



OFFICE OF THE CORPORATE SECRETARY

Direct Line: 8536-0540
Trunk Lines: 8891-6040 to 70
Locals: 4582/4106

May 30, 2024

PHILIPPINE DEALING & EXCHANGE CORPORATION

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head, Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corporation

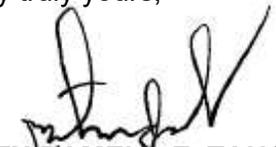
Subject: Integrated Annual Corporate Governance Report (SEC Form I-ACGR)

Dear Atty. Selleza:

We are pleased to furnish the Philippine Dealing and Exchange Corporation (PDEx) a copy of our disclosure to the Philippine Stock Exchange, Inc. regarding the 2023 Integrated Annual Corporate Governance Report (I-ACGR) of the Bank.

We trust you will take note accordingly. Thank you.

Very truly yours,



RUTH PAMELA E. TANGHAL
Corporate Secretary

Philippine National Bank
PNB Financial Center
Pres. Diosdado Macapagal Blvd.,
Pasay City, Metro Manila 1300,
Philippines

T. (632) 8526-3131 to 70 / 8891-6040 to 70
P.O. Box 1884 (Manila)
P.O. Box 410 (Pasay City)
www.pnb.com.ph

Authorized Depository of the Republic of the Philippines
Member: PDIC

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended
Dec 31, 2023
2. SEC Identification Number
ASO96-005555
3. BIR Tax Identification Number
000-188-209-000
4. Exact name of issuer as specified in its charter
Philippine National Bank
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, Metro
Manila
Postal Code
1300
8. Issuer's telephone number, including area code
(632) 8526-3131 to 70
9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



PNB

Philippine National Bank
PNB

PSE Disclosure Form I-ACGR - Integrated Annual Corporate Governance Report
Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard

Description of the Disclosure

In compliance with SEC Memorandum Circular No. 15, Series of 2017, we are pleased to submit herewith the 2023 Integrated Annual Corporate Governance Report (I-ACGR) of the Philippine National Bank.

Thank you.

Filed on behalf by:

Name	Ruth Pamela Tanghal
Designation	Corporate Secretary



May 29, 2024

Securities and Exchange Commission
8/F SEC Headquarters
7907 Makati Avenue, Barangay Bel-Air
Makati City 1209

Attention : MS. RACHEL ESTHER J. GUMTANG-REMALANTE
Director, Corporate Governance and Finance Department

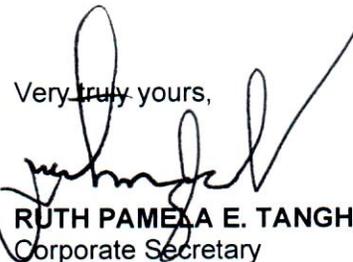
The Philippine Stock Exchange
6th Floor PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention : MS. ALEXANDRA D. TOM WONG
Head, Disclosure Department

Gentlemen:

In compliance with SEC Memorandum Circular No. 15, Series of 2017, we are pleased to submit herewith the 2023 Integrated Annual Corporate Governance Report (I-ACGR) of the Philippine National Bank.

For your record. Thank you.

Very truly yours,

RUTH PAMELA E. TANGHAL
Corporate Secretary

a/s

Philippine National Bank
PNB Financial Center
Pres. Diosdado Macapagal Blvd.,
Pasay City, Metro Manila 1300,
Philippines

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Member: PDIC

COVER SHEET

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S.E.C. Registration Number

P H I L I P P I N E N A T I O N A L B A N K

Company's Full Name)

9 t h F l o o r P N B F i n a n c i a l C e n t e r

M a c a p a g a l B l v d . , P a s a y C i t y

M e t r o M a n i l a

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

RUTH PAMELA E. TANGHAL
Corporate Secretary

Contact Person

8834-0780

Company Telephone Number

1 2

Month Day
Fiscal Year

3 1

Annual Integrated Corporate Governance Report (I-ACGR)

FORM TYPE

April 30

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

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

Remarks = pls. use black ink for scanning purposes



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2023**
2. SEC Identification Number **AS096-005555** 3. BIR Tax Identification No. **000-188-209**
4. Exact name of issuer as specified in its charter **PHILIPPINE NATIONAL BANK**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **PNB FINANCIAL CENTER, PRESIDENT DIOSDADO
MACAPAGAL BLVD., PASAY CITY, METRO MANILA**
Address of principal office
8. **1300**
Postal Code
8. **(632) 891-6040 to 70 / (632) 526-3131 to 70**
Issuer's telephone number, including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

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			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Provide information or link/reference to a document containing information on the following: 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	The Bank has fifteen Board members with a broad range of experience and deep industry expertise. They are elected by the shareholders during the annual meeting of the stockholders and hold office for the ensuing year until their successors are elected and qualified. Our directors possess all the qualifications and none of the disqualifications under existing laws and BSP regulations. The President, who is the Chief Executive Officer, has the exclusive responsibility over day-to-day operations, is elected as the sole executive director while the other members are non-executive directors (NEDs) who do not perform any work related to the operations of the Bank. Among the Board members are five independent directors. They are independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgment in fulfilling their responsibilities as directors. 2023 Annual Report <ul style="list-style-type: none"> • Board Composition (<i>Page 174-176</i>) • Profiles of the Board of Directors (<i>Pages 178-186</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
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.	COMPLIANT		
Recommendation 1.2			

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p>	<p>PNB Board of Directors is composed of 1 Executive Director, 5 Independent Directors, and 9 Non-Executive Directors.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Lucio C. Tan</td> <td>Chairman Emeritus</td> </tr> <tr> <td>Edgar A. Cua</td> <td>Independent Director (Chairman)</td> </tr> <tr> <td>Leonilo G. Coronel</td> <td>Non-Executive Director (Vice Chairman)</td> </tr> <tr> <td>Felix Enrico R. Alfiler</td> <td>Non-Executive Director</td> </tr> <tr> <td>Florido P. Casuela</td> <td>Executive Director</td> </tr> <tr> <td>Chester Y. Luy</td> <td>Non-Executive Director</td> </tr> <tr> <td>Estelito P. Mendoza</td> <td>Non-Executive Director</td> </tr> <tr> <td>Isabelita M. Papa</td> <td>Independent Director</td> </tr> <tr> <td>Sheila T. Pascual</td> <td>Non-Executive Director</td> </tr> <tr> <td>Wilfrido E. Sanchez</td> <td>Independent Director</td> </tr> <tr> <td>Eusebio V. Tan</td> <td>Non-Executive Director</td> </tr> <tr> <td>Lucio C. Tan III</td> <td>Non-Executive Director</td> </tr> <tr> <td>Michael G. Tan</td> <td>Non-Executive Director</td> </tr> <tr> <td>Vivienne K. Tan</td> <td>Non-Executive Director</td> </tr> <tr> <td>Maria Almasara Cyd N. Tuaño-Amador</td> <td>Independent Director</td> </tr> <tr> <td>Domingo H. Yap</td> <td>Independent Director</td> </tr> </tbody> </table> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Board Composition (Page 174-176) LINK: https://l.ead.me/2023PNBAnnualReport <p>PNB website</p> <ul style="list-style-type: none"> Board of Directors LINK: https://www.pnb.com.ph/index.php/investor-relations/board-of-directors 	Name	Type of Directorship	Lucio C. Tan	Chairman Emeritus	Edgar A. Cua	Independent Director (Chairman)	Leonilo G. Coronel	Non-Executive Director (Vice Chairman)	Felix Enrico R. Alfiler	Non-Executive Director	Florido P. Casuela	Executive Director	Chester Y. Luy	Non-Executive Director	Estelito P. Mendoza	Non-Executive Director	Isabelita M. Papa	Independent Director	Sheila T. Pascual	Non-Executive Director	Wilfrido E. Sanchez	Independent Director	Eusebio V. Tan	Non-Executive Director	Lucio C. Tan III	Non-Executive Director	Michael G. Tan	Non-Executive Director	Vivienne K. Tan	Non-Executive Director	Maria Almasara Cyd N. Tuaño-Amador	Independent Director	Domingo H. Yap	Independent Director
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<p>Recommendation 1.3</p>																																					

