

**BPI DIRECTORS' CODE OF CONDUCT**

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## PREFACE

The Board of Directors (the “Board”) of the Bank of the Philippine Islands (the “Bank”) has adopted the following Code of Conduct (the “Code”) for Directors of the Bank. This Code is intended to provide guidance to directors, whether executive, non-executive or independent, with policies on standards for conduct of the business of the Bank, the protection of the rights of the Bank and others, and compliance with laws and regulations applicable to the Bank and its Directors.

As the highest governing body of the Bank that provides direction on its business and delegates the conduct of such business to management under the leadership of the Chief Executive Officer, the Board has a special role in the integrity and accountability framework of the Bank and must uphold exceptional standards for honesty, impartiality, and independence, and avoid even the appearance of questionable conduct or perception of irregularity in its decisions and actions.

This Code, therefore, sets forth policy in several basic areas that commonly require Directors to exercise sound and informed judgment, recognize and deal with ethical issues, report possible unethical conduct, and foster a culture of openness, fair dealing, diligence and accountability.

Built around the Bank’s Mission and Vision, its Credo and Core Values, the Code provides an overview of key attributes and model behaviors essential for the Board to assure the proper operation of the Bank’s business and the maintenance of trust and confidence in the Bank by the clients, employees, shareholders, partners, regulators and communities it serves.<sup>1</sup> Guided also by the Bank’s risk management framework and commitment to shared values<sup>2</sup>, the Code is not simply a declaration of principles, but is also a vital part of our risk management and sustainability strategies.

While this Code has been crafted to cover the scope of authority conferred upon the Board in accordance with laws, rules, regulations, guidelines and standards for banks and publicly-listed companies, no code or policy can anticipate every situation that may arise. Each Director must therefore comply not only with the *letter*, but also the *spirit*, of this Code, not just because it is the right thing to do but because such individual accountability is fundamental to our business, our reputation and our success as a financial institution.

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<sup>1</sup> BSP Circular 283, Series of 2001.

<sup>2</sup> 2016 SEC Code of Corporate Governance, Recommendations 15.1, 16.1 and 16.2.

## OBJECTIVE OF THE CODE

The principles outlined in this document: (1) codify a standard of conduct for which Directors are to abide throughout their term of service, from the date of their appointment; (2) set out a range of matters relating to the Director's role and the behavior expected of them to properly undertake their fiduciary duties, protect the business interests of BPI and maintain its reputation for integrity, and; (3) emphasize BPI's commitment to compliance with regulatory guidelines, rules and laws.<sup>3</sup> The principles in this Code are the individual and collective responsibility of all Directors.

In contrast to the Board Charter and Manual of Corporate Governance, which sets out the qualifications, role, composition, duties and responsibilities of the Board of Directors within the governance structure of the Bank, the Code governs the *behavior* and *conduct* of the Directors.

## COVERAGE, SCOPE AND APPLICATION

The Code of Conduct is applicable to and mandatory for all Directors of BPI Parent. The Code is also the applicable code for Directors on the Boards of the Bank's principal, direct and indirect subsidiaries.<sup>4</sup> Executive directors who also serve as officers of the Bank must also read this in conjunction with the Code of Business Conduct and Ethics for employees and comply with the applicable provisions therein.

Should certain business units of the Bank, or the principal, direct and indirect subsidiaries, by way of regulation, be required to tailor-fit the Code or the provisions therein, in such cases, the *more restrictive* policies or provisions of the Code will apply to the respective boards of those units. Any provision that is inconsistent with this Code shall be void to the extent that it contravenes or is inconsistent with this Code. As a general rule, again, the more conservative or restrictive provision(s) shall apply.

### I. LEADERSHIP AND STEWARDSHIP

The Board of Director's leadership and stewardship is one of the most important factors accounting for the Bank's long-term growth and success. In discharging their oversight responsibilities as guardians of the Bank's financial prudence and strength, the Board must always act and be seen by BPI's employees, clients, regulators, communities and shareholders ("stakeholders") to be acting with the highest standards of personal

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<sup>3</sup> 2016 SEC Code of Corporate Governance, Recommendations 7.1 and 7.2.; and BSP Circular 900, s2016, Guidelines on Operational Risk Management.

