



MANAGING OUR CAPITALS

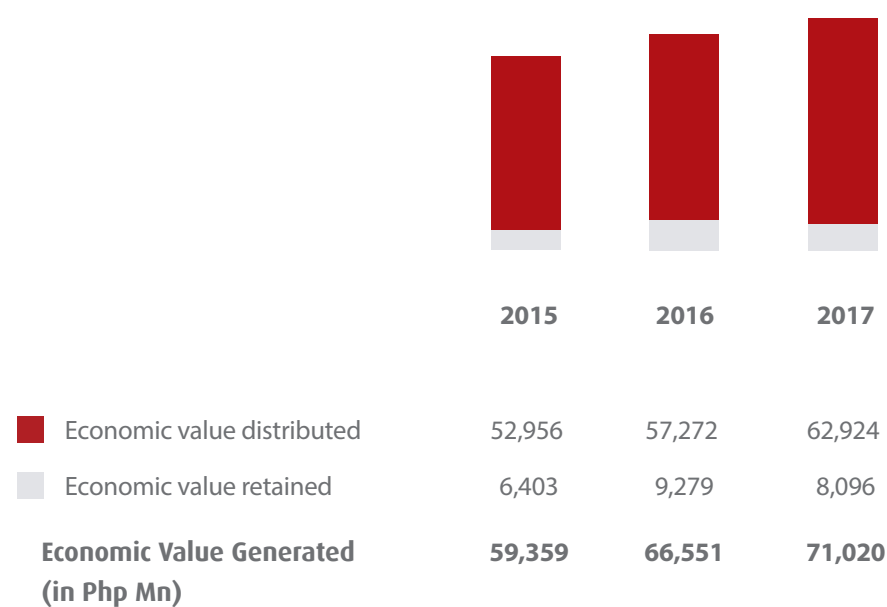
	Who are our stakeholders and how do we engage them?	What matters to them?	How do we address them?		Who are our stakeholders and how do we engage them?	What matters to them?	How do we address them?
<p>Clients</p> <p>Client trust is a fundamental pillar of the Bank. High regard to values is of primary importance in dealing with our clients.</p>	<p>Clients are engaged through touch points such as branches, personnel, phone, email, and social media channels. There are also periodic satisfaction surveys as well as regular visits to existing clients and area briefings.</p>	<p>Clients' concerns include quality of service; accessibility of electronic services; convenience, affordability, reliability, and efficiency of delivery of products and services; relevance of products suited to their needs; competence of personnel to address concerns; availability of service; and sound or customized financial advice.</p>	<p>We have a proactive approach to client concerns (i.e. proper allocation of manpower resources, review of outsourcing services, set up of more effective contact centers, and continuous process improvements) and constantly monitor and upgrade our systems. We also have personnel capacity building and timely provision of customized feedback, advice and/or solutions to inquiries.</p>	<p>Regulatory Agencies</p> <p>Banking is a highly-regulated industry and it is our mandate to comply with all regulations with utmost transparency.</p>	<p>Regulatory agencies are continuously engaged through formal and informal correspondences, constructive dialogues (both bank-specific and industry), and other forms of communication, including regular examinations. We strive to ensure that we have a close and continuous working relationship that builds on our common objectives and goals.</p>	<p>Regulators ensure the Bank's stability, compliance with relevant national laws and regulations, and accountability through corporate governance and risk management.</p>	<p>We provide our regulators timely disclosures and ensure quality and integrity of financial reports. We effectively comply and implement all key policy-issuances, circulars, and guidelines on a timely manner. We also actively participate in the various advocacies and industry-wide initiatives of the regulators.</p>
