the industry. Hence, it has decided it will not be to the best |

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| | | | <p>interest of the Company to do so at this time. It will disclose the remuneration figures on a consolidated basis only. See page 5 and 6 of the Revised Corporate Governance Manual as stated.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
| Recommendation 8.5 | | | |
| <p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p> | <p align="center">COMPLIANT</p> | <p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> | <p>See attached Annex A (Related Party Transactions Policy) of the Revised Corporate Governance Manual.</p> <p>To date, no Director has transaction with conflict of interest which requires abstain from from discussion.</p> |
| <p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the | <p>The Company submitted to the Parent Bank every 10th day of each reference quarter the Report on Material Related Party Transactions, which is submitted by the parent bank to BSP within 20 calendar days after the end of the quarter for details.</p> <p>In 2018, the Company entered into transactions with related companies including its Parent Bank, BDO Unibank Inc., and other related parties under common ownership. See page 138 to 142 of the BDOLF Annual Report.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF%20Leasing%202018%20Annual%20Report.pdf</p> |

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company's policy; and
9. other terms and conditions

Supplement to Recommendation 8.5

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| <p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p> | <p align="center">COMPLIANT</p> | <p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p> | <p>See Conflicts of Interest Policy wherein directors and employees are required that any financial and personal interest or benefit in any transaction involving BDO must be disclosed. When presented with a situation involving a potential conflict of interest, it is necessary to disclose the possible conflict in writing to the Supervising Officer, in case of officer or employee, or to the Board of Directors, in case of Directors. This is documented through the Conflict of Interest (COI) Form. This policy is published in the corporate website thru the Annual Corporate Governance Report (page 53)</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/Conflict%20of%20Interest%20Disclosure%20Form.pdf</p> |
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Optional : Recommendation 8.5

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| <p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p> | <p align="center">COMPLIANT</p> | <p>Provide link or reference where this is disclosed, if any</p> | <p>The process of ensuring that RPTs are conducted in a fair and at arms' length manner could be found in page 5 of the Revised RPT Policy of the Company. The Related Party Transactions Committee conducts a comprehensive review of the Related Party transactions focusing on the terms and conditions, the business purpose, the justifications in entering into these transactions and any other information (e.g. price discovery mechanism) that allows the determination if terms are comparable to those given to unrelated parties.</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommendation 8.6

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| <p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p> | <p>COMPLIANT</p> | <p>Provide link or reference where this is disclosed</p> | <p>Material fact or events are disclosed to PSE EDGE under “Company Disclosures”. See below link to said section of PSE EDGE:</p> <p>http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31</p> <p>Company disclosures are also available in BDOLF’s website and can be viewed using the following link:</p> <p>https://www.bdo.com.ph/leasing/company-disclosures</p> |
| <p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> | <p>COMPLIANT</p> | <p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p> | <p>BDOLF’s RPT Committee composed of Independent Directors, evaluates the fairness of the transaction price on acquisition or disposal of assets.</p> <p>The terms and condition of assets acquisition or disposal are vetted against other transactions (of similar nature, size, risk rating, collateral) using a benchmarking template.</p> |

Supplement to Recommendation 8.6

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| <p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p> | <p>COMPLIANT</p> | <p>Provide link or reference where these are disclosed.</p> | <p>See page 5 of the Definitive Information Statement particularly NOTE on Security Ownership of certain record/beneficial owners wherein the Company disclosed that there are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with BDOLF nor has there been any change in control of BDOLF. BDOLF is also not aware of any</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of BDOLF.

Recommendation 8.7

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| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | COMPLIANT | Provide link to the company's website where the Manual on Corporate Governance is posted. | https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. Company's MCG is submitted to the SEC and PSE. | COMPLIANT | | The latest version of the Corporate Governance Manual was submitted to the SEC on Nov 22, 2018. It can be viewed in PSE EDGE at: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31 |
| 3. Company's MCG is posted on its company website. | COMPLIANT | | https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |

Supplement to Recommendation 8.7

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| 1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices. | COMPLIANT | Provide proof of submission. | The latest version of the Corporate Governance Manual was submitted to the SEC on Nov 22,, 2018. It can be viewed in PSE EDGE at: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31 |
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Optional: Principle 8