<sup>4</sup> BSP Circular 749, Series of 2012, Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions, C. Specific Duties and Responsibilities of the Board of Directors, (9), p.16.

and professional integrity, honesty, ethical and legal conduct and fiduciary duty.<sup>5</sup>

Beyond the delicate balancing act of policy and direction-setting to maintain clients' trust while assessing increases in the overall risk exposure of the institution, it is the *quality* of the Board's leadership and stewardship that provides the foundation for sustainability and stability throughout the Bank. Involvement or even attempted involvement in dishonest activity is unacceptable, may result in disciplinary action and require regulatory or public disclosure.

Directors are therefore expected to set the tone for the behavior of all employees by example and prescript. Integrity is indivisible and the Bank's Credo and Core Values must be displayed across the Board, senior management and all employees. Directors are to encourage a strong culture of accountability where issues are raised early, Board decisions are implemented quickly and operations are performed within their delegated authority.

All members of the Board, including appointive directors in subsidiaries and affiliates, shall be qualified by the Fit and Proper Rule,<sup>6</sup> and must therefore abide by the standards and conduct required by it. It is the exemplary behavior of the Board of Directors that provides the most persuasive statement about ethics and good governance.<sup>7</sup>

## **II. DILIGENCE, CARE AND SKILL**

Directors are expected to exercise their powers in good faith, to act on a fully informed basis with a reasonable degree of care, diligence and skill and to understand the business of the Bank and the role of the Board. Directors are to act judiciously and consider the financial, strategic and other implications of Board decisions, and act responsibly, seeking and evaluating all relevant information when considering matters presented before the Board.<sup>8</sup>

Sufficient time should be devoted by Directors to familiarize themselves with the institution's business. They must be constantly aware of the institution's condition and be knowledgeable enough to contribute meaningfully to the board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give

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<sup>5</sup> 2016 SEC Code of Corporate Governance, Recommendations 2.2; BSP Circular 283, Series of 2001, Section 3, No. 3.

<sup>6</sup> BSP Circular 513, Series of 2006, and R.A. 8791, General Banking Act, Section 16.

<sup>7</sup> BSP Circular 283, Series of 2001, Section 2.

<sup>8</sup> BSP Circular 283, Series of 2001, Section 4, No. 4; and 2016 SEC Code of Corporate Governance for Publicly-listed Companies, Recommendation 2.1.

sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board.<sup>9</sup>

Directors are expected to exercise independent judgment. A director should view each problem/situation objectively. When a disagreement with others occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollarily, he should support plans and ideas that he thinks will be beneficial to the institution.<sup>10</sup>

Continuity in decision-making is important to ensure that the Bank remains in sound financial and operational condition and is strategically positioned for future operations. Directors must therefore take on a long-term view with respect to their oversight and monitoring in crucial areas such as: vision, mission and strategic planning, capital adequacy, risk management and succession planning.<sup>11</sup>

### **III. UPHOLDING THE LAW**

BPI is subject to numerous laws and regulations in various jurisdictions in which it operates which impacts on the products and services it is able to offer and the ways in which it can offer them. In addition, as a publicly-listed company, BPI must conform to requirements to maintain its listed status and access to the capital markets. Any violation of these laws can affect BPI's reputation and ability to carry on business.

Therefore, Directors must display a working knowledge of the statutory and regulatory requirements affecting the institution, including the content of its Articles of Incorporation and By-laws, the requirements of the BSP and SEC, and where applicable, requirements of other regulatory agencies. A Director must also keep himself informed of the industry developments and business trends in order to safeguard the institution's competitiveness.<sup>12</sup>

Similarly, many of the principles in this Code are based on legal or regulatory obligations that apply to BPI or its Directors or senior management. In some cases, a breach of this Code may result in penalties or sanctions to BPI or its Directors or senior management. Complying with this Code will assist Directors in following the law.