<p>Investors</p> <p>Our investors provide financial capital for us to do business and create societal and economic good. Their trust and confidence in us is of utmost importance as well.</p>	<p>We have regular investor briefings, annual stockholders' meetings, and online publications to update our investors on the Bank's performance.</p>	<p>Stakeholder returns, financial performance, and business growth and continuity are topics that matter to our stockholders.</p>	<p>We provide transparent and timely disclosures that could guide stockholder decision-making.</p>	<p>Communities</p> <p>As a socially responsible company, we engage with communities to further our advocacy of financial literacy, inclusion, and wellness.</p>	<p>We have formal partnerships and agreements on projects. We also have regular correspondence through emails, letters, memos, meetings, text message, and phone calls and give updates and features through our website, social media pages and groups, and print and online platforms. Our partner communities also provide post-event feedbacks.</p>	<p>Communities are concerned with new project and initiatives, updates on existing projects, takeaways from activities conducted, and opportunities for capacity building and access to resources.</p>	<p>We attend meetings with our partners and conduct events with our beneficiaries and external partners.</p>
<p>Employees</p> <p>Our employees drive our Bank and are the face of our operations. They are aligned with our values to provide service with excellence and integrity.</p>	<p>In order to engage our employees, we have online portals, face-to-face meetings, and learning sessions. There are also annual performance appraisals, periodic engagement surveys, and town hall meetings.</p>	<p>Key topics that employees are concerned with include training and capacity building, opportunities for career development, clear understanding of the Bank's strategy and direction, pay for performance and meritocracy, competitive compensation and benefits, work-life balance, and rewards and recognition.</p>	<p>We created leadership development programs, career mobility, and officers' development. Promotions, performance bonuses, and salary increases are tied to performance while rewards and recognition programs are anchored on reinforcing the core values of the Bank. There are also salary reviews to ensure competitiveness of compensation against market. Semi-flexible work hours are provided at the head office.</p>	<p>Suppliers and Contractors</p> <p>Suppliers and contractors provide us with equipment and materials for our operations.</p>	<p>Our suppliers and contractors are engaged primarily through our accreditation process as well as emails, letters, and memos</p>	<p>Suppliers and contractors are interested with our procurement policies (e.g. requirements and criteria for evaluation) and other procurement-related concerns (e.g. cost, terms of payment, mode of shipment, and warranties).</p>	<p>Our policies are cascaded to our suppliers and contractors and they are also provided with real-time updates.</p>