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| 1. Does the company's Annual Report disclose the following information: | | Provide link or reference to the company's Annual Report containing the said information. | |
| a. Corporate Objectives | COMPLIANT | | See page 6-7 of the 2018 Annual Report re: Message from Chairperson and President. |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| b. Financial performance indicators | COMPLIANT | | See page 8-9 of the 2018 Annual Report re: Financial & Operating Highlights- Financial Performance Indicators |
| c. Non-financial performance indicators | COMPLIANT | | See page 32-33 of the 2018 Annual Report |
| d. Dividend Policy | COMPLIANT | | See page 14 of the 2018 Annual report |
| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors | COMPLIANT | | See page 16-21 of the 2018 Annual Report |
| f. Attendance details of each director in all directors meetings held during the year | COMPLIANT | | See page 11 and 23-29 of the 2018 Annual Report for the attendance of Board meetings and committee meetings, respectively. |
| g. Total remuneration of each member of the board of directors | COMPLIANT | | The total remuneration is disclosed on a consolidated basis for reason of security and possible poaching of talents by competitors in the industry. |
| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue. | COMPLIANT | | Provide link or reference to where this is contained in the Annual Report |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | COMPLIANT | Provide link or reference to where this is contained in the Annual Report | See page 12 of the 2018 Annual Report and pages 24 – 26 of the Audit Committee Report in the 2018 Annual Report. |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| 4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems. | COMPLIANT | Provide link or reference to where this is contained in the Annual Report | See page 24 (second function of the Audit Committee) of the 2018 Annual Report. |
| 5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic). | COMPLIANT | Provide link or reference to where these are contained in the Annual Report | See page 89-106 of the 2018 Annual Report Notes to the Financial Statements. |

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

Recommendation 9.1

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| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | COMPLIANT | Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor. | See page 29 Section 9. Strengthening the External Auditor's Independence and Improving Audit Quality of the Revised Corporate Governance Manual on the Audit Committee Oversight Function on the External Auditor. |
| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | COMPLIANT | Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor. | Of the total votes cast, votes in favor of the reappointment of the external auditor was 100%. See Item VIII (Appointment of External Auditor) in the Minutes of the 2018 ASM, which can be also be viewed in BDOLF's website through: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures. | COMPLIANT | Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor. | No such removal or change has happened to date. |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Supplement to Recommendation 9.1

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| <p>1. Company has a policy of rotating the lead audit partner every five years.</p> | <p>COMPLIANT</p> | <p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p> | <p>See Page 16, Item 7 (Independent Public Accountants) of the 2018 Definitive Information Statement, which could also be viewed through the following links:</p> <p>PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf</p> |
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Recommendation 9.2

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| <p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | <p>COMPLIANT</p> | <p>Provide link/reference to the company's Audit Committee Charter</p> | <p>See Terms of Reference of the Audit Committee published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Reference-2018pdf</p> |
| <p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p> | <p>COMPLIANT</p> | <p>Provide link/reference to the company's Audit Committee Charter</p> | <p>See Terms of Reference of the Audit Committee published in the corporate website at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Reference-2018.pdf</p> |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Supplement to Recommendations 9.2

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| <p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p> | <p align="center">COMPLIANT</p> | <p>Provide link/reference to the company's Audit Committee Charter</p> | <p>See Terms of Reference of the Audit Committee published in the corporate website at https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Refernce-2018.pdf</p> |
| <p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p> | <p align="center">COMPLIANT</p> | <p>Provide link/reference to the company's Audit Committee Charter</p> | <p>See Terms of Reference of the Audit Committee published in the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/Terms-of-Refernce-2018.pdf</p> |

Recommendation 9.3

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| <p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p> | <p align="center">COMPLIANT</p> | <p>Disclose the nature of non-audit services performed by the external auditor, if any.</p> | <p>There were no non-audit services performed by Punongbayan & Araullo.</p> |
| <p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p> | <p align="center">COMPLIANT</p> | <p>Provide link or reference to guidelines or policies on non-audit services</p> | <p>To avoid conflict of interest and impairment of independence, the Audit Committee has in place the list of non-audit services, which may not be provided by the External Auditor. See page 29 last paragraph of Audit Committee Oversight Function in the Revised Corporate Governance Manual.</p> |