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<sup>9</sup> BSP Circular 283, Series of 2001, Section 4, No. 3; and 2016 SEC Code of Corporate Governance for Publicly-listed Companies, Recommendation 4.1.

<sup>10</sup> BSP Circular 283, Series of 2001, Section 4, No. 5; and 2016 SEC Code of Corporate Governance for Publicly-listed Companies, Principle 5.

<sup>11</sup> 2016 SEC Code of Corporate Governance for Publicly-listed Companies, Recommendation 2.2 and 2.4.

<sup>12</sup> BSP Circular 283, Series of 2001, Section 4, No. 6; and 2016 SEC Code of Corporate Governance for Publicly-listed Companies, Recommendation 1.1.

#### IV. CONFLICT OF INTEREST

##### General Guidance

Directors are to act honestly and in good faith, with loyalty and in the best interest of the institution, its stockholders, regardless of the amount of their stockholdings, and in the best interest of other stakeholders such as its depositors, investors, borrowers, other clients and the general public. A Director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances. While a Director should always strive to promote the interest of all stockholders, he should also give due regard to the rights and interests of other stakeholders.<sup>13</sup>

Conflicts of interest between the Director and the Bank or any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Bank, should be disclosed promptly by the Director to the Chairman of the Board or to the Chairs of the Nominations and Corporate Governance Committees.<sup>14</sup> Such disclosures can also be done during the annual accomplishment of the Director's Conflict of Interest Declaration Form.<sup>15</sup> Directors are also required to disclose to the BSP the extent of their business interests or any such material information with respect to their directorship at the Bank.<sup>16</sup>

The Nominations and Corporate Governance Committees will resolve all conflicts of interest involving Directors. If a conflict involves a member of the Nominations or Corporate Governance Committees, that committee will resolve the conflict only if there are at least two disinterested Directors remaining on that committee. If none, then the matter will be resolved by the Executive Committee. If a significant conflict exists that cannot be resolved at any level, the Director involved may be asked to resign.

Conflicts of interest can arise in many ways and directors are expected to guard against these. Some situations might not be instantly viewed as conflicts of interest but may inadvertently impair performance of their duties objectively and effectively, such as when a director holds directorships in more than one company within the banking group or across a number of publicly-listed companies. Directors should be aware that their duty to more than one company might mean that they have different or sometimes competing fiduciary responsibilities in their various roles.

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<sup>13</sup> BSP Circular 283, Series of 2001, Section 4, No. 2.

<sup>14</sup> 2016 SEC Code of Corporate Governance, Recommendations 8.3 and Rule 12 Annex C of the SRC.

<sup>15</sup> Annex "B" of this Code.

<sup>16</sup> BSP Circular 513, Series of 2006, Section 1, b.

As a general rule, therefore, BPI expects its Directors to refrain from any outside activity, employment, position, association or investment that might interfere or appear to interfere with the independent exercise of a director's judgment regarding the best interests of the Bank. The basic principle to be observed is that a Director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that would compromise his impartiality.<sup>17</sup>

a. Outside Employment

Directors shall ensure that their employment by, or other affiliation with, organizations does not create an actual or apparent conflict of interest in violation of this Code. Directors are expected to show full commitment to the Bank, devoting the time and attention necessary to the business interests of the Bank and to properly and effectively perform their duties and responsibilities, including time to be sufficiently familiar to the business.<sup>18</sup>

In general, Directors must refrain from outside employment or business activities:

- That affect the objectivity and independence of the Director's performance of duties and responsibilities for BPI;
- That conflict or interfere with the time or schedule required for the Director to complete his or her duties for BPI;
- That involve the use of any information about BPI or violate confidentiality or data privacy obligations to BPI's clients, suppliers or employees;
- That involve the use of BPI equipment or resources;
- That involve accepting an opportunity to engage in a business activity or to make an investment where there is reason to believe that such opportunity would be of interest to BPI and should be offered to BPI first;
- That place the Director in a position that gives the appearance that he or she represents BPI or imply that BPI endorses a particular product, service or company when, in fact, such is not the case;
- That compete with any of BPI's business activities;
- That have a negative impact on BPI in terms of reputation, risk, etc.

