



PERSONNEL AND COMPENSATION COMMITTEE CHARTER

MISSION STATEMENT

The Personnel and Compensation Committee (PERCOM) shall direct and ensure the development and implementation of long term Human Resources (HR) Strategy / Plan based on the Board's vision of the organization. Such a strategy should embody:

A. THE ORGANIZATION'S VALUES

1. EXCELLENCE

BPI believes that its corporate mission is to be the leading financial institution in the Philippines in terms of professional competence, service quality, responsible corporate citizenry, and overall growth and stability; and to be an established ASEAN financial institution with a credible worldwide outreach.

2. CUSTOMER SERVICE AND INTEGRITY

BPI also believes that it has a responsibility to manage the business for the maximum benefit of our customers while adopting to the highest standard of integrity; to offer the widest possible range of financial services that is responsible to their needs; and to adopt an objective attitude towards change and innovation, ever mindful of improving service quality and operating efficiency.

3. CONCERN FOR PEOPLE

BPI also believes that it has a responsibility to develop the potential of our employees to the fullest by providing an environment conducive to their personal and professional growth; and to foster a value system held in common throughout the institution in order that we may all share a coherent sense of purpose and direction.

4. TEAMWORK AND LOYALTY

BPI also believes that it has a responsibility to attain, over time and within exacting standards or prudent management, the highest possible return on the investment of our shareholders.

B. THE HUMAN RESOURCES PHILOSOPHY AND POLICIES

- Human Resources Management is a line management responsibility
 - Each job should be filled with the best qualified employee available
 - Employees should be paid well and fairly
 - Employees should be informed of matters that affect them
 - The Bank should maintain benefit plans that will assist the employee in providing for his economic security
 - The Bank will provide training programs that will assist employees in learning to do their jobs better and to prepare for assignments of greater responsibility
 - The Bank will provide safe and healthful working conditions
 - The Bank should maintain a healthy Labor Management Relations
- The Bank aims to attract and retain highly qualified employees at all levels and in particular those whose performance is most critical to the Bank's success. To attain this objective, the Bank is willing to provide superior compensation for unique skills and superior performance.

BANK OF THE PHILIPPINE ISLANDS

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C. RECOGNITION AND REWARDS PHILOSOPHIES AND GUIDELINES

Bank of the Philippine Islands is committed to providing competitive and appropriate reward programs that will be able to attract, retain the right talent and motivate employees to deliver the desired level of performance to customers and other stakeholders.

Performance is generally measured on the performance of the employee, the business unit, or the Bank as a whole, or using a combination of all as the executive's responsibilities may dictate. Factors include revenues, volume, earnings, EPS, ROE, ROA, capital strength, risk containment, corporate governance, customer satisfaction, adherence to corporate values, contributions both to operating unit and company wide achievement.

In conducting its assessment, the PerCom reviews changes in the Bank's and the business unit's overall results over time, as well as similar data from local and foreign banks to the extent available. The President / HRD Head presents to the Committee the ratings of the executives, their accomplishments, and the individual and corporate performance.

D. SUCCESSION DEVELOPMENT PLANS FOR CRITICAL POSITIONS

In consultation with the President/CEO, the PerCom reviews the talent development process within the Bank to ensure it is effectively managed. Senior management will provide a report to PERCOM regarding its talent and performance review process for key management positions and other high potential individuals. The purpose of the performance and talent review is to ensure that there is sufficient pool of qualified internal candidates to fill senior and leadership positions and to identify opportunities, performance gaps and next steps as part of the Bank's executive succession planning, development process, all of which shall be reviewed with the PERCOM.

In consultation with the Board and the CEO, either the PerCom as a whole or a sub-committee thereof, shall, as part of the executive planning process, evaluate, and nominate potential successors to the CEO.

The Qualitative Nature of the Organization in terms of desired demographics (such as age), level of formality, degree of development, desired levels and quality of staffing, reaction to change, and labor relations shall also be reviewed and evaluated by the PerCom.

The PERCOM shall also initiate, require and review reports as well as receive periodic feedback regarding the quality and status of the overall organizational morale and degree of job satisfaction within the Unibank. This shall include initiating the conduct of any organizational assessment to determine the level of effectiveness and "health" of organizational members from time to time.

E. COMMITTEE MEMBERSHIP

The PERCOM shall be composed of four (4) members of the Board who are not officers of the Bank and one of whom shall be an independent director. The Board of Directors shall elect the Committee Chairman and the Board of Directors shall also fill vacancies.

F. ORGANIZATION

The PERCOM will meet, as it deems necessary or appropriate to carry out its responsibilities.

The Chairperson shall, in consultation with other Committee Members, set the agenda for and preside at meetings of the Committee. The Corporate Secretary or any designated individual shall record and keep the minutes of all Committee meetings.

The Committee may invite such members of management to its meetings, as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions.

G. DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities:

- a. The Committee shall have oversight in the implementation of the remuneration policy, succession planning and human resources policies and programs across the BPI Group. Oversight shall be exercised in consultation and coordination with the Board of Directors or relevant board-level committee of the subsidiary or affiliate.
- b. Annually review and approve corporate goals and objectives relevant to CEO compensation, the board of directors, senior management and key officers of the bank to enable the bank to attract and keep superior human talent in its fold.
- c. Annually review and approve base salary, incentive compensation for senior management, board of directors, and key officers and recommend appropriate remuneration package to the Board for approval.
- d. Ensure the establishment, documentation through a formal manual, timely dissemination and proper implementation of personnel policies and guidelines covering:
 - BPI's Core Corporate Values
 - Policies on Conflict of Interest
 - Information on Hiring and Training Programs
 - Salaries and Benefits
 - Performance Evaluation
 - Promotions
 - Career Advancement
 - Code of Conduct including sanctions on non-compliance with the code of conduct and/or management policies
- e. Review and approve recommendations for promotions to and from the rank of Assistant Vice President and up and submit to the Board for confirmation / approval.
- f. Review and endorse proposals on Early Retirement Program as well as any severance payment or similar termination payments proposed to be made by BPI to its officers and staff.
- g. Review the impact on compensation, the plans of mergers, spin-offs and other similar organizational or operating changes.
- h. Review together with the CEO, the talent development process within the Bank. Senior management will provide the PerCom an annual report regarding its talent and performance review process for key officers and other high potential individuals. The purpose of the performance and talent review is to ensure that there is a sufficient pool of qualified internal candidates to fill senior and leadership positions and to identify opportunities, performance gaps and next steps as part of the Bank's executive succession planning and development process, all of which shall be reviewed with the PerCom.
- i. Review of Personnel Handbook.
- j. Perform an annual review of PerCom's performance. Periodically assess the adequacy of its charter and recommend changes to the Board as needed.
- k. Exercise such powers and duties as may from time to time be delegated by the Board to the PerCom.

H. RESOURCES AND AUTHORITY OF THE PERCOM

The PerCom shall have direct access to, and complete and open communications with senior management, and may obtain advice and assistance from internal legal, accounting, and other advisors to assist it. The PerCom may retain independent legal, accounting, and other advisors to assist it, and may determine the compensation of such advisors, and the Bank shall be responsible for any costs or expenses so incurred.

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