Supplement to Recommendation 9.3

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| <p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on audit and non-audit fees paid.</p> | <p>Yes. Audit fees paid for audit services in 2018 amounted to Php894,260.99 while for Non-Audit, the Company paid Php114,712.64.</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Additional Recommendation to Principle 9

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| <p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p> | <p>COMPLIANT</p> | <p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. | <p>Mr. Leonardo D. Cuaresma, Jr.</p> <p>0007-AR-4 MAY 1, 2015 April 30, 2018</p> <p>Punongbayan & Araullo Grant Thornton 19th & 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave, Makati, 1200</p> |
| <p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p> | <p>COMPLIANT</p> | <p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. | <p>According to Punongbayan & Araullo, the SOAR inspection of the SEC is not yet implemented.</p> |

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

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| <p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p> | <p>COMPLIANT</p> | <p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p> | <p>See page 33 of the 2018 Annual Report.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/BD%20Leasing%202018%20Annual%20Report.pdf</p> |
| <p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p> | <p>COMPLIANT</p> | <p>Provide link to Sustainability Report, if any. Disclose the standards used.</p> | <p>See page 33 of the 2018 Annual Report.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/BD%20Leasing%202018%20Annual%20Report.pdf</p> |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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

Recommendation 11.1

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| 1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. | COMPLIANT | Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any. | See page 30, Section 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information in the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
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Supplemental to Principle 11

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| 1. Company has a website disclosing up-to-date information on the following: | | Provide link to company website | |
| a. Financial statements/reports (latest quarterly) | COMPLIANT | | See SEC 17Q Reports at https://www.bdo.com.ph/sites/default/files/pdf/2018-SEC-3rd-Quarter.pdf |
| b. Materials provided in briefings to analysts and media | COMPLIANT | | See page 30, Section 11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information in the Revised Corporate Governance Manual. https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| c. Downloadable annual report | COMPLIANT | | See Annual Reports at: https://www.bdo.com.ph/leasing/company-disclosures |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| d. Notice of ASM and/or SSM | COMPLIANT | | See Annual Stockholder Meeting (DIS) at: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| e. Minutes of ASM and/or SSM | COMPLIANT | | See Minutes of the 2018 Annual Stockholders Meeting on page 190 of the 2018 Definitive Information Statement at: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf |
| f. Company's Articles of Incorporation and By-Laws | COMPLIANT | | See BDO Amended Articles of Incorporation and By-Laws at https://www.bdo.com.ph/sites/default/files/pdf/Amended%20Articles%20of%20Incorporation%20(Article%20III).pdf |

Additional Recommendation to Principle 11

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| 1. Company complies with SEC-prescribed website template. | COMPLIANT | | Yes. The company website structure is compliant with SEC mandated format. |
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Internal Control System and Risk Management Framework

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

Recommendation 12.1

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| 1. Company has an adequate and effective internal control system in the conduct of its business. | COMPLIANT | List quality service programs for the internal audit functions. | The BDOLF internal audit function adheres to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (ISPPIA) as prescribed by the Bangko |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| | | <p>Indicate frequency of review of the internal control system</p> | <p>Sentral ng Pilipinas, as well as to the Definition of Internal Auditing, and Code of Ethics.</p> <p>In assessing controls, BDO Internal Audit adopted the COSO Internal Control - Integrated Framework. The review of the internal control system is done annually, in accordance with the BDO Risk-based Audit Plan and Methodology.</p> <p>For Year 2018, 12 regular and 12 targeted audits were conducted covering the head office units, marketing teams, branches, and desks of the Company. Three (3) regular and three (3) targeted audits were likewise completed for its wholly owned subsidiary, BDO Rental Inc. Audits were also performed covering two (2) application systems. The information technology-related operations were covered in the audits of the Parent Bank, in view of the insourcing arrangement/ structure within BDO Group.</p> |
| <p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p> | <p align="center">COMPLIANT</p> | <p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p> | <p>See page 30, Section 12 of the Revised Manual on Corporate Governance.</p> <p><u>BDOLF Website:</u> https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Supplement to Recommendations 12.1

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| <p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p> | <p>See page 4 of the Revised Corporate Governance Manual- Role of Compliance Officer</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Optional: Recommendation 12.1