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<sup>17</sup> BSP Circular 283, Series of 2001, Section 4, No. 1.

<sup>18</sup> 2016 SEC Code of Corporate Governance for Publicly-listed Companies, Principle 4.



b. Board Memberships

The Bank has a policy on multiple board seats:<sup>19</sup>

- i. A director shall exercise due discretion in accepting and holding directorships outside of BPI. A director may hold any number of directorships outside of BPI provided that, in the director's opinion, these other positions do not detract from the director's capacity to diligently perform his duties as a director of BPI.
- ii. Any limitations in the number of directorship outside of BPI shall not include directorships in BPI's subsidiaries, affiliates, parent company, and affiliates and subsidiaries of the parent company.

Directors must also be cautious about directorships in other organizations which may engage or become engaged in banking, securities or other financial services in one way or another and give rise to a conflict of interest. Directors must also notify the Board before accepting directorship in another company.<sup>20</sup>

Apart from disclosure of any conflicts of interest, after their election/re-election/appointment to the Board at the Annual Stockholders Meeting, Directors are also required to submit BSP documentary requirements to the Office of the Corporate Secretary which include their Bio-Data, information on directorships held, as well as other 'fit and proper' qualifications.

c. Related Parties

In general, Directors should not use their personal influence to make the Bank conduct business with a relative, or any other person, firm, organization or association which the relative or other person is associated with in any significant role or capacity. In case of conflicts, disclosure shall be made to the Board of Directors and a prior approval shall be obtained.

The Bank also has a Related Party Transactions Policy<sup>21</sup> which guards against internal conflicts of interest between the company and/or its group and their directors, officers and significant shareholders and ensures that transactions such as loans and advances, deposit arrangements, trading of government securities and commercial papers, sale of assets, lease of bank premises, investment advisory/management, service arrangements and advances for operating expenses are made in the normal course of banking activities with terms and conditions that are generally comparable to those offered to non-related parties or to similar transactions in the market.<sup>22</sup>

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<sup>19</sup> BPI Manual of Corporate Governance.

<sup>20</sup> 2016 SEC Code of Corporate Governance, Recommendations 4.3.

<sup>21</sup> MOM Link to Related Party Transactions Policy

<sup>22</sup> 2016 SEC Code of Corporate Governance, Recommendations 2.7, 3.5, and 8.6.

In this respect, Directors will be requested to submit to the Office of the Corporate Secretary within the first month after their election and appointment at the Annual Stockholders Meeting every year, the Director's Conflict of Interest Declaration which also states related party interests. Such disclosure shall remain confidential except to the extent necessary to evaluate or to prevent conflict of interest or impropriety.

d. Corporate Opportunities and Transactions with the Bank

Directors shall not take for themselves or exploit for their own personal gain the business opportunities that should rightfully be for the Bank. As a general rule, Directors shall comply with this Code's standards and procedures for Conflict of Interest situations and the Bank's Related Party Transaction Policy and refrain from: (a) taking opportunities presented to Directors as a result of the use of the Bank's corporate property, information or position; (b) using the Bank's property, information or position for personal gain; or (c) competing with the Bank. However, Directors may pursue business opportunities which have been fully disclosed to the Board and which the Bank has officially declined to pursue.

Directors who directly or indirectly conduct transactions for assets, products or services with clients or suppliers of the Bank, the Bank itself or units within must ensure that these do not have the appearance of having been obtained on special, more favorable terms because of the Director's position at BPI. For similar transactions, where a Director is aware or made aware that his/her immediate family, relatives or related interest<sup>23</sup> are involved, the Director must exclude himself/herself in any decision making process of the Related Party Transactions Committee for approval of such transactions.

e. Personal Investments

Directors are trusted not to allow their personal investments to influence, or appear to influence, their independent judgment on behalf of the Bank. This conflict of interest may arise if a Director has a significant investment or is considering investing in a competitor, or Bank client, supplier, or partner where his decisions may have a business impact on this outside party. Directors must disclose such investments and ensure that these investments do not compromise their responsibilities to the Bank. Factors such as size and nature of the investment, Director's ability to influence the Bank's decisions, Director's access to confidential information of the Bank or of the other entity, and nature of the relationship between the Bank and the competitor, client, supplier or partner will be considered in determining whether a conflict exists.