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>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>The Board of Directors values ongoing professional development and actively participates in training programs annually to keep abreast of key issues and developments in the industry. Professional development may relate to a particular subject area, committee membership, or key developments in PNB's external environment, market or operations.</p>
<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>		<p>The Chairman of the Board ensures the conduct of proper orientation for first-time directors and the provision of training opportunities for all directors. Board members are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the business of PNB.</p>
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>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>The Bank's new directors complied with the required eight (8)-hour seminar on corporate governance for first-time bank directors conducted by BAIPHIL. They also attended an in-house orientation on board matters like rights of shareholders, PSE disclosure rules, the Bank's vision and mission, core values and code of conduct, whistleblower policy, corporate governance, related party transactions, macroeconomic environment, sustainability, the Bank's risk management framework, enterprise risk heat map, branch banking operations, customer relations, and internal audit and control system</p> <p>As of December 31, 2023, all fifteen directors complied with the four-hour annual continuing training requirement. On top of the annual Corporate Governance Seminar conducted by SGV & Co. and hosted by the Lucio Tan Group of Companies, directors have also attended online courses on various topics provided by industry experts, including ICD and the Association of Bank Compliance Officers and Center for Global Best Practices. Certificates of attendance have been submitted to SEC and disclosed to PSE.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Orientation and Continuing Education (<i>Pages 72-73</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Education and Training Program (<i>Pages 87-90</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance

Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<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>The Board Diversity Policy can be found under the Bank's Corporate Governance Manual. It states that board diversity is not an end of itself. Instead, it is a means to develop an enabling environment which allows the Bank to leverage on the diverse background and expertise of its individual directors, foster innovation, and achieve a balanced approach in making sound and objective board decision.</p> <p>In designing the Board's composition, diversity is considered including but not limited to age, gender, ethnicity, cultural and educational background, skills, competence and knowledge. The Board also maintains the appropriate representation of women in the Board. Such diversity allows the directors to raise challenging questions, contribute to problem-solving, and avoid groupthink. These ensure that optimal decision making is achieved.</p> <p>Moreover, the Board shall recognize that both social diversity (e.g., gender, race/ethnicity, and age diversity) and professional diversity are both important for bringing diverse perspectives in order to arrive at thorough and sound decisions on matters that require the Board's approval.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board Diversity Policy (Pages 9-10) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Skills, Competency, and Diversity (Page 69-70) • Our Sustainability Performance, Sustainability (Page 100) • LINK: https://l.ead.me/2023PNBAnnualReport

Optional: Recommendation 1.4			
<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>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>Consistent with our implementation of the ASEAN Corporate Governance Scorecard, the Bank continuously strives to meet the following:</p> <ul style="list-style-type: none"> • At least 50% of the members of the Board have educational background in banking and finance, accounting, economics, or law; • At least 50% of the members of the Board have relevant skills and experience in the areas of banking and finance, accounting, economics, or law; and • At least one female independent director. <p>As of December 31, 2023, the Bank has already met the above-mentioned diversity targets. We maintained the presence of four female directors in the Board, two of whom are independent. The Board members also have diverse educational backgrounds, expertise, corporate qualifications, and professional experience from a broad range of fields and industries such as accounting, auditing, aviation and travel, banking and finance, business, consumer goods, economics, management, taxation, law, manufacturing, real estate, and tobacco.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Skills, Competency, and Diversity (Page 69-70) • Our Sustainability Performance, Sustainability (Page 100) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board Diversity (Page 9-10) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
Recommendation 1.5			
<p>1. Board is assisted by a Corporate Secretary.</p>	<p>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>The Corporate Secretary assists the Board of Directors and the Board committees in the conduct of their meetings. She plays a significant role in supporting the Board in discharging its responsibilities. Functions include safekeeping of and the preservation of the integrity of the minutes of the meetings and ensuring that the Board members have accurate information that will enable them to form sound decisions on matters that require their approval.</p>

2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		Board members are given separate and independent access to the Corporate Secretary at all times.
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		<p>The Corporate Secretary of the Bank is Atty. Ruth Pamela E. Tanghal, a Filipino and a resident of the Philippines. She assumed the position in 2020. She is legally trained, with experience in legal matters, and company secretarial practices. She is not the Chief Compliance Officer nor is she a director of the Bank.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Corporate Secretary (<i>Page 67</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Corporate Secretary (<i>Pages 64-65</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
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	<p>The Corporate Secretary has attended the Corporate Governance Seminar conducted by SGV & Co. on October 24, 2023. She is required to attend trainings on corporate governance annually.</p> <p>Please refer to Annex A for the corresponding certificate of attendance.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Orientation and Continuing Education (<i>Pages 72-73</i>) • Link: https://l.ead.me/2023PNBAnnualReport
Optional: Recommendation 1.5			

<p>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</p>	<p>COMPLIANT</p>	<p>Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting</p>	<p>The Corporate Secretary informs the Board members of the agenda of their meetings and distributes materials at least five business days prior to the scheduled meeting. She likewise ensures that the members possess accurate information that enables them to make sound decisions on matters that require their approval.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Meetings and Attendance (<i>Pages 70-71</i>) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Meetings of the Board and Board Committees (<i>Pages 75-78</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>Please refer to Annex B for the corresponding certification issued by the Corporate Secretary.</p>
<p>Recommendation 1.6</p>			
<p>1. Board is assisted by a Compliance Officer.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</p>	<p>The rank of the Bank’s Chief Compliance Officer is Executive Vice President, a position with adequate stature and authority in the organization. The Chief Compliance Officer is not a member of the Board.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Chief Compliance Officer (<i>Pages 68-69</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Chief Compliance Officer (<i>Page 67</i>) Profile of the Chief Compliance Officer (<i>Page 192</i>) LINK: https://l.ead.me/2023PNBAnnualReport
<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p>COMPLIANT</p>		
<p>3. Compliance Officer is not a member of the board.</p>	<p>COMPLIANT</p>		

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	<p>The Chief Compliance Officer has attended the Corporate Governance Seminar conducted by SGV & Co. on October 24, 2023. He is required to attend trainings on corporate governance annually.</p> <p>Please refer to Annex C for the corresponding certificate of attendance.</p>
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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

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	<p>The Directors of the Bank act on a fully informed basis, honestly and in good faith, with loyalty and in the best interest of the Bank, its stockholders, regardless of the amount of their stockholdings, and 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.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of a Director (<i>Pages 41-43</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Board of Directors (<i>Pages 174--186</i>) • Meetings and Attendance (<i>Pages 70–71</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
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Recommendation 2.2

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>		<p>The Board oversees the development of and approves the Bank's business objectives and strategy, and monitor their implementation, in order to sustain the Bank's long-term viability and strength. The Board Strategy & Policy Committee (BSPC) is the governing board committee exercising authority to delegate to management the implementation of the board approved strategic plans and policies. On an annual basis, the Committee reviews the strategic objectives and business priorities, strategy, direction, overall plans, result areas that relates to the thrusts and programs of the Bank.</p>
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>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>Indicate frequency of review of business objectives and strategy</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Duties and Responsibilities of the Board of Directors (<i>Item 7.2, Pages 24-25</i>) Board Strategy and Policy Committee (<i>Pages 62-63</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Board of Directors (<i>Pages 174-186</i>) Our Governance Structure (<i>Page 65</i>) Board Strategy and Policy Committee (<i>Pages 78</i>) LINK: https://l.ead.me/2023PNBAnnualReport
<p>Supplement to Recommendation 2.2</p>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>COMPLIANT</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p>Indicate frequency of review of the vision, mission and core values.</p>	<p>The Board of Directors is primarily responsible for defining the Bank's vision and mission and ensuring that it is periodically revisited, reviewed, and updated.</p> <p>The Bank's vision and mission is formally reviewed annually during the strategic planning process when the Bank's strategic plans are formulated and aligned vertically and horizontally.</p> <p>VISION To be the most admired financial services organization in the country in terms of:</p>