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| <p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on IT governance process</p> | <p>The Company follows that of the BDO Unibank's effective IT governance process that covers structure, principles and processes. On top of the IT governance structure is the Board of Directors that provides oversight and strategic direction in the development and implementation of the IT governance process thru the Information Technology Steering Committee (ITSC). The IT governance principles define the role that IT will play within and across the organization. These principles are defined in the context of business strategy. In BDO Unibank where there are multiple business units, these principles are geared towards supporting the needs of each business entity including IT security and business continuity requirements and how IT will support them, collectively on a shared-service basis or individually. The end-to-end processes define the necessary series of steps with defined inputs, activities, deliverables, roles and associated responsibilities and authority. Results are then submitted to the ITSC for review and reporting to the Board.</p> |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommendation 12.2

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| 1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | COMPLIANT | Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm. | BDOLF Internal Audit is in-house. |
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Recommendation 12.3

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| 1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board. | COMPLIANT | Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities. | The Chief Audit Executive is Ms. Estrellita V. Ong. See Role of Chief Internal Auditor on page 31 of the Revised Corporate Governance Manual for her responsibilities. |
| 2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. | COMPLIANT | | This is part of her responsibilities. |
| 3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity. | COMPLIANT | Identify qualified independent executive or senior management personnel, if applicable. | This is not applicable since BDOLF Internal Audit is in-house. |

Recommendation 12.4

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| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | COMPLIANT | Provide information on company's risk management function. | See page 31 Independent Risk Management Function of the Revised Corporate Governance Manual. |
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Supplement to Recommendation 12.4

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| 1. Company seeks external technical support in risk management when such competence is not available internally. | | Identify source of external technical support, if any. | In 2018, the Risk Management Group did not avail of external technical support. |
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

Recommendation 12.5

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| 1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). | COMPLIANT | Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background. | The Chief Risk Officer is Ms. Angelita C. Tad-y. See page 12 of the Definitive Information Statement of 2018 for her qualifications and page 31 Role of the Chief Risk Officer of the Revised Corporate Governance Manual for her responsibilities. |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | COMPLIANT | | The Chief Risk Officer has a rank of First Vice President. She is appointed by the Board of Directors and reports directly to the Risk Management Committee. She is the Head of the BDOLF Risk Management Unit. |

Additional Recommendation to Principle 12

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| 1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. | COMPLIANT | Provide link to CEO and CAE's attestation | Please see page 25 of the 2018 Annual Report. |
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Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

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| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | COMPLIANT | Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed. | See Section 13. Promoting Shareholders Rights page 32-35 of the Revised Corporate Governance Manual. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. Board ensures that basic shareholder rights are disclosed on the company's | COMPLIANT | Provide link to company's website | The Revised Corporate Governance Manual is published in the corporate website at: |

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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| website. | | | BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| Supplement to Recommendation 13.1 | | | |
| 1. Company's common share has one vote for one share. | COMPLIANT | | Yes. This is expressly stated in the voting Rights of shareholders in Article II Section 6 of the Amended By-Laws. |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | COMPLIANT | Provide information on all classes of shares, including their voting rights if any. | The equitable treatment of shareholders is enshrined in Article II Section 6 of Amended By-Laws and page 35 of the Revised Corporate Governance Manual. Our CG principle of FAIRNESS essentially applies among others, to the equal treatment and protection of shareholder rights as stated. Rights available to the majority shareholders are also available to the minority shareholders. BDOLF has only 1 kind of share: Common Share with 1 vote per share, except in the election of directors where one share is entitled to as many votes as there are directors to be elected. |
| 3. Board has an effective, secure, and efficient voting system. | COMPLIANT | Provide link to voting procedure. Indicate if voting is by poll or show of hands. | BDOLF has been using poll voting. Cumulative Voting is allowed in the election of directors. This method is discussed in detail on page 3 of the 2018 Definitive Information Statement item © Election of Directors and Voting Rights (Cumulative Voting). |
| 4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to | NOT COMPLIANT | Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if | The Company affirms the voting rights given to the minority shareholders relative to certain major corporate acts that require the approval of at least |