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<sup>23</sup> As may be defined in the Related Party Transactions Policy of the Bank.

In the same way, Directors are expected to refrain from acquiring stock or a financial interest in any business organization engaged primarily in providing banking, securities or other financial services, except: (i) where a Director's investment transactions are handled on a fully discretionary basis by a third party not related to the Director with the understanding that neither the Director nor an immediate family member participates in the investment decisions or is informed in advance of transactions, and; (ii) for stock ownership or a financial interest in a publicly-listed company where the Director does not have a controlling interest.<sup>24</sup>

f. Use of the Bank's Assets and Resources

Directors are expected to use the Bank's assets, resources, facilities and property properly, efficiently, in a manner that is not harmful to BPI or detrimental to its reputation or interests, and that is in accordance with Bank policies or procedures and applicable laws and regulations. Directors are also expected to report any suspected fraud or theft of the Bank's property immediately.

g. Political Activity and Involvement

Given that Directors are business and civic leaders of significant stature, with a track record of accomplishment in their own right, a broad range of experience and expertise in the largest and established business conglomerates in the country or who have served with distinction in various branches or agencies of government, it is likely that BPI Directors be offered numerous opportunities to serve in the public sector.

Directors are not prevented from running for public office, defined as any elective position covering national or local positions in government. However, they must first obtain the requisite approvals and follow the internal procedures to ensure that conflict of interest and reputational risks are properly managed. A Director must first notify the Chairman of the Board and the Chairs of the Nominations and Corporate Governance Committees of his/her intention to run for public office. After evaluation by the Committees and being given approval by the Chairman of the Board, a Director will then be required to tender his/her resignation prior to the start of the campaign period.<sup>25</sup>

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<sup>24</sup> A "controlling interest" is defined as ownership of more than 50% that enables a Director to direct or cause the direction of the management or policies of an organization through ownership of securities, by contract or otherwise.

<sup>25</sup> R.A. 8791, General Banking Act, Section 19.

In the same way, Directors are expected to insulate the Board, their duties and responsibilities as director, and the Bank, from politics, political activity and political risk. While the Bank may support particular programs and policy initiatives of an administration, the Bank always remains non-partisan and does not contribute or solicit political contributions, funds, assets or resources to any political candidate, party, or similar organization.

Directors are also expected to refrain from campaigning on behalf of a candidate, lobbying or engaging in any outreach to public officials, and shall not involve other employees, clients, suppliers, vendors or any other party with whom the Bank does business in such personal political activities. Directors should never use their position to compel other directors or BPI employees to make a political contribution or to attempt to influence any vote or political activity. Directors must also be cautious when expressing their personal, individual political views publicly and through any form of media. Directors must be careful to maintain the non-partisan character of the Bank.

#### h. Gifts, Benefits and Entertainment

As a general rule, Directors should not apply for, receive or accept nor give gifts, gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value or advantage that could be perceived to influence the objectivity, fairness and independence of their actions, recommendations or decisions, or compromise their personal or professional integrity.<sup>26</sup> These include gifts such as:

- Cash or cash equivalents (such as gift certificates, gift checks or pre-approved credit or debit cards) in any amount;
- Tickets for personal attendance at concerts, sporting events, etc.
- Gifts to be delivered in installments;
- Travel or accommodations.

If a Director must receive or give a gift on behalf of the Bank, he/she must ensure that it shall not be perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud. Directors are expected to disclose to the Chairman of the Board all circumstances surrounding the receipt or giving of a gift on behalf of the Bank.

Gift items of nominal value, or customary gifts may be allowed, i.e., small promotional items bearing another company's name, gifts received on the basis of personal relationships and not as a director of the Bank, plaques or certificates of appreciation as panelist /speaker at an event, etc.

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<sup>26</sup> R.A. 8791, General Banking Act, Section 55.