		<ul style="list-style-type: none"> • Financial performance – rank #1 or #2 in its businesses in terms of return on equity • Innovativeness – in products, services, distribution and the use of cutting-edge technology <ul style="list-style-type: none"> o Customer perception o The preferred financial services provider • The customer-centered organization with a passion for service excellence • Social responsibility – the employer of choice, a good corporate citizen and partner in nation-building • Long-term vision – developing competitive advantage on a sustained basis by anticipating changes in customer’s preferences and in the manner of doing business <p>MISSION</p> <p>We are a leading, dynamic Filipino financial services group with a global presence committed to delivering a whole range of quality products and services that will create value and enrich the lives of our customers, employees, shareholders and the communities we serve.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Vision and Mission (<i>Page 2</i>) • Values (<i>Page 3</i>) • Activities & Initiatives, Sustainability (<i>Page 102</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>As part of its sustainability thrust and to meet the challenges of the “New Normal”, Philippine National Bank recently underwent the process of revisiting its vision and mission statements and its core values during a two-day workshop at the Century Park Hotel in Manila on April 14-15, 2023.</p> <p>Members of the PNB Senior Management Team, Board of Directors, and Board Advisors participated in the workshop facilitated by the Institute of Corporate Directors (ICD). The activity yielded a new Board-approved vision and mission statements, core values, and strategic objectives for 2023 to 2028, with focus on the following priority areas: Digitalization, Synergy with LT Group of</p>
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			Companies, Focus on the Provinces, and Sustainability. The visioning exercise had the Board and the Senior Management working together in defining the Bank's strategic direction for the next five years.
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.	<p>The Board oversees the development of and approve the Bank's business objectives and strategy, and monitor their implementation, in order to sustain the Bank's long-term viability and strength. The Board Strategy and Policy Committee, a separate board committee, has been created to evaluate and endorse for Board approval the Annual Strategic Plan of the Bank.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Strategy and Policy Committee Chairman (<i>Page 33</i>) • Link: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Board of Directors (<i>Item 7.2.2, Page 23-32</i>) • Board Strategy and Policy Committee (<i>Page 62-63</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
Recommendation 2.3			
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 Chairman of the Board is independent director Edgar A. Cua, who has held the position since April 25, 2023. He ensures the effective functioning of the Board, including maintaining a good working relationship with all the directors. He makes certain that the meeting agenda focuses on strategic matters, including discussions on risk appetite, and key governance concerns. He is also Chairman of the Corporate Governance and Sustainability Committee and the Vice Chairman of the Board Audit and Compliance Committee and the Board Strategy and Policy Committee.

			<p>2023 Annual Report</p> <ul style="list-style-type: none"> • The Chairperson, Vice Chairman, and President (Page 64 and Pages 179-180) • Profile of the Chairman (Page 179) • LINK: https://l.ead.me/2023PNBAnnualReport
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	<p>Succession Management</p> <p>The Succession Management Program is an evolving process of strategically and systematically identifying, assessing, and developing talents for future critical roles to ensure consistent and effective organizational performance. This program ensures the availability of talents who have the potential and required competencies and are ready to assume vacant positions as the need arises, due to organizational exigencies, particularly for key management positions.</p> <p>A Talent Board consisting of senior officers has been created to monitor and review the success and progress of the program. It renders decisions on nominations and acceptance of talents in the Talent Pool. The process involves the following steps:</p> <ul style="list-style-type: none"> • Identification of key management positions. • Nomination of Candidates –based on results and past performance, competencies, and potential, subject to the initial evaluation of the Talent Board, the respective Sector or Group head nominates possible candidates who may be from within or outside of their respective Group/ Sector subject to the acceptance of the concerned officer-candidate prior to processing.

<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>COMPLIANT</p>		<ul style="list-style-type: none"> • Conduct of Talent Screening – the process of evaluating and assessing the shortlisted nominees’ competencies through online assessment, 360-degree feedback survey, and interviews with the members of the Talent Board or designated interviewers, if necessary. Those who qualify based on the evaluation of the Talent Board shall be recommended for inclusion in the Executive Talent Pool, subject to the approval of the President. • Learning and Development – to address the development needs of each talent, an Individual Development Plan (IDP) consisting of on-the-job training, interactional development programs, and classroom training shall be created by the Sector or Group head and/or designated mentor. For a more objective and in-depth assessment of the talent’s competencies, he/she may be required to train in the Assessment and Development Center. The training result is made an integral part of the IDP. • Talent’s Progress Review – the progress of the talent is monitored and evaluated. • Engagement – strategies are employed to sustain the desired level of performance as well as the employee’s commitment to the program. • Placement – the talent review process and the learning and development programs continue until the need or opportunity arises for the talent to assume a key/critical position within the organization. <p>Retirement of Directors</p> <p>As a matter of policy, a Board member is expected to remain fit and proper for the position of a director for the duration of his term, in accordance with the requirements and qualifications set out under the Bank’s Corporate Governance Manual, Manual of Regulations for Banks (MORB), and other applicable requirements under existing laws and BSP regulations. Towards this end, the Bank believes that adopting a fixed limit on director tenure is</p>
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			<p>counterproductive as it may lead to retirement of qualified and well-seasoned directors.</p> <p>The director has the burden to prove that he possesses all the minimum qualifications and none of the disqualifications set forth in the MORB. He shall continue to be mentally and physically fit to perform his responsibilities, manifested by his attendance and active participation during Board meetings, continuing training and education, and continued dialogue with other directors and key officers of the Bank, among others.</p> <p>In the event a director no longer has the required fitness, he shall inform the Board of his intent to retire or refrain from seeking re-election.</p> <p>Retirement of Officers PNB has a Retirement Plan for its employees that provides funds for the payment of separation benefits to employees who are eligible under the Bank's Retirement Plan, including cases of disability or death while on service.</p> <p>There are three (3) modes of retirement:</p> <ul style="list-style-type: none"> • Normal Retirement: an employee shall be compulsorily retired from service and shall be entitled to receive the benefits under the Plan upon reaching 60 years of age or upon completing 35 years of service, whichever comes first; • Early Retirement: Any Member may opt for early retirement subject to the approval of the Bank upon: <ul style="list-style-type: none"> • Reaching fifty-five (55) years of age and rendering at least ten (10) years of continuous; or, • Completing at least ten (10) years of service • Late Retirement: Any Member may offer his/her service to the Bank beyond the normal retirement date, but not beyond sixty-five (65) years of age. Such retirement, however, shall be subject to the approval of the Bank on a case-to-case basis. <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Retirement and Term Limit (<i>Page 71-72</i>) • Succession Management (<i>Pages 92-93</i>)
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Recommendation 2.5			
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.	<p>Remuneration Policy</p> <p>PNB aims to sustain a strong, performance-conducive environment that would attract, motivate, and retain the best talents. For this purpose, the Bank maintains a Remuneration Policy that commensurately compensates its directors and officers for high levels of performance. Such policy complements the Bank's efforts to hire and develop the best talents through its competitive recruitment program and continuing learning programs.</p> <p>The PNB Remuneration Policy provides a sustainable compensation structure and fringe benefits program for directors and officers. The policy allows the Bank to be competitive with industry counterparts. It identifies basic compensation, incentives, recognition, and rewards for those who meet their performance targets and goals.</p> <p>Performance-based Remuneration</p> <p>PNB designed its compensation and benefits package as a competitive tool to attract and retain highly qualified individuals who will support the Bank's implementation of its business directions and to achieve business goals. Hence, provisions of the compensation and benefits policies show the clear linkage with employee contributions which are measured through a balanced scorecard approach in its performance management system. Officers who are unable to meet their targets become ineligible to certain benefits and/or</p>
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		