Economic Value Generated

Economic growth is made more meaningful when it is felt by as many of our countrymen as possible. We do our part to make the economy more inclusive by allowing Filipinos to gain directly from it through wealth creation and fostering opportunities for advancement. As a financial institution, we build on the trust given to us for more than a century by continuously improving our internal systems and processes. This commitment to our stakeholders is founded on the core values of honesty, efficiency, and fairness - a belief that every Filipino can achieve more with every hard-earned peso they invest.

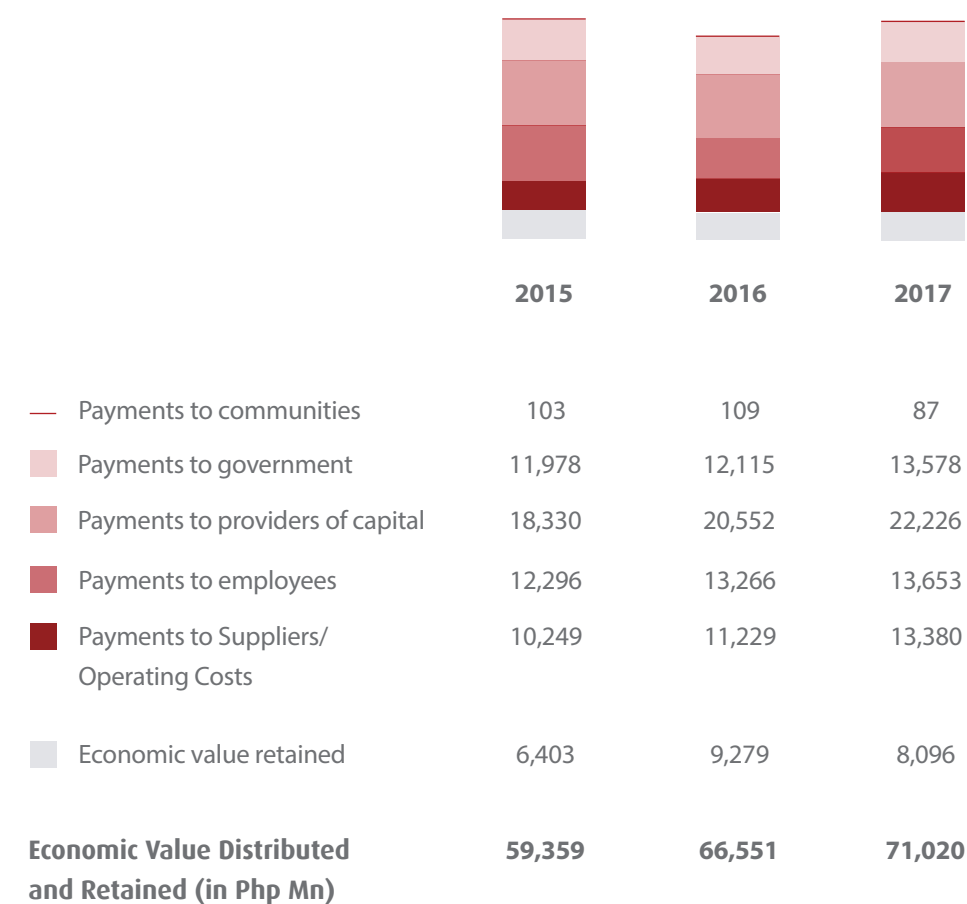
BPI's total economic value generated for 2017 reached Php 71 billion, a 7% increase from 2016. Economic value retained decreased by 13%.

BPI's economic value distribution is driven mostly by its payments to providers of capital, employees, and governments, taking up 35.3%, 21.7% and 21.6% of the total value distributed respectively.



Economic Value Distributed and Retained

In general, all components are at steady growth. In 2017, payments to supplier and operating costs grew by 19%, the highest among the others, due to increase in repairs and maintenance, miscellaneous expenses on IT services, transaction costs for securities, and charges on acquiring and issuing cards. This is followed by a 12% increase in payments to government due to increases in taxes and licenses and an 8% increase in payments to providers of capital due mainly to higher interest expense on borrowings. Only payments to communities decreased by 20%.



Engaging Our Employees

People have always been BPI's valued asset—their integrity, professionalism, and loyalty are the foundations of our competitive advantage. As reflected in the Bank's Credo, our strategies promote the well-being of our people and allow us to remain the employer of choice within the banking industry. Our culture of customer focus, excellence, loyalty, teamwork, integrity, and concern for people results in high value performance, which we reward fairly.

Our Human Resources Management (HRM) Group implements strategic approaches to maintain high levels of employee engagement. Career advancement training, development programs, and a wide range of mandatory functional, leadership, and core courses are offered along with

customized programs through our partnership with Harvard Business Publishing and other esteemed learning providers. Promotion acceleration programs, interest clubs, volunteerism platforms, and health and wellness seminars ensure employee engagement is well-rounded.

Financial wellness is achievable for our employees from day one until retirement through access to various loans and facilities as well as medical insurance plans. A high level of employee satisfaction is beneficial to our responsibilities as an employer. The data we gather allows us to focus on areas needing attention.

There are three main drivers for gaining a high score on employee engagement, which are values, innovation, and goal clarity.

Core Values (Customer Focus, Excellence, Loyalty, Teamwork, Integrity, and Concern for People)

- During the New Employees Orientation (NEO), new hires undergo a full day of core values training.
- Employees who exemplify the core values are rewarded through Excellence Awards, WOW Awards, Escudo Awards, and BPI BAYAN Awards. For the Unibanker of the Year award, adherence to core values constitutes half of the candidate's score. The BPI Excellence Awards was also recognized with a Gold Anvil for PR program by the Public Relations Society of the Philippines.
- Core competencies are measured in the annual performance appraisals to ensure that performance is backed up by a correct behavioral system and way of working.
- To address integrity issues, we have a robust Whistleblowing Policy, an organized disciplinary process, and a mandatory course on conflict of interest standards.