In cases where a gift, benefit or entertainment received may be of such lavish value but the Director's refusal may jeopardize BPI's relationship with a client or supplier, the Director must report this to the Chairman of the Board and turn over the gift, benefit or entertainment to the Office of the Corporate Secretary which will decide on the proper manner of disposition and maintain a record of all such gifts.

i. Anti-Corruption and Anti-Bribery

The Bank puts the highest premium on sound, responsible and effective corporate governance and as such, it has enabled and equipped the Bank's Directors with this Code of Conduct, to combat risks in corruption and bribery. The Bank does not tolerate bribery, corruption or improper acts of any kind in all business dealings. Directors are expected not to offer, promise, give or authorize others to give monetary consideration, favors or anything of value or material gain, either directly or indirectly, to any client, person or entity for the purpose of corruptly influencing the recipient, secure an advantage, avoid a disadvantage or obtain or retain business. Receiving, offering or paying such remuneration coursed through any intermediaries such as agents, attorneys or other consultants is also considered corruption and bribery.<sup>27</sup>

## V. COMPETITION AND FAIR DEALING

Fair dealing is central to the Bank's corporate culture, to BPI's credo and its client centricity thrust. Directors are expected to deal fairly and honestly with each other, with clients, management and employees, suppliers, regulators, shareholders, competitors and other stakeholders. Directors shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice.<sup>28</sup>

Directors are expected to comply with all laws relating to fair competition and avoid actions that could reasonably be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices, particularly policy and direction-setting with respect to interest rates, prices, charges or types of services or competing for clients, product categories or geographic markets.<sup>29</sup>

## VI. CONFIDENTIALITY

Directors shall not divulge any confidential or highly confidential information or data they receive or gain access to in the context or course of their duties, to persons or

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<sup>27</sup> 2016 SEC Code of Corporate Governance, Recommendation 15.2

<sup>28</sup> BSP Circular 283, Series of 2001, Section 4, No. 1.

<sup>29</sup> BSP Circular 283, Series of 2001, Section 3, No. 12.

entities outside the Bank. All confidential or highly confidential information must be used for Bank's business purposes only. This includes protection of the integrity of the Bank's decision-making process. In particular, they shall refrain from disclosing what is discussed at Board of Directors meetings and the decisions or voting behavior of individual Board members, to persons or bodies outside the Bank.

Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the Board.<sup>30</sup>

Directors must always be fully compliant with the Law on Secrecy of Bank Deposits under R.A. 1405, as amended, R.A. 6426 or the Foreign Currency Deposit Act of the Philippines, as well as with the confidentiality provisions under the General Banking Law of 2000, the Data Privacy Act of 2012, laws on Consumer Protection and related information security laws, rules and regulations.<sup>31</sup>

#### a. Inside Information and Insider Trading

"Inside Information", also called material non-public information, is defined as information of a specific nature which has not been made public or is not otherwise publicly available, relating to the Bank, as issuer of publicly-traded securities, or to one or more companies which may have direct or indirect relations with the Bank and which may have issued publicly-traded securities as well, such that said inside information, if made public, would likely have a significant effect or material impact on the price or market value of these securities.

Directors who, in the context or course of their duties, gain direct or indirect access to such inside information, shall not disclose such inside information to any other person unless such disclosure is authorized in service of the Bank and made only on a strict "need-to-know" basis. They shall also refrain from using such information, either directly or indirectly, in order to carry out, recommend or advise against transactions involving the securities of the Bank or said companies, for their own account or for that of relatives and third parties.

This restriction is covered by the Bank's Insider Trading Policy<sup>32</sup> which, in general, prohibits covered persons, i.e., directors, officers, employees of BPI and BPI's subsidiaries, and other parties who are considered to have knowledge, made aware of or have access to inside information or material non-public information, from buying or selling BPI stocks for their own personal account to benefit themselves or others.

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<sup>30</sup> BSP Circular 283, Series of 2001, Section 4, No. 7, and R.A. 8791, General Banking Act, Section 55.