<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>COMPLIANT</p>		<p>incentive programs such as the car plan benefit, employee loans, and performance bonus to name a few. The same is true to employees who get involved in administrative cases where certain benefits are temporarily withheld in case an administrative sanction is imposed. In case of dismissal, benefits are forfeited and taken back including but not limited to the car plan benefit, the guaranteed bonuses equivalent to a three-month salary.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Remuneration Policy (<i>Pages 93-94</i>) • Officers' Compensation and Benefits (<i>Page 94</i>) • Performance-based Remuneration (<i>Pages 94</i>) • Our Employee Compensation and Benefits Package, Sustainability (<i>Page 149</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Remuneration and other Incentives (<i>Pages 86-87</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>Optional: Recommendation 2.5</p>			
<p>1. Board approves the remuneration of senior executives.</p>	<p>COMPLIANT</p>	<p>Provide proof of board approval</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Board of Directors (<i>Item 7.3, Pages 25-26</i>) • Remuneration and other Incentives (<i>Pages 86-87</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>The Corporate Secretary certifies that the remuneration structures are based on the approved Bank's Policy on Remuneration of Directors and Officers under Board Executive Session Resolution No. 06/10-23-09 dated October 23, 2009.</p> <p>Please refer to Annex D for the Secretary's Certificate on remuneration of senior executives.</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>Performance-Based Remuneration PNB designed its compensation and benefits package as a competitive tool to attract and retain highly qualified individuals who will support the Bank’s implementation of its business directions and to achieve business goals. Hence, provisions of the compensation and benefits policies show the clear linkage with employee contributions which are measured through a balanced scorecard approach in its performance management system. Officers who are unable to meet their targets become ineligible to certain benefits and/or incentive programs such as the car plan benefit, employee loans, and performance bonus to name a few. The same is true to employees who get involved in administrative cases where certain benefits are temporarily withheld in case an administrative sanction is imposed. In case of dismissal, benefits are forfeited and taken back including but not limited to the car plan benefit, the guaranteed bonuses equivalent to a three-month salary.</p> <p>2024 Annual Report</p> <ul style="list-style-type: none"> • Performance-based Remuneration (<i>Page 94</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>Recommendation 2.6</p>			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>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>Procedure for the Nomination of Directors</p> <ul style="list-style-type: none"> • All shareholders shall have the right to nominate, elect, remove and replace directors in accordance with the Revised Corporation Code. • In addition to inviting the Bank’s shareholders to nominate candidates to the Board, the Corporate Governance and Sustainability Committee, assisted by the Corporate Secretary, may make use of professional search firms or other external sources in sourcing out potential and qualified candidates to the Board. • Shareholders who wish to nominate a person for election as a director of the Bank may submit a written notice of the nomination
<p>2. Board nomination and election policy is disclosed in the company’s Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Provide proof if minority shareholders have a right to nominate candidates to the board</p>	

<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>COMPLIANT</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>to the Corporate Secretary at least sixty (60) days prior to the Bank's Annual Stockholders' Meeting.</p> <ul style="list-style-type: none"> • The written notice of nomination, duly signed by the nominating stockholder and the nominee, must clearly set out the names and contact information of both the nominating stockholder and the nominee, and must be supported by the biographical data of the nominee, including his or her relevant qualifications and experiences. • Upon receipt of the relevant documents (e.g. bio-data/CVs and other documents related to the qualification, background, and expertise of the nominees), the Corporate Governance Committee, in its discretion, shall initially screen and review the qualifications of all nominees taking into account the needs of the Board in terms of relevant industry experience, knowledge, skills, educational background and professional experience relevant and beneficial to the business of the Bank. An initial list of nominees shall be prepared based on the results of the preliminary screening conducted. • The Corporate Secretary shall inform each shortlisted nominee that he is included in the initial list of nominees based on the results of the preliminary screening conducted by the Corporate Governance Committee and that he will be subjected to the Bank's fit and proper due diligence, as required by the BSP, upon obtaining the written consent of the nominee. • Once the initial list of nominees is finalized, the Corporate Secretary shall: • Request the Corporate Security Group (CSG) and the Property Valuation & Credit Information Division (PVCID) under the Credit Management Group (CMG) to conduct a background and credit check on the shortlisted nominees concerned in order to ascertain the veracity and authenticity of the nominees' education, employment history, and other past activities. CSG and PVCID shall notify and transmit to the Corporate Secretary the results of background and credit check, including any adverse findings found. • Request the Corporate Governance Division under the Global Compliance Group (GCG) to confirm whether the shortlisted nominees possess all the qualifications and none of the disqualifications for directors as stipulated under the Bank's
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>COMPLIANT</p>		
<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>COMPLIANT</p>		

			<p>Corporate Governance Manual, Manual of Regulations for Banks (MORB), and other applicable requirements under existing laws and BSP regulations. GCG shall notify and transmit to the Corporate Secretary the results of its independent review based on the information provided in the nominees' biodata/curriculum vitae (CV).</p> <ul style="list-style-type: none"> • Request the Human Resource Group (HRG) to gather information on the shortlisted nominees using the Fit and Proper System (FITPRO) of the BSP. HRG shall notify and transmit to the Corporate Secretary the information gathered on the system, including any adverse findings found. • The Corporate Secretary shall consider the results of the background and credit check conducted by CSG and PVCID, internal review conducted by GCG, the results of the search on FITPRO performed by HRG, in determining whether the profile of the nominee will be endorsed to the Corporate Governance Committee for further screening. • The Corporate Secretary shall present the shortlisted nominations to the Corporate Governance Committee together with the profile of each nominee which includes, among others, their qualifications and experiences, academic and professional backgrounds, and expertise. • The Corporate Governance Committee shall thereafter endorse the Final List of nominees for Board approval. • Upon approval by the Board of Directors, the Corporate Secretary shall submit all relevant/requisite information about the nominees to the SEC and to all stockholders through the filing and distribution of the Information Statement. • Only nominees whose names appear on the final list of candidates shall be eligible for election. No other nominations shall be entertained after the final list of candidates shall have been prepared; and no further nominations shall be entertained or allowed on the floor during the annual stockholders' meeting. <p>Procedure for the Election of Directors</p> <ul style="list-style-type: none"> • The manner of election and the counting of the votes to be cast shall be under the supervision of the Corporate Secretary.
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<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>		<p>The Corporate Governance and Sustainability Committee reviewed the composition and membership of the Board and board committees and identified the quality, existing competencies, and skillsets of directors aligned with the Bank’s strategic direction. The entire process for the nomination and election of directors is set forth in the Bank’s Corporate Governance Manual.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Pages 10–17</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Page 70</i>) • LINK: https://l.ead.me/2023PNBAnnualReport

Optional: Recommendation to 2.6			
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.	COMPLIANT	Identify the professional search firm used or other external sources of candidates	<p>External sources were consulted in sourcing potential and qualified directors, including the Institute of Corporate Directors (ICD) and annual reports of other listed companies. As a matter of practice, all shareholders were also invited to recommend nominees for election as a director of the Bank.</p> <p>Please refer to Annex E for the communication with ICD requesting for potential and qualified directors.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Procedure for the Nomination of Directors (<i>Pages 10-17</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Page 70</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
Recommendation 2.7			
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.	COMPLIANT	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>As set forth in the RPT Policy Manual, the Board of Directors has established an effective system to determine, identify and monitor related parties and RPTs; continuously review and evaluate existing relationships between and among businesses and counterparties; and identify, measure, monitor and control risks arising from RPTs.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Related Party Transactions (<i>Pages 102–103</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee (<i>Page 31</i>) • Board Oversight RPT Committee (<i>Pages 77-78</i>) • Link: https://l.ead.me/2023PNBAnnualReport
2. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Identify transactions that were approved pursuant to the policy.	