Innovation

Scoring 8% points higher than the Global Banking Norm, BPI rewards teams who innovate customer experience through better products and services, or make internal process more efficient through the Best in Innovation Project of the Year award.

BPI continues to improve employee engagement through these initiatives:

The Bank continues to improve employee engagement through semi-annual Coffee Talk with the President where the Bank's direction and key plans are discussed in order to strengthen the reach of the strategy.

Goal Clarity

Employees are aware that their work contributes to BPI's business objectives. At the start of the year, organizational targets and scorecards are presented and released to make clear the goals of each officer.

Provincial cascades are conducted in key and remote cities of the Bank to keep the employees there in touch with the strategy, and for top management to energize them on the plans for the future.

BPI maintains competitive compensation and benefits based on the market. This is achieved through systematic and thoughtful use of market data as basis for determining compensation rates and benefits packages offered to prospective and existing employees.

Encouraging an Empowered Culture

We recognize our employees' need for wellness and empowerment. Thus, we address this through developmental, volunteerism, and wellness initiatives as well as steady work-life balance.

Employee Volunteerism

The program BPI BAYAN (Bayanihan Para sa Inang Bayan) is of great value as this allows our employees to create and facilitate programs, which address the needs of local communities in all areas where we have existing branches. We also have BPI SOIL (Social Immersion Lab) program, which allows senior officers to immerse themselves in underdeveloped communities and share their expertise through concrete implementable financial interventions.

This year, through BPI BAYAN, we conducted more than 60 projects for 126,650 beneficiaries, some of whom are informal settlers, jobless mothers, public school students, youth undergoing substance recovery, and farmers. Medical missions, financial education, and skill and development training were provided.



Interest Clubs

Work-life balance is reflected in interest clubs, where employees hone their talents in a variety of hobbies and sports. Employee network is also strengthened during club activities, where colleagues from different units of the Bank get to meet each other.

There are 15 clubs that cater to different interests. These are Aerobics, Aikido, Badminton, Bowling, Camera, Chess, Culinary, Cycling, Golf, Horticulture, Runners, Sayaw, Toastmasters, Voices, and Volleyball. Our teams in Volleyball, Streetdance, Badminton, Golf, and Bowling get to represent BPI and compete against other Ayala Group companies in the JZA Cup annually and Ayala Olympics held every four years.

Wellness Program

The BPI Wellness Program encourages healthier lifestyles by providing employees with lectures on health and wellness, blood drives, annual vaccination drives, health screening, and access to wellness products and related services from health partners. Healthy individuals guarantee better productivity and involvement both in the workplace and in employees' personal lives.

Providing Career Development Opportunities

BPI continuously provides its employees professional growth and career development opportunities. We track our performance on this aspect using indicators such as average training hours, number of promotions, and average time in rank.



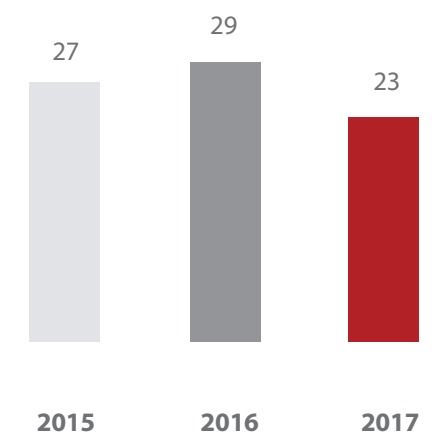
Average Training Hours

404-1

The Bank's HRM Group monitors the total and average training hours provided per employee.

In 2017, Unibankers underwent a total of 395,608 hours of training. On the average, each of our 17,047 employees received 23 training hours. Overall, we are steadily moving closer to our ideal of 40 hours, or five days' worth of training hours for each employee yearly.