<sup>31</sup> MOM Link to Data Privacy Policy

<sup>32</sup> MOM Link to Insider Trading Policy

Directors are expected to strictly comply with this policy and to be knowledgeable of the Bank's related policies, standards or internal procedures such as on information barriers, which impact on compliance with the Insider Trading Policy. A breach of the Insider Trading Policy may result in internal disciplinary action and any violation of related securities laws may also subject the Bank and/or the director to civil liability and possibly monetary penalties. Apart from a fine, the Director, if found liable by the regulator, may also be disqualified or asked to resign from being an officer, member of the board of directors or person performing similar functions, of a public company or publicly-listed company.<sup>33</sup>

#### b. Public Communication

The Bank's Strategic Brand Management or Corporate Communications Group has the sole authority to issue press releases or public statements to the media on behalf of BPI. Directors who are contacted by media for any matter are expected to refer the matter to the proper group within the Bank.

In the same way, Directors must defer any communication with respect to the Bank as a publicly-listed company, to the Investor Relations Unit, which, together with the Office of the Corporate Secretary and the Compliance Office, has authority over the Bank's SEC- and PSE-mandated public disclosure requirements and communications with investors, analysts or the financial press.

Directors must also take extra care not to divulge the Bank's strategic, proprietary, confidential and highly confidential data when communicating on social media, newspaper columns, and other forms of public communication or at authorized speaking engagements (as guest speaker, subject matter expert, roundtable or panel member, break-out session participant, etc.) where a Director may be disclosing information on the Bank itself and its businesses.

## VII. CORPORATE DISCLOSURE

The Board shall commit at all times to fully disclose all material information about the company for the benefit of the stockholder and other stakeholders.<sup>34</sup>

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<sup>33</sup> Securities Regulation Code, Section 27.1, Section 54.1 (ii) and (iii).

<sup>34</sup> 2016 SEC Code of Corporate Governance, Recommendation 8.1.



As a company listed on the Philippine Stock Exchange, BPI is bound to comply with listing standards, disclosure requirements (reports to shareholders and disclosures of material information) and corporate governance standards (independence of directors, internal control and risk management, code of business conduct and ethics). Directors are expected to protect this bond of trust between the Bank, its investors and the market especially with respect to conduct and activities which may harmfully affect the reputation of the Bank and its listed status.

All material information that could potentially affect share price shall be publicly disclosed. Such information shall include earnings results, materially significant acquisition or disposal of assets, board changes, related party transactions which are not in the ordinary course of business, shareholding of directors and major changes to ownership. All such disclosures shall be submitted to Philippine Stock Exchange and Securities and Exchange Commission following their respective guidelines for the interest of all stockholders and other stakeholders.<sup>35</sup>

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders. The Board also ensures that the Bank maintains a company website in accordance with the SEC-prescribed template to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.<sup>36</sup>

## **VIII. COMPLIANCE WITH CODE OF CONDUCT**

Directors must be seen by stakeholders to be honest and above reproach at all times. Directors are to attest annually to their familiarity with and ongoing adherence to the Code.<sup>37</sup>

Any violation of this Code or applicable laws and regulations, including the requirements set out in this Code, by a Director, shall be reported to the Chairman of the Board and to the Chairs of the Nomination and Corporate Governance Committees of the Bank. Such violations may require a director's resignation from the Board and/or result in civil criminal or regulatory action.

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<sup>35</sup> 2016 SEC Code of Corporate Governance, Recommendation 8.6.

<sup>36</sup> 2016 SEC Code of Corporate Governance, Recommendation 11.1.

<sup>37</sup> BSP Circular 900, s2016, Guidelines on Operational Risk Management; Annex A, Director's Statement of Affirmation



In the same way, a Director must promptly report any violation of this Code. Failure to report may result in disciplinary action, which might include having to resign from the Board. A Director may report any violation to the Chairman of the Board or to the Chairs of the Nomination and Corporate Governance Committees. Directors may also report concerns regarding accounting, internal accounting controls or auditing matters to the Chair of the Audit Committee of the Board of Directors. Violations may also be reported under the Whistleblower Policy of the Bank, where appropriate.