			2023 RPT Policy Manual <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/corporate-governance
Supplement to Recommendations 2.7			
<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>	COMPLIANT	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p>	2023 Annual Report <ul style="list-style-type: none"> Board Oversight RPT Committee (<i>Pages 77-78</i>) LINK: https://l.ead.me/2023PNBAnnualReport 2024 Corporate Governance Manual <ul style="list-style-type: none"> Related Party Transactions (<i>Pages 102-103</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance 2023 RPT Policy Manual <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/corporate-governance
<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>	COMPLIANT	<p>Provide information on voting system, if any.</p>	2023 RPT Policy Manual <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/corporate-governance
Recommendation 2.8			
<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>	COMPLIANT	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed</p>	<p>The Board oversees selection of the CEO and other key personnel, including members of senior management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.</p>

			<p>Before a senior officer (with rank of Vice President and up) is appointed, suitable candidates are identified from various sources. Interviews will then be conducted by the recommending Group/Sector Head, Human Resource Group Head, President, and a Director of the Bank to determine the overall qualification of the candidates based on the factors for selection presented.</p> <p>Once candidate is selected, the approval of the Board of Directors, as endorsed by the President and the Corporate Governance and Sustainability Committee will be sought.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Selection Process for Senior Management (<i>Page 92</i>) • LINK: https://i.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Board of Directors (<i>Item 7.3, Pages 25–26</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<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>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>The Board of Directors regularly monitors and assesses the performance of the management team and heads of control functions based on approved performance standards. Moreover, the Board of Directors holds members of senior management accountable for their actions and enumerate the possible consequences if those actions are not aligned with the Board’s performance expectations. These expectations shall include adherence to the Bank’s values, risk appetite and risk culture, under all circumstances.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Performance Assessment for Senior Management (<i>Page 94</i>) • LINK: https://i.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Board of Directors (<i>Item 7.3, Pages 25-26</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance

Recommendation 2.9			
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.	<p>In PNB, we place special importance on talent development and review. We have established existing mechanisms to better monitor productivity and optimize employee performance. One of the key talent development initiatives conducted by our Human Resource Group (HRG) is the performance appraisal and development for employees which aims to provide feedback on the employee's performance, leadership capabilities, contribution to the company and career growth and development. This exercise is being conducted with prudence and deliberate manner and is leveraged as a tool used to motivate the employees, build their confidence, and foster strong working relationships.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Performance Assessment for Senior Management (<i>Page 94</i>) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Duties and Responsibilities of the Board of Directors (<i>Item 7.3, Pages 25-26</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance
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		
Recommendation 2.10			
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	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Specific Duties and Responsibilities of the Board of Directors (<i>Pages 41-43</i>) Chief Audit Executive (<i>Pages 71-73</i>) Board Audit and Compliance Committee (<i>Pages 53-54</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Message from the Board Audit and Compliance Committee (<i>Pages 26-27</i>) Board Audit and Compliance Committee (<i>Pages 76</i>) LINK: https://l.ead.me/2023PNBAnnualReport
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		

3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter	
Recommendation 2.11			
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.	COMPLIANT	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>The approach to managing risk is outlined on the Bank's Enterprise Risk Management Framework (ERMF), which creates the context for setting policies and standards, and establishing the right practices throughout the PNB Group. This framework defines the risk management processes and sets out the activities, tools, and organizational structure to ensure material risks are identified, measured, monitored, and managed.</p> <p>Our risk management framework banks on a dynamic process that supports the development and implementation of overall Bank strategy. The process revolves around methodically addressing risks associated with the business lines of PNB. The ERMF, with regular reviews and updates, has served us well and has been resilient through economic cycles. We have placed a strong reliance on this risk governance framework and the three lines-of-defense model, which are fundamental to our aspiration of becoming world-class at managing risk.</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.	COMPLIANT	Provide proof of effectiveness of risk management strategies, if any.	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Enterprise Risk Management Framework (<i>Pages 41–44</i>) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Duties and Responsibilities of the Board of Directors (<i>Item 7.5, Pages 31-32</i>) Chief Risk Officer (<i>Pages 69–71</i>) Risk Oversight Committee (<i>Page 56</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance

Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	<p>The Corporate Governance Manual of the Bank serves as the Board Charter, setting forth the specific powers, duties, responsibilities and accountabilities of the Board of Directors to properly aid them in the successful carry out their duties and the exercise sound and objective judgment for the best interest of the Bank, its subsidiaries and affiliates.</p> <p>The Corporate Governance Manual is disclosed in the Bank's website.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Board of Directors (<i>Pages 23–32</i>) • Specific Duties and Responsibilities of a Director (<i>Pages 41-43</i>) • Code of Ethics for Directors (<i>Pages 43-49</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Provide information on or link/reference to a document showing company's insider trading policy.	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Insider Trading Policy (<i>Pages 98-99</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
Optional: Principle 2			

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p>	<p>2023 RPT Policy Manual</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Related Party Transactions (Pages 102-103) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>COMPLIANT</p>	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p>	<p>Material items requiring Board approval include but is not limited to the following:</p> <ul style="list-style-type: none"> • Changes in organizational structure and functions • Vision, mission, and strategic objectives • Risk appetite of the Bank • Policies and procedures governing major areas of the Bank's operations • Remuneration and other incentives policy for personnel • Appointment/selection of key members of senior management and heads of control functions • Corporate governance framework of the Bank • Changes in the charters of each Board committee or other documents that set out its mandate, scope and working procedures • Proposals regarding credit facilities, investments in financial assets, borrowings, and other credit or transactional matters • Declaration of dividends <p>All material transactions and decisions approved by the Board of Directors are immediately disclosed after each Board meeting.</p> <p>In compliance with the reportorial requirements of the SEC, the Bank provides a full, fair and accurate disclosure to the public of every material fact or event that occurs which would reasonably be expected to affect the investors' decisions.</p>

			<p>Annually, all legal acts, resolutions and proceedings of the Board of Directors are summarized and endorsed to the Stockholders for ratification during the Annual Stockholders' Meeting.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none">• Reportorial and Disclosure Requirements (<i>Pages 93–98</i>)• LINK: https://www.pnb.com.ph/index.php/corporate-governance
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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

<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>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 of Directors has created nine committees to increase its efficiency and allow deeper focus in specific areas of our operations. The scope of authority, duties, and responsibilities of each Board committee are adequately defined, documented, and clearly communicated in their respective charters. The extent to which authorities are delegated and the corresponding accountabilities are regularly reviewed and approved by the Board.</p> <table border="1" data-bbox="1325 602 2003 948"> <thead> <tr> <th>Board Committees</th> </tr> </thead> <tbody> <tr> <td>Board Audit & Compliance Committee (BACC)</td> </tr> <tr> <td>Corporate Governance & Sustainability Committee</td> </tr> <tr> <td>Risk Oversight Committee (ROC)</td> </tr> <tr> <td>Board Oversight RPT Committee (BORC)</td> </tr> <tr> <td>Executive Committee</td> </tr> <tr> <td>Trust Committee</td> </tr> <tr> <td>Board IT Governance Committee (BITGC)</td> </tr> <tr> <td>Board Strategy and Policy Committee (BSPC)</td> </tr> <tr> <td>Board Overseas Offices Oversight Committee (BOOOC)</td> </tr> </tbody> </table> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Committees (<i>Pages 51-52</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Board Committees (<i>Pages 75–83</i>) LINK: https://l.ead.me/2023PNBAnnualReport 	Board Committees	Board Audit & Compliance Committee (BACC)	Corporate Governance & Sustainability Committee	Risk Oversight Committee (ROC)	Board Oversight RPT Committee (BORC)	Executive Committee	Trust Committee	Board IT Governance Committee (BITGC)	Board Strategy and Policy Committee (BSPC)	Board Overseas Offices Oversight Committee (BOOOC)
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Recommendation 3.2