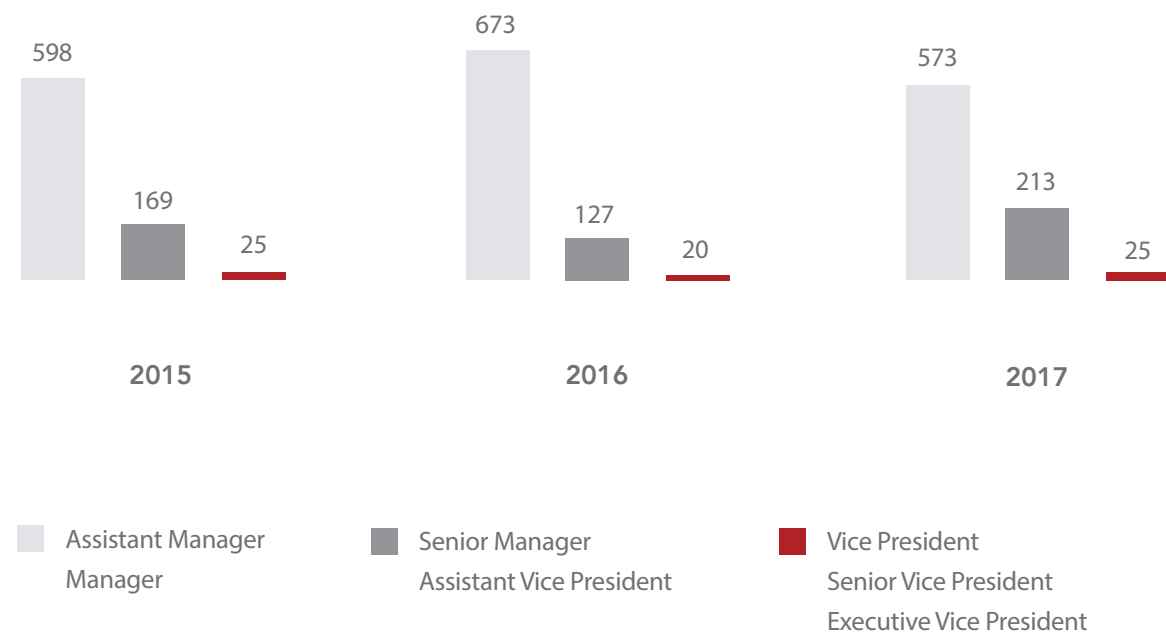
Average Training hours per Employee



Promotions

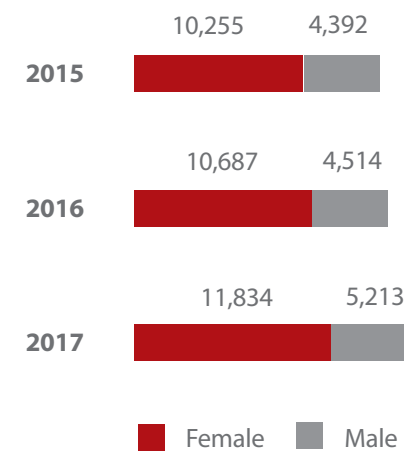
Annually, we are able to carry out promotions, demonstrating the Bank's ability to develop and prepare employees to take on higher responsibilities and roles. In 2017, there were 811 promotions across all ranks, a 1% decrease from 820 promotions in 2016. Average time in rank for the year ranged from 3 to 4.5 years.