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| <p>protect minority shareholders against actions of controlling shareholders.</p> | | <p>any.</p> | <p>2/3 of the shareholders, which effectively include already the “majority of the minority” shareholders. In accordance with law, the Company recognizes also the appraisal right of any shareholder in case of dissenting vote on any approved major corporate actions. As additional mechanisms to protect minority shareholders, the Company has in place policies on Related Party Transactions to protect against improper conflict of interest, Personal Trading Policy to prevent insider trading and Whistle Blower to provide a channel for reporting of illegal practices, abuse of authority and fraudulent activity, etc. without fear of reprisal. Related party transactions are reviewed by the Related Party Transactions Committee consisting of Independent and Non-Executive Directors.</p> <p>In the Notice of the Annual Stockholders’ Meeting (ASM), the Company is reminding all shareholders including minority shareholders to vote during the ASM to reinforce their participation in the affairs of the company.</p> |
| <p>5. Board allows shareholders to call a special shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p> | <p align="center">COMPLIANT</p> | <p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p> | <p>BDOLF Amended By-Laws allows this. Please see Article III Section 2 Amended By-Laws – Special Meetings which states that:</p> <p>“Special meetings of the stockholders may be called for any purpose by the President or by the Chairman upon order of the Board of Directors or the Executive Committee. The Secretary shall call a special meeting of stockholders whenever she</p> |

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| | | | <p>is requested in writing to do so by holders of record of a majority of the capital stock of the Company entitled to vote to such meetings.”</p> <p>However, there has been no special shareholders’ meeting called.</p> |
| <p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p> | <p align="center">COMPLIANT</p> | <p>Provide information or link/reference to the policies on treatment of minority shareholders</p> | <p>The Company recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the Amended By-Laws of the Company provide that all shares in each class should carry the same rights and any changes in the voting rights to be approved by them.</p> <p>Any stockholder, whether majority or minority has the right to nominate candidates for seats in the Board of Directors, access to any information relating to matters for which the management is accountable, propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>Policies and procedures have been put in place as well to protect the interests of minority shareholders such as the Related Party Transactions Policy to manage potential conflicts of interests arising from related party transactions and the Personal Trading Policy that prohibits insider trading. Please see page 32-33 Section 13 for the rights of the shareholders in the Revised Corporate Governance Manual.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |

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| <p>7. Company has a transparent and specific dividend policy.</p> | <p>COMPLIANT</p> | <p>Provide information on or link/reference to the company’s dividend Policy.</p> | <p>See BDOLF Dividend Policy Statement at: https://www.bdo.com.ph/sites/default/files/pdf/Dividend%20Policy%20Statement.pdf</p> <p>“BDOLF recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. In February 2018, the Company paid a cash dividend of Php 0.10 per share and will endeavor to do so while maintaining financial flexibility.</p> <p>The Board of Directors may, at its discretion and depending on the business results for the year and capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders normally announced at the Annual Stockholders’ Meeting.”</p> |
| | <p>COMPLIANT</p> | <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p> | <p>Yes. Dividends are processed and paid based on PSE and SEC Rules as follows:</p> <p>Payment date should not be more than 18 trading days from the record date, and disclosure of record date must not be less than 10 trading days from said date.</p> |
| Optional: Recommendation 13.1 | | | |
| <p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders’ Meeting.</p> | <p>COMPLIANT</p> | <p>Identify the independent party that counted/validated the votes at the ASM, if any.</p> | <p>Punongbayan & Araullo Grant Thornton (P&A)</p> |
| Recommendation 13.2 | | | |
| <p>1. Board encourages active shareholder participation by sending the Notice of</p> | <p>COMPLIANT</p> | <p>Indicate the number of days before the annual stockholders’ meeting or special</p> | <p>Notice and Agenda including Rationale were released on March 20, 2019 (22 days before the</p> |

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| <p>Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p> | | <p>stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> | <p>ASM). Remuneration was included in the agenda meeting as part of the Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their term of office.</p> <p>See 2018 Definitive Information Statement at PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf</p> |
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Supplemental to Recommendation 13.2

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| <p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p> | | <p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p> | |
| <p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p> | <p align="center">COMPLIANT</p> | | <p>See pages 5 to 9 of the 2018 Definitive Information Statement at:</p> <p>PSE EDGE: https://www.bdo.com.ph/leasing/company-disclosures BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf</p> |
| <p>b. Auditors seeking appointment/re-appointment</p> | <p align="center">COMPLIANT</p> | | <p>See Item 7. Independent Public Accountants on page 16 of the 2018 Definitive Information Statement at :</p> <p>PSE EDGE:</p> |