<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>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>The Board Audit and Compliance Committee assists the Board in the performance of its oversight responsibility relating to financial reporting process, systems of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.</p> <p>As set forth in its Charter, the Board Audit and Compliance Committee shall be composed of at least three independent directors and two non-executive directors who must have accounting, auditing or related financial management expertise, including the Chairman who shall be an independent director. Majority of the BACC are independent directors. The members of the BACC and the Committee Chair shall be appointed by the Board.</p> <p>The Chairman of the Board Audit and Compliance Committee is not the Chairman of the Board or any other Board Level Committee.</p> <table border="1" data-bbox="1327 721 2005 956"> <thead> <tr> <th colspan="2">Board Audit and Compliance Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Isabelita M. Papa – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Edgar A. Cua – Vice-Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Michael G. Tan – Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Domingo H. Yap</td> <td>Independent Director</td> </tr> <tr> <td>Eusebio V. Tan</td> <td>Non-Executive Director</td> </tr> </tbody> </table> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee (<i>Pages 53–54</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee (<i>Pages 76</i>) LINK: https://l.ead.me/2023PNBAnnualReport 	Board Audit and Compliance Committee		Name	Type of Directorship	Isabelita M. Papa – Chairman	Independent Director	Edgar A. Cua – Vice-Chairman	Independent Director	Michael G. Tan – Member	Non-Executive Director	Domingo H. Yap	Independent Director	Eusebio V. Tan	Non-Executive Director
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<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</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>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>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p>															

Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Internal and External Audit (<i>Pages 85-86</i>) LINK: https://l.ead.me/2023PNBAnnualReport
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.	<p>In 2023, the Committee held 22 meetings composed of 12 regular, 8 special and 2 joint meetings. The Committee also had separate meetings with external auditors, as mandated by BSP Memorandum 2014-11 and BSP Circular No. 969 series of 2017.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Message from the Board Audit and Compliance Committee Chairperson (<i>Pages 26-27</i>) LINK: https://l.ead.me/2023PNBAnnualReport
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	<p>In 2023, the Board Audit and Compliance Committee held a total of twenty-two (22) meetings.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee (<i>Page 76</i>) LINK: https://l.ead.me/2023PNBAnnualReport
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.	<p>The BACC is responsible for the appointment, reappointment, and replacement of the CAE and Deputy CAE. The responsibility of BACC includes the annual performance review of the CAE, accepting the resignation and/or dismissal subject to due process.</p>

			<p>2023 Annual Report</p> <ul style="list-style-type: none"> Internal and External Audit (Page 85-86) LINK: https://l.ead.me/2023PNBAnnualReport 														
Recommendation 3.3																	
<p>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.</p>	COMPLIANT	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p>	<p>The Corporate Governance and Sustainability Committee is tasked to assist the Board of Directors in the performance of its governance responsibilities, including the functions of the Nomination and Remuneration Committee, ensuring compliance with and proper observance of good corporate governance. It also oversees the consistent implementation of the Bank's corporate social responsibility and sustainability framework, with the following strategic thrusts: financial literacy and education, environmental protection, and philanthropic initiatives.</p> <table border="1"> <thead> <tr> <th colspan="2">Corporate Governance & Sustainability Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Edgar A. Cua – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Wilfrido E. Sanchez – Vice Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Isabelita M. Papa – Member</td> <td>Independent Director</td> </tr> <tr> <td>Domingo H. Yap – Member</td> <td>Independent Director</td> </tr> <tr> <td>Maria Almasara Cyd N. Tuaño-Amador</td> <td>Independent Director</td> </tr> </tbody> </table>	Corporate Governance & Sustainability Committee		Name	Type of Directorship	Edgar A. Cua – Chairman	Independent Director	Wilfrido E. Sanchez – Vice Chairman	Independent Director	Isabelita M. Papa – Member	Independent Director	Domingo H. Yap – Member	Independent Director	Maria Almasara Cyd N. Tuaño-Amador	Independent Director
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<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	COMPLIANT	<p>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.</p>															
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Corporate Governance & Sustainability Committee (Pages 54-55) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Corporate Governance and Sustainability Committee (Page 79) LINK: https://l.ead.me/2023PNBAnnualReport 														

Optional: Recommendation 3.3			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>COMPLIANT</p>	<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p>	<p>In 2023, the Corporate Governance and Sustainability Committee held a total of thirteen (13) meetings: 12 regular and 1 special meeting.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Corporate Governance and Sustainability Committee (Page 69) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Corporate Governance & Sustainability Committee (Page 54-55) LINK: https://www.pnb.com.ph/index.php/corporate-governance
Recommendation 3.4			
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p>	<p>The Risk Oversight Committee assists the Board to oversee the risk profile and approve the risk management framework of PNB and its related allied subsidiaries and affiliates. It is mandated to set the risk appetite, approve frameworks, policies, plans, programs and processes for managing risk, and accept risks beyond the approval discretion provided to management.</p> <p>The Risk Oversight Committee consists of nine (9) members of the Board of Directors, majority of whom shall be Independent Directors including the Chairperson. The Chairperson shall not be the Chairperson of the Board of Directors, or any other board-level committee.</p>
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p>	<p>The members shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures. They should also meet the requirements of the Securities and Exchange Commission (SEC), the Bangko Sentral ng Pilipinas (BSP) and other applicable laws and regulations.</p>

<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p>	<table border="1" data-bbox="1327 279 2007 704"> <thead> <tr> <th colspan="2">Risk Oversight Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Maria Almasara Cyd N. Tuaño-Amador – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Domingo H. Yap - Member – Vice Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Leonilo G. Coronel – Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Wilfrido E. Sanchez – Member</td> <td>Independent Director</td> </tr> <tr> <td>Felix Enrico R. Alfiler - Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Vivienne K. Tan – Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Isabelita M. Papa - Member</td> <td>Independent Director</td> </tr> <tr> <td>Edgar A Cua – Member</td> <td>Independent Director</td> </tr> <tr> <td>Chester Y. Luy - Member</td> <td>Non-Executive Director</td> </tr> </tbody> </table> <p>In 2023, the ROC held a total of thirty-two meetings: 23 regular and 9 joint meetings.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Risk Oversight Committee (<i>Pages 80-81</i>) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Risk Oversight Committee (<i>Page 56-57</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance 	Risk Oversight Committee		Name	Type of Directorship	Maria Almasara Cyd N. Tuaño-Amador – Chairman	Independent Director	Domingo H. Yap - Member – Vice Chairman	Independent Director	Leonilo G. Coronel – Member	Non-Executive Director	Wilfrido E. Sanchez – Member	Independent Director	Felix Enrico R. Alfiler - Member	Non-Executive Director	Vivienne K. Tan – Member	Non-Executive Director	Isabelita M. Papa - Member	Independent Director	Edgar A Cua – Member	Independent Director	Chester Y. Luy - Member	Non-Executive Director
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Edgar A Cua – Member	Independent Director																								
Chester Y. Luy - Member	Non-Executive Director																								
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p>																							
<p>Recommendation 3.5</p>																									
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p>	<p>The Board Oversight RPT Committee (BORC) is created to assist the Board of Directors in performing its oversight functions with respect to monitoring and managing potential conflicts of interest of shareholders, Board members, Management, and other stakeholders. BORC oversees the evaluation of related</p>																						