Number of Promoted Employees

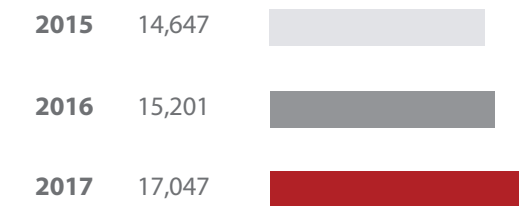


Observing Employee Diversity 102-7, 102-8, 405-1

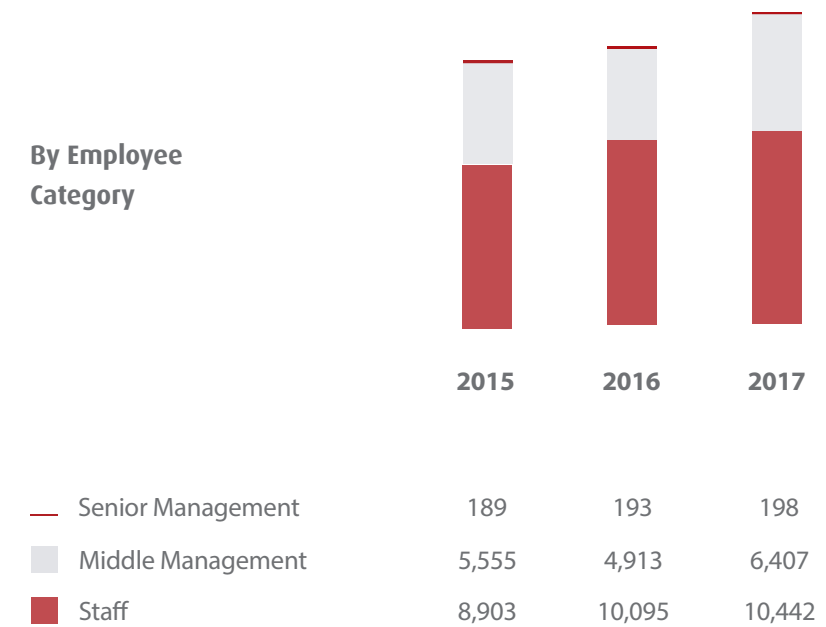
By Gender



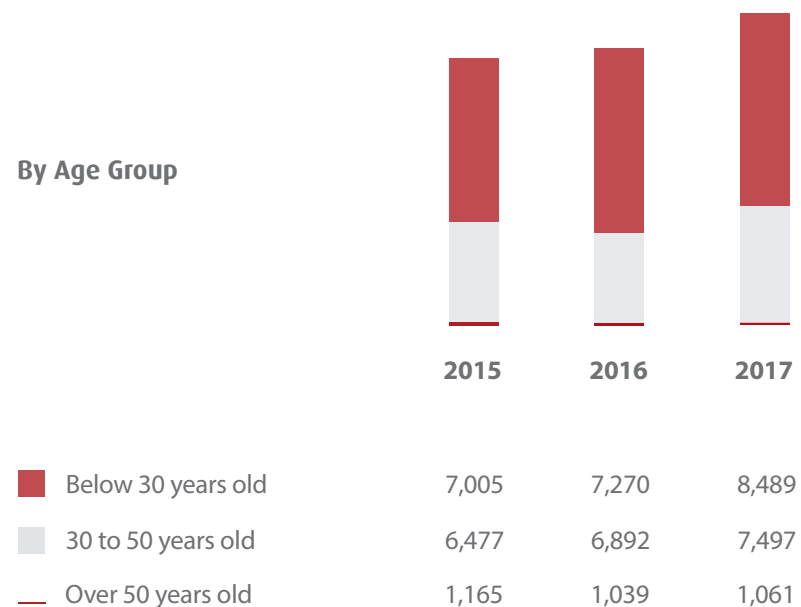
Total Headcount



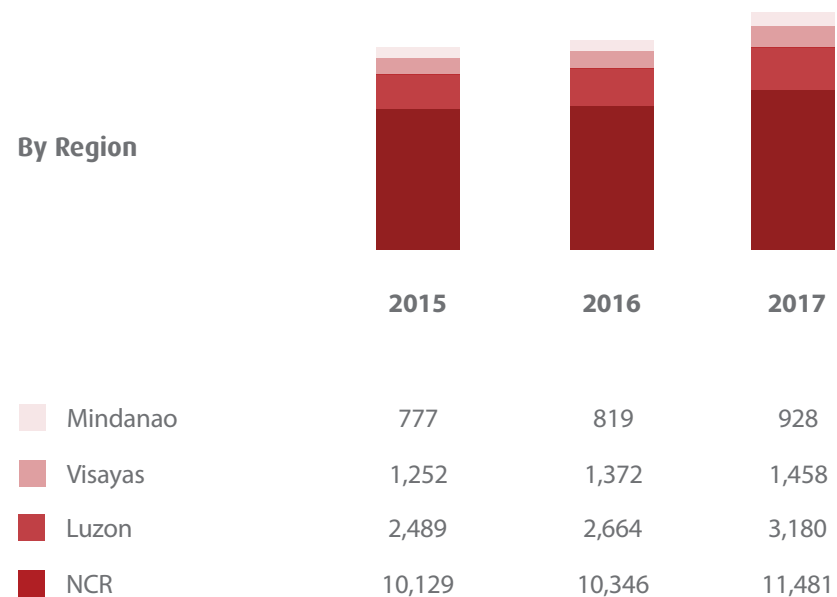
By Employee Category



By Age Group



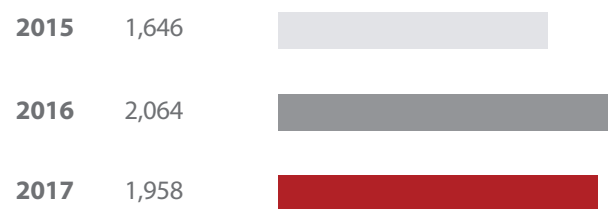
By Region



Number of New Hires 401-1



Employee Turnover



Ensuring Safety and Security

Employee welfare and customer banking experience are important to us and we include in our responsibilities their safety and security within the vicinity of our facilities. Currently, BPI's Central Security Office is manned 24/7 by a team which provides alarm and CCTV monitoring, and dispatches roving inspectors to all sites and properties



Central Video and Alarm Monitoring (CVAMS) Project

In addition to the upgrades in some of our branches, we also implemented the CVAMS Project for branches, which ensures enhanced threat identification and response mechanism. All CCTV cameras and alarm notifications are centrally monitored and managed in the Central Security Office.

We have outfitted 866 branches of this technology.

Drills and Security Training 410-1

Security and safety measurements are regularly done through drills and training programs. In 2017, 34 fire and earthquake drills were conducted with 12,050 participants, and 15 training sessions were held on safety and first aid for employees and outsourced agencies with 6,257 participants. Further, scenario-based first responder trainings were also conducted for 2,312 participants. Likewise, security personnel were trained for an average of four hours per year on topics such as bank security enhancement, gun safety, bomb identification and detection, robbery or hold-up procedures, and security guard customer care.

Environmental Performance Review

Being a responsible financial institution, BPI is a conscious resource user. In our business operations, we are able to both reduce negative environmental impact and become more cost-effective, through mindful leadership across the organization, overall improving our margins.