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| | | | http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31 BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf |
| c. Proxy documents | COMPLIANT | | Proxy documents could be downloaded from the corporate website at: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-proxy-forms-individual-and-corporation.pdf |
| Optional: Recommendation 13.2 | | | |
| 1. Company provides rationale for the agenda items for the annual stockholders meeting | COMPLIANT | Provide link or reference to the rationale for the agenda items | See Agenda Details and Rationale Annex A of the 2018 Definitive Information Statement at PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31 BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| Recommendation 13.3 | | | |
| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | COMPLIANT | Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM. | See disclosure to PSE on the results of the BDOLF's 2018 ASM which was done the next day at: PSE Edge: http://edge.pse.com.ph/companyDisclosures/form |

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| | | | .do?cmpy_id=31 |
| 2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting. | COMPLIANT | Provide link to minutes of meeting in the company website. | See BDOLF's Minutes of the 2018 ASM at: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| | COMPLIANT | Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. | Complete voting results are included in the Minutes of the ASM. |
| | COMPLIANT | Indicate also if the voting on resolutions was by poll. | Voting of resolutions was done by poll. |
| | COMPLIANT | Include whether there was opportunity to ask question and the answers given, if any | Yes. The Open Forum portion of the 2018 ASM Minutes includes the questions from the shareholders and answers of Roberto E. Lapid/President. https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| Supplement to Recommendation 13.3 | | | |
| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM. | COMPLIANT | Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting | See Pages 1-2 of the Minutes of the 2018 ASM at: https://www.bdo.com.ph/sites/default/files/pdf/Minutes%20of%202018%20Annual%20Stockholders%20Meeting.pdf |
| Recommendation 13.4 | | | |
| 1. Board makes available, at the option of a shareholder, an alternative dispute | COMPLIANT | Provide details of the alternative dispute resolution made available to resolve | See Annex B of the Manual on Corporate Governance Alternative Dispute Resolution for the |

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| mechanism to resolve intra-corporate disputes in an amicable and effective manner. | | intra-corporate disputes | complete details of the ADR. BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | COMPLIANT | Provide link/reference to where it is found in the Manual on Corporate Governance | See Annex B of the Revised Manual of Corporate Governance at BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| Recommendation 13.5 | | | |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. | COMPLIANT | Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address | Being a subsidiary and part of BDO Group, the Company's Investor Relation function is centralized with the Parent Bank. |
| 2. IRO is present at every shareholder's meeting. | COMPLIANT | Indicate if the IRO was present during the ASM. | The Company's Investor Relation Officer is Luis S. Reyes who is present every shareholder's meeting. |
| Supplemental Recommendations to Principle 13 | | | |
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group | COMPLIANT | Provide information on how anti-takeover measures or similar devices were avoided by the board, if any. | BDOLF Amended By-Laws do not contain anti-takeover provisions, no issuance of "poison pill" preferred stocks, no standstill agreement, premium stock repurchases, etc. |
| 2. Company has at least thirty percent (30%) | COMPLIANT | Indicate the company's public float. | As of December 31, 2018, public float was |

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| public float to increase liquidity in the market. | | | <p>11.45%, per attached BDOLF's Public Ownership Report submitted to PSE.</p> <p>PSE EDGE: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=31</p> <p>BDOLF website: https://www.bdo.com.ph/sites/default/files/pdf/Public-Ownership-as-of-December-31-2018.pdf</p> |
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Optional: Principle 13

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| 1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting | COMPLIANT | Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM | See page 30 Section 11. Promoting a Comprehensive And Cost-Efficient Access to Relevant Information; page 35 Shareholder Relations; page 36 Investors and page 37 Stakeholders' Engagement of the Revised Corporate Governance Manual. These contain the policies and practices to actively engage the shareholders anytime for a better appreciation of market sentiment towards the Company. |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting. | NOT COMPLIANT | Disclose the process and procedure for secure electronic voting in absentia, if any. | The Company opted not to use this system because it is costly and will not support effective shareholder participation in an economical, safe, and efficient manner. |

Duties to Stakeholders

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

Recommendation 14.1

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| 1. Board identifies the company's various stakeholders and promotes cooperation | COMPLIANT | Identify the company's shareholder and provide information or reference to a | The Company's stakeholders are the shareholders, customers, employees, creditors, |
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| <p>between them and the company in creating wealth, growth and sustainability.</p> | | <p>document containing information on the company's policies and programs for its stakeholders.</p> | <p>suppliers, service providers, counterparties, government, regulators, competitors, and communities in which the Company operates. See pages 35-37 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Recommendation 14.2