<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p>	<p>party transactions (RPTs) that present the risk of potential abuse and evaluates all material RPTs to ensure that these are conducted in the normal course of business; not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Bank are misappropriated or misapplied.</p> <p>The BORC is composed entirely of independent directors. In case a member has conflict of interest in an RPT, he should refrain from evaluating that particular transaction. The Chief Compliance Officer and Chief Audit Executive sit as Non-Voting Members in the committee.</p> <p>In 2023, the BORC held a total of eleven regular meetings.</p> <table border="1" data-bbox="1310 690 1986 885"> <thead> <tr> <th colspan="2">Board Oversight RPT Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Wilfrido E. Sanchez – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Maria Almasara Cyd N. Tuaño-Amador - Vice Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Domingo H. Yap – Member</td> <td>Independent Director</td> </tr> </tbody> </table> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Board Oversight RPT Committee (Page 77-78) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Oversight RPT Committee (Pages 57) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 RPT Policy Manual</p> <ul style="list-style-type: none"> Board Oversight RPT Committee (Pages 15-16) LINK: https://www.pnb.com.ph/index.php/corporate-governance 	Board Oversight RPT Committee		Name	Type of Directorship	Wilfrido E. Sanchez – Chairman	Independent Director	Maria Almasara Cyd N. Tuaño-Amador - Vice Chairman	Independent Director	Domingo H. Yap – Member	Independent Director
Board Oversight RPT Committee													
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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.	<p>The scope of authority, duties, and responsibilities of each Board committee are adequately defined, documented, and clearly communicated in their respective charters. The extent to which authorities are delegated and the corresponding accountabilities are regularly reviewed and approved by the Board. The charters of the eight (8) board committees can be found on the Bank's website.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Board Committees (<i>Page 64, 75-84</i>) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Committees (<i>Pages 50-53</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Provide link to company's website where the Committee Charters are disclosed.	
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			
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>Board meetings are held monthly, and the schedule is set before the start of the financial year. The Corporate Secretary issues the annual Board calendar every December for the ensuing year.</p> <p>Matters requiring decision and approval and matters which are for the Board's information are clearly set out in the detailed agenda. The Corporate Secretary informs the Board members of the agenda of their meetings and distributes materials at least five business days prior to the scheduled meeting. She likewise ensures that the members possess accurate information that enables</p>

<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>		<p>them to make sound decisions on matters that require their approval. The Chairman encourages openness and debate at Board meetings and directors participate actively in Board discussions and share their insights on issues and matters tabled.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Meetings and Attendance (<i>Pages 70-71</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Meetings of the Board and Board Committees (<i>Page 75-78</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>Please refer to Annex B for the corresponding Secretary's Certificate.</p>
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p>	
<p>Recommendation 4.2</p>			

<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company’s directors in both listed and non-listed companies</p>	<table border="1"> <thead> <tr> <th data-bbox="1327 280 1665 342">Name</th> <th data-bbox="1665 280 2003 342">Directorship in other Listed Companies</th> </tr> </thead> <tbody> <tr> <td data-bbox="1327 342 1665 407">Edgar A. Cua (Independent Director)</td> <td data-bbox="1665 342 2003 407">None</td> </tr> <tr> <td data-bbox="1327 407 1665 472">Leonilo G. Coronel (Non-Executive Director)</td> <td data-bbox="1665 407 2003 472">None</td> </tr> <tr> <td data-bbox="1327 472 1665 537">Felix Enrico R. Alfiler (Non-Executive Director)</td> <td data-bbox="1665 472 2003 537">None</td> </tr> <tr> <td data-bbox="1327 537 1665 602">Florido P. Casuela (Executive Director)</td> <td data-bbox="1665 537 2003 602">None</td> </tr> <tr> <td data-bbox="1327 602 1665 667">Chester Y. Luy (Non-Executive Director)</td> <td data-bbox="1665 602 2003 667">None</td> </tr> <tr> <td data-bbox="1327 667 1665 760">Estelito P. Mendoza (Non-Executive Director)</td> <td data-bbox="1665 667 2003 760"> <ul style="list-style-type: none"> • San Miguel Corporation (Director) • Petron Corporation (Director) </td> </tr> <tr> <td data-bbox="1327 760 1665 824">Isabelita M. Papa (Independent Director)</td> <td data-bbox="1665 760 2003 824">None</td> </tr> <tr> <td data-bbox="1327 824 1665 889">Sheila T. Pascual (Non-Executive Director)</td> <td data-bbox="1665 824 2003 889"> <ul style="list-style-type: none"> • PAL Holdings, Inc. (Director) </td> </tr> <tr> <td data-bbox="1327 889 1665 954">Wilfrido E. Sanchez (Independent Director)</td> <td data-bbox="1665 889 2003 954"> <ul style="list-style-type: none"> • LT Group, Inc. (Independent Director) </td> </tr> <tr> <td data-bbox="1327 954 1665 1019">Eusebio V. Tan (Non-Executive Director)</td> <td data-bbox="1665 954 2003 1019">None</td> </tr> <tr> <td data-bbox="1327 1019 1665 1208">Lucio C. Tan III (Non-Executive Director)</td> <td data-bbox="1665 1019 2003 1208"> <ul style="list-style-type: none"> • LT Group, Inc. (Director, President and COO) • MacroAsia Corporation (Director) • PAL Holdings, Inc. (Director, President and COO) </td> </tr> <tr> <td data-bbox="1327 1208 1665 1360">Michael G. Tan (Non-Executive Director)</td> <td data-bbox="1665 1208 2003 1360"> <ul style="list-style-type: none"> • LT Group, Inc. (Director) • Victorias Milling Company, Inc. (Director) • MacroAsia Corporation (Director) </td> </tr> </tbody> </table>	Name	Directorship in other Listed Companies	Edgar A. Cua (Independent Director)	None	Leonilo G. Coronel (Non-Executive Director)	None	Felix Enrico R. Alfiler (Non-Executive Director)	None	Florido P. Casuela (Executive Director)	None	Chester Y. Luy (Non-Executive Director)	None	Estelito P. Mendoza (Non-Executive Director)	<ul style="list-style-type: none"> • San Miguel Corporation (Director) • Petron Corporation (Director) 	Isabelita M. Papa (Independent Director)	None	Sheila T. Pascual (Non-Executive Director)	<ul style="list-style-type: none"> • PAL Holdings, Inc. (Director) 	Wilfrido E. Sanchez (Independent Director)	<ul style="list-style-type: none"> • LT Group, Inc. (Independent Director) 	Eusebio V. Tan (Non-Executive Director)	None	Lucio C. Tan III (Non-Executive Director)	<ul style="list-style-type: none"> • LT Group, Inc. (Director, President and COO) • MacroAsia Corporation (Director) • PAL Holdings, Inc. (Director, President and COO) 	Michael G. Tan (Non-Executive Director)	<ul style="list-style-type: none"> • LT Group, Inc. (Director) • Victorias Milling Company, Inc. (Director) • MacroAsia Corporation (Director)
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Maria Almasara Cyd N. Tuaño-Amador (Independent Director)	None								
Domingo H. Yap (Independent Director)	None								

Recommendation 4.3			
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.	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Multiple Board Seats/ Interlocking/ Concurrent Directorship (Pages 78–83) LINK: https://www.pnb.com.ph/index.php/corporate-governance
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		<p>Mr. Florido P. Casuela, the Bank's sole executive director, does not serve in more than two boards of listed companies outside of the group.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Profile of Mr. Florido P. Casuela (Page 180) LINK: https://l.ead.me/2023PNBAnnualReport
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT		<p>Board meetings are held monthly, and the schedule is set before the start of the financial year. The Corporate Secretary issues the annual Board calendar every December for the ensuing year.</p> <p>In 2023, the Board held a total of nineteen meetings: twelve regular meetings, six special meetings, and one organizational meeting. Each Board member complied with the SEC's minimum attendance requirement of 50%.</p>
3. Board of directors meet at least six times during the year.	COMPLIANT	Indicate the number of board meetings during the year and provide proof	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Meetings of the Board and Board Committees (Page 75-78) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Meetings and Attendance (Pages 70–71) LINK: https://l.ead.me/2023PNBAnnualReport