Violations by any Director will be reviewed by the Chairman of the Board and the Nominations and Corporate Governance Committees or by a Director(s)/Committee(s) designated by the Board and appropriate action will be taken based on the recommendation(s) made to the Board upon close of the review.

Should a Director report a violation, the report will be treated confidentially to the extent possible and consistent with BPI's responsibility to address the issue raised. No Director, officer or employee of BPI shall be subject to retaliation for reporting suspicious activity in good faith. Without limiting the generality of the foregoing, no Director of BPI may attempt to intimidate or retaliate (directly or indirectly) against another Director who makes such a report.

## CODE ADMINISTRATION

The administration and implementation of the Code, including its maintenance and annual review, shall be the primary responsibility of the Corporate Governance Committee.

Current Issue:	September 20, 2017	Last update:	-
Availability:	Office of the Corporate Secretary and BPI Website <sup>38</sup>		
Approved by:	Board of Directors		
Approval Date:	September 20, 2017		
Next Review:	June 2018		

<sup>38</sup> 2016 SEC Code of Corporate Governance, Recommendation 7.1

**DIRECTOR'S STATEMENT OF AFFIRMATION**

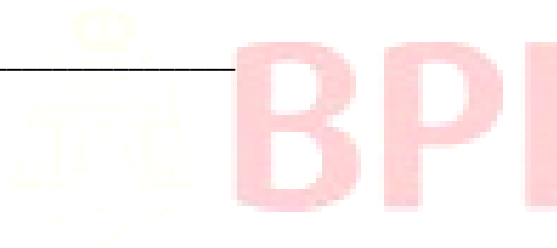
I, \_\_\_\_\_(name), a Director of the Bank of the Philippine Islands, have received and read the Bank's MANUAL OF CORPORATE GOVERNANCE ('the Manual') and the Director's CODE OF CONDUCT ('the Code') and do hereby affirm that I will adhere to the principles and standards therein and will fully comply with the provisions of the Manual and the Code as they relate to my role, position and function in the Bank.

Signature : \_\_\_\_\_

,

Name : \_\_\_\_\_

Date : \_\_\_\_\_



**DIRECTOR'S CONFLICT OF INTEREST DECLARATION FORM**

<b>Section 1 – Director's details</b>				
Name				
Committee(s)				
Director Status	<input type="checkbox"/> Executive	<input type="checkbox"/> Non-Executive	<input type="checkbox"/> Independent	
<b>Section 2 – Checklist – To be completed by Director</b>				
<ul style="list-style-type: none"> <li>• Please read the Director's Code of Conduct and relevant policies such as Insider Trading Policy and Related Party Transactions Policy as provided by the Office of the Corporate Secretary before completing this form.</li> <li>• Check the relevant box and provide details in the space provided. If you are unsure about a situation, please discuss the matter with the Chairman of the Corporate Governance Committee or the Compliance Office.</li> <li>• Once completed forward the completed form to the Office of the Corporate Secretary.</li> </ul>				
I have <input type="checkbox"/> No conflict of interest or related party to disclose.				
<input type="checkbox"/> The following to disclose:				
<b>Type of Conflict of Interest</b>				
	<input type="checkbox"/> Business	<input type="checkbox"/> Other Source of Income	<input type="checkbox"/> Shareholding or Investment	
Company Name:				
Nature of Business:				
Business Partners:				
% Interest:				
Doing business with BPI or its Subs? (If yes, indicate nature)				
<input type="checkbox"/> Related Party Transaction / Interest				
Name of Family Member/Related Party	Nature of Relationship	Company Name	Nature of Business	Nature of Transaction with BPI and/or Subsidiaries
<b>Other</b>				
If you have a conflict of interest other than the above, please provide the details in the space below. If additional space is required, attach a separate sheet.				
<b>Section 3 – Director's declaration</b>				
I hereby declare that the above details are correct and complete and disclose them in good faith and in compliance with the Director's Code of Conduct and the Bank's Manual of Corporate Governance.				
_____		/ /		
SIGNATURE ABOVE PRINTED NAME		DATE		