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| <p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> | <p align="center">COMPLIANT</p> | <p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p> | <p>See pages 35-37 Fair Treatment and Protection of Stakeholders of the Revised Corporate Governance Manual for the policies and programs for each type of stakeholders.</p> <p>BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf</p> |
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Recommendation 14.3

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| <p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p> | <p align="center">COMPLIANT</p> | <p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.), which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> | <p>1. For Shareholders: NAME: Mr. Luis S. Reyes/SVP – Head, Investors Relations & Corporate Planning TEL. NUMBER: (632) 840-7000 locals 6069, 4809 and 3581 EMAIL ADDRESS: irandcorplan@bdo.com.ph</p> <p>2. For Customers and Other Stakeholders NAME: Mr. Romell A. Gamboa TEL. NUMBER: 840-7000 (loc. 45410) EMAILADDRESS:</p> |
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| | COMPLIANT | Provide information on whistle blowing policy, practices and procedures for stakeholders | BDOLF_Customer_Assistance_Management@bdo.com.ph See Policy on Disclosure of Sensitive/Confidential Matters to Management at: https://www.bdo.com.ph/sites/default/files/pdf/Policy-on-Disclosure-on-Sensitive-Information.pdf |
| Supplement to Recommendation 14.3 | | | |
| 1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. | COMPLIANT | Provide information on the alternative dispute resolution system established by the company. | See Annex B of the Revised Corporate Governance Manual for the full details of Alternative Dispute Resolution Policy. https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
| Additional Recommendations to Principle 14 | | | |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | COMPLIANT | Disclose any requests for exemption by the company and the reason for the request. | BDOLF has not requested any exemption from SEC, PSE and BSP related to corporate governance. In fact, the Bank has continued to follow, where appropriate, the international best practices of corporate governance issued by globally recognized standards setting bodies such as the Organization of Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard which serve as essential points of reference. |
| 2. Company respects intellectual property rights. | COMPLIANT | Provide specific instances, if any. | The Company does not infringe on the intellectual property rights of others. As an example, it uses only licensed software in its banking applications. Proprietary protection of Intellectual Property Rights is a standard provision in the Software |

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Licensing Agreement.

Optional: Principle 14

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| <p>1. Company discloses its policies and practices that address customers' welfare</p> | <p>COMPLIANT</p> | <p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p> | <p>See Employees' Welfare on page 1 Responsibilities for the Work Place of the Revised Code of Conduct and Business Ethics at:</p> <p>https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf</p> |
| <p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p> | <p>COMPLIANT</p> | <p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p> | <p>The Company adopts Parent Bank's strict standards and procedures on the selection, qualification, accreditation and supervision of its suppliers/contractors. This is covered by the Parent Bank's General Procurement Guidelines. These include, among others, the following:</p> <p>A. Sourcing of Vendors/Suppliers/Contractors</p> <p>1. As a general rule, vendors, suppliers, and contractors shall be sourced through research via trade organizations, publications (including the internet), professional bodies, and other external entities, and through market consultation.</p> <p>2. The Parent Bank's Procurement unit, the Procurement and Supply Management Division (PSMD), shall accept walk-in vendors/suppliers/contractors and entertain referral from units as possible sources of goods or services.</p> |

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B. Vendor Accreditation

Criteria shall include the following items:

- a. financial, credit, and technical capability
- b. track record / reputation in the industry
- c. availability of capacity /network
- d. cost competitiveness
- e. business reciprocity with the Bank

C. Competitive Processes

Canvassing/Bidding

The Parent Bank invites a certain number of vendors/suppliers. They have to meet certain criteria before they can bid for work or a supply contract. The Bank awards the Contract to the one who offers the most advantageous commercial terms and who can demonstrate cost effectiveness, competence, and reliability.