4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	Indicate the required minimum quorum for board decisions	<p>Two-thirds (2/3) of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business. In the absence of a quorum at any regular or special meeting, the Board shall adjourn at a later date and shall not transact any business until a quorum is secured.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Meetings and Attendance (<i>Pages 70-71</i>) LINK: https://l.ead.me/2023PNBAnnualReport
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	Provide information or link/reference to a document containing information on the number of independent directors in the board	<p>The Bank has 5 independent directors representing 33.33% (or 1/3) of the Board.</p> <table border="1"> <thead> <tr> <th>Board of Directors</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Lucio C. Tan</td> <td>Chairman Emeritus</td> </tr> <tr> <td>Edgar A. Cua</td> <td>Independent Director (Chairman)</td> </tr> <tr> <td>Leonilo G. Coronel</td> <td>Non-Executive Director (Vice Chairman)</td> </tr> <tr> <td>Felix Enrico R. Alfiler</td> <td>Non-Executive Director</td> </tr> <tr> <td>Florido P. Casuela</td> <td>Executive Director</td> </tr> <tr> <td>Chester Y. Luy</td> <td>Non-Executive Director</td> </tr> <tr> <td>Estelito P. Mendoza</td> <td>Non-Executive Director</td> </tr> <tr> <td>Isabelita M. Papa</td> <td>Independent Director</td> </tr> <tr> <td>Sheila T. Pascual</td> <td>Non-Executive Director</td> </tr> <tr> <td>Wilfrido E. Sanchez</td> <td>Independent Director</td> </tr> <tr> <td>Eusebio V. Tan</td> <td>Non-Executive Director</td> </tr> <tr> <td>Lucio C. Tan III</td> <td>Non-Executive Director</td> </tr> <tr> <td>Michael G. Tan</td> <td>Non-Executive Director</td> </tr> <tr> <td>Vivienne K. Tan</td> <td>Non-Executive Director</td> </tr> <tr> <td>Maria Almasara Cyd N. Tuaño-Amador</td> <td>Independent Director</td> </tr> <tr> <td>Domingo H. Yap</td> <td>Independent Director</td> </tr> </tbody> </table>	Board of Directors	Type of Directorship	Lucio C. Tan	Chairman Emeritus	Edgar A. Cua	Independent Director (Chairman)	Leonilo G. Coronel	Non-Executive Director (Vice Chairman)	Felix Enrico R. Alfiler	Non-Executive Director	Florido P. Casuela	Executive Director	Chester Y. Luy	Non-Executive Director	Estelito P. Mendoza	Non-Executive Director	Isabelita M. Papa	Independent Director	Sheila T. Pascual	Non-Executive Director	Wilfrido E. Sanchez	Independent Director	Eusebio V. Tan	Non-Executive Director	Lucio C. Tan III	Non-Executive Director	Michael G. Tan	Non-Executive Director	Vivienne K. Tan	Non-Executive Director	Maria Almasara Cyd N. Tuaño-Amador	Independent Director	Domingo H. Yap	Independent Director
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Recommendation 5.2			
<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>Certifications of Independent Directors – 2023</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/SEC_Certifications_of_Independent_Directors_of_PNB_Mar222023.pdf <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Board Composition (<i>Pages 66–67</i>) • Profile of the Board of Directors (<i>Pages 178–186</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Qualifications (<i>Section 5.2, Page 7</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf
Supplement to Recommendation 5.2			

<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>There are no shareholder agreements, by-laws provisions, or other arrangements that constraints the directors' ability to vote independently.</p> <p>Amended By-Laws</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Board of Directors (<i>Pages 23–32</i>) • Specific Duties and Responsibilities of a Director (<i>Pages 41-43</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>Recommendation 5.3</p>			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Term Limit (<i>Page 43</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p>	<p>2023 Annual Report</p> <ul style="list-style-type: none"> • Retirement and Term Limit (<i>Pages 71-72</i>) • Profile of the Board of Directors (<i>Pages 178–186</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p>	<p>As of December 31, 2023, the Bank has no independent director that served for more than nine (9) years reckoned from 2012.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Term Limit (<i>Page 43</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Retirement and Term Limit (<i>Pages 71-72</i>) • Profile of the Board of Directors (<i>Pages 178–186</i>) • LINK: https://l.ead.me/2023PNBAnnualReport

Recommendation 5.4

<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p>	<p>The positions of Chairperson of the Board and President are held by separate individuals to achieve an appropriate balance of power, increase accountability and improve the capacity of the Board for decision-making independent of management. The separation of the roles ensures the fair division of powers, increased accountability, and enhanced governance.</p> <p>The Chairman of the Board is Edgar A. Cua, who has held the position since April 25, 2023. He ensures the effective functioning of the Board, including maintaining a relationship of trust with individual directors. He makes certain that the meeting agenda focuses on strategic matters, including discussions on risk appetite, and key governance concerns.</p> <p>The President, who is the Chief Executive Officer (CEO), is Florido P. Casuela. He first assumed the position in an acting capacity on July 5, 2022, until his formal election on April 25, 2023. As President, he is the overall-in-charge of the management of the business and affairs of the Bank as governed by the strategic direction and risk appetite approved by the Board. He communicates and implements the Bank's vision, mission, values, and overall strategy.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none">• The Chairperson, Vice Chairman, and President <i>(Page 64-66)</i>• LINK: https://l.ead.me/2023PNBAnnualReport
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<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>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.</p> <p>Identify the relationship of Chairman and CEO.</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Chairperson of the Board (<i>Pages 20-21</i>) • Chief Executive Officer (<i>Pages 21-22</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Powers and Duties of the Chairman (<i>Page 7</i>) • The President (<i>Pages 12</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf <p>2023 Annual Report</p> <ul style="list-style-type: none"> • The Chairperson, Vice Chairman, and President (<i>Page 64-66</i>) • LINK: https://i.ead.me/2023PNBAnnualReport
<p>Recommendation 5.5</p>			
<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>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 Chairman of the Board is an independent director.</p>
<p>Recommendation 5.6</p>			

<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>COMPLIANT</p>	<p>Provide proof of abstention, if this was the case</p>	<p>The members of the Board, stockholders, and management shall disclose to the board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the bank. Directors and officers involved in possible conflict of interests shall disassociate from participating in the decision-making process and abstain in the discussion, approval and management of such transaction or matters affecting the bank. The Board Oversight RPT Committee may inform the Corporate Governance and Sustainability Committee of the directors/officers' actual/potential conflicts of interest with the Bank, as necessary.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee (<i>Pages 31–32</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Related Party Transactions (<i>Pages 102-103</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>Recommendation 5.7</p>			
<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>COMPLIANT</p>	<p>Provide proof and details of said meeting, if any.</p>	<p>In addition to the regular and special meetings of the Board, non-executive directors also meet regularly, other than in meetings of the audit, risk oversight, corporate governance, and related party transactions committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions. The nonexecutive directors' meetings, with the independent directors, were held on March 6, 2023, and on June 6, 2023, with the external auditors (SGV) when the latter presented the results of the audit of the 2022 Financial Statements of PNB and its Subsidiaries and the 2022 Management Letter, respectively.</p>
<p>2. The meetings are chaired by the lead independent director.</p>	<p>COMPLIANT</p>	<p>Provide information on the frequency and attendees of meetings.</p>	<p>2023 Annual Report</p> <ul style="list-style-type: none"> • Meetings and Attendance (<i>Pages 70–72</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Meetings of Board and Board Committee Meetings (<i>Page 75-78</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	Provide name/s of company CEO for the past 2 years	The President, who is the Chief Executive Officer (CEO), is Florido P. Casuela. He first assumed the position in an acting capacity on July 5, 2022, until his formal election on April 25, 2023. Mr. Casuela used to be a non-executive director of the Bank.
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			
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	Good corporate governance improves Board performance. As such, the Board continuously seeks ways to assess its performance as individual directors and as a collegial body, identifying strengths and areas for improvement, and establishing mechanisms for addressing the results thereof.
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		The Board of Directors participates in an annual self-assessment exercise to assess their individual and collective performance. This exercise is also designed to determine and measure the adherence of management to corporate governance practices. The questionnaire covers three (3) main sections: (a) Individual