We track our environmental impact via a tracking system in our places of business, gathering data on energy and water consumption of our branches and kiosks.

Operations in head offices are regularly monitored by our Facilities Services Group (FSG).

To reduce our resource consumption, we constantly explore technological innovations, such as the replacement of centralized air-conditioning. We also encourage our clients, suppliers, and partners to reduce their own environmental footprints.

As of 2017, our pool of accredited suppliers is composed of 407 entities, each adhering to our requirements for input materials and services being sourced locally.

Our conscious effort to source materials and services locally supports a stable local economy. For 2017, we paid a total of Php 13.4 billion for the products and services rendered by these contractors, suppliers, and other providers.

Among our key projects was to refresh and upgrade the look and feel of our branches nationwide. To better serve our clients and strengthen our presence, we completed 123 projects and added additional teller workspaces in 150 branches.

Supply Chain Management

102-9, 204-1

FSG oversees all the Bank's engagements with service providers, contractors, and suppliers. Strict and detailed supplier accreditation processes and compliance with all legal standards are enforced. This enables us to identify contractors who meet quality standards on best practices and constant improvement.

The procurement process involves accreditation committees, standards covering accreditation criteria, improved information on requirements and documentation, various modes of procurement, and service performance monitoring. This procedure allows the Bank and its suppliers to be aware of the ethical, environmental, and social risks and opportunities relating to operations and products. The same holds true in the construction of new branches in all stages of work.