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

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| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the | COMPLIANT | Provide information on or link/reference to company policies, programs and procedures that encourage employee | See page 37 Section 15. Encouraging Employees Participation of the Revised Corporate Governance Manual. |
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| company's goals and in its governance. | | participation. | https://www.bdo.com.ph/sites/default/files/pdf/Revised-Manual-on-Corporate-Governance.pdf |
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Supplement to Recommendation 15.1

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| 1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. | COMPLIANT | Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders. | The Employee Stock Option Plan has been in place since 2005. Please see page 79 Note 2.18e of the 2018 Annual Report – Employee Stock Option Plan (ESOP) https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf |
| 2. Company has policies and practices on health, safety and welfare of its employees. | COMPLIANT | Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any. | See page 20-21 of Management Report to Stockholders in the 2018 Definitive Information Statement which details the policies and programs related to Employee Welfare, Health & Safety including pertinent data in 2018. https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf |
| 3. Company has policies and practices on training and development of its employees. | COMPLIANT | Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended. | See page 19-20 of Management Report to Stockholders in the 2018 Definitive Information Statement which detail the various in-house and external training programs conducted in 2018 and related data on training hours. BDOLF Website: https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf |

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[OLF-2019-Definitive-Information-Statement.pdf](#)

Recommendation 15.2

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

Supplement to Recommendation 15.2

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| <p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p> | <p align="center">COMPLIANT</p> | <p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p> | <p>See Sanctions & Penalties of the Revised Code of Conduct and Business Ethics at:</p> <p>https://www.bdo.com.ph/sites/default/files/BDOLF%20CODE%20OF%20CONDUCT%20AND%20BUSINESS%20ETHICS.pdf</p> <p>which we quote:</p> <p>“Failure to comply with the requirements of the Code may lead to disciplinary measures commensurate to the violations.</p> <p>The Bank will use principles of fair accountability and due process in investigating and making decisions on all matters pertaining to failure to</p> |
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| | | | <p>abide by the Code.</p> <p>BDO reserves the right to impose corresponding sanctions and/or penalties for violation of the Code, which includes dismissal from service or from the Board of Directors, as the case may be, without prejudice to further legal, administrative or criminal charges depending on the offense.”</p> |
| Recommendation 15.3 | | | |
| <p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p> | COMPLIANT | <p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> | <p>See Policy on Disclosure of Sensitive or Confidential Matters to Management at:</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/Policy-on-Disclosure-on-Sensitive-Information.pdf</p> |
| | COMPLIANT | <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> | <p>Yes. This is clearly stated in the section on Protecting the Whistle Blower.</p> |
| | COMPLIANT | <p>Provide contact details to report any illegal or unethical behavior.</p> | <p>Reporting Process</p> <p>Reporting may be done thru any available means such as but not limited to SMS text (e.g. BDO Watch), letter, email or phone call directly to the Office of the President (OP) or the appropriate Head of the Unit concerned. For concerns directly involving the President and the other Executive Directors, the report should be addressed to the Board of Directors thru the Office of the Chairperson. For RPT-related concerns, the report should be addressed to the Chairman, Related Party Transactions Committee.</p> |
| <p>2. Board establishes a suitable framework for whistleblowing that allows employees to</p> | COMPLIANT | | <p>See Reporting Process above.</p> |

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| have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. | | | |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | COMPLIANT | Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing. | <p>The Compliance Unit of BDOLF is responsible for overseeing the implementation of this policy. The Head of the Cases Review Committee Secretariat will submit a monthly report to the Compliance Officer, Cases Review Committee and the Audit Committee covering the number of reports received, actions taken and its latest status.</p> <p>The Audit Committee, at its discretion, may periodically report the whistle blower cases to the Board of Directors.</p> |

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

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| 1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates. | COMPLIANT | Provide information or reference to a document containing information on the company's community involvement and environment-related programs. | <p>See 23-24- Environmental Responsibilities in the 2018 Definitive Information Statement</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2019-Definitive-Information-Statement.pdf</p> |
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Optional: Principle 16

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| 1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development | COMPLIANT | Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development. | <p>See page 32-33 of the 2018 Annual Report..</p> <p>https://www.bdo.com.ph/sites/default/files/pdf/BDO%20Leasing%202018%20Annual%20Report.pdf</p> |
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| 2. Company exerts effort to interact positively with the communities in which it operates | COMPLIANT | Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates. | See page 22-23 – Corporate Social Responsibility of the 2018 Definitive Information Statement. https://www.bdo.com.ph/sites/default/files/pdf/BDO_LF-2019-Definitive-Information-Statement.pdf |
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