Value Delivery Chain for New branches and Access points



Energy Consumption

302-1, 302-3

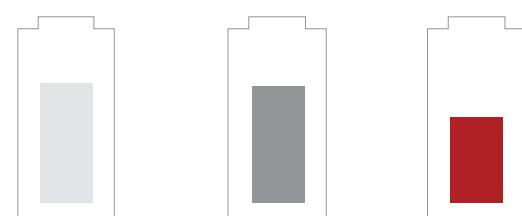
Electricity is vital in our daily operations as it is used to run our offices and branches, business, cash, and processing centers. As an effort to manage our resources more efficiently and save costs on utility, FSG initiated the installation of LED lights and inverters in BPI offices and branches. The LED lighting fixtures cost Php 98,064 per branch, and Php 600,000 for inverter aircon units.

This project resulted to Php 8.2 million total cost savings from the conversion of 263 branches to LED lights, and Php 8.1 million from the conversion to inverter type air-conditioning units.

These efforts contributed 7% decrease in total electricity consumed from 2016.

We optimized use of electricity for our operations as indicated by improved energy intensity. Electricity consumption per revenue decreased by 13% from 2016.

Likewise, fuel consumption of contracted armored vehicles servicing cash centers decreased by 6%.



Electric Consumption
(in gigajoules)

2015: 190,344
2016: 189,238
2017: 175,797

Energy Intensity
(in gigajoules/million Php)

2015: 3.21
2016: 2.84
2017: 2.48

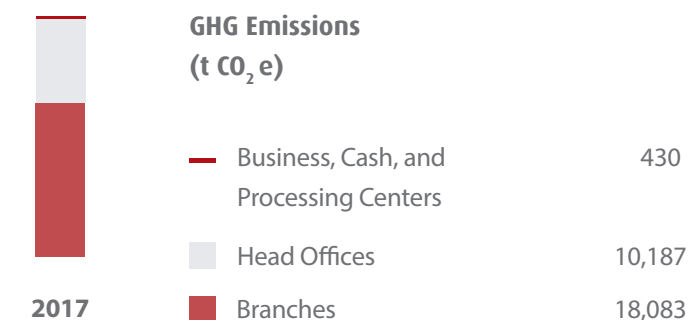
Fuel Consumption of Armored Vehicles
(in gigajoules)

2015: 32,150
2016: 29,476
2017: 27,677

Greenhouse Gas Emissions

305-2, 305-3

In terms of emissions, 63% of Scope 2 comes from the branches. Despite the increase in number of branches, BPI's effort to reduce carbon footprint through energy efficiency initiatives is manifested by a 9% reduction of Scope 2 emissions from 31,708 tonnes CO₂e in 2016 to 28,701 tonnes CO₂e 2017. Scope 3 was also reduced by 5%.



Scope 2 Electricity Consumed
(in tonnes CO₂e)

2015: 31,893
2016: 31,708
2017: 28,701

Scope 3 Fuel consumed
(in tonnes CO₂e)

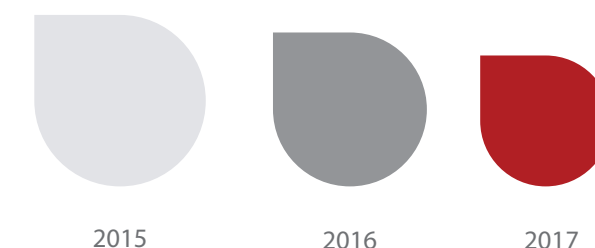
2015: 2,250
2016: 2,063
2017: 1,959

Water Consumption

303-1

Our water consumption comes from washrooms and toilets for washing and flushing at our offices and branches. In 2017, this reduced by 7 percent due in part to the decrease of occupants in our Buendia Center building.

We managed to use water efficiently as our water intensity improved. Water consumed per revenue decreased about 13 percent from 6.23 cubic meter/million Php to 5.45 cubic meter/million Php.



Water Consumption
(in cu. m)

2015: 423,013
2016: 414,902
2017: 387,087

Water Intensity
(in cu. m/million Php)

2015: 7.13
2016: 6.23
2017: 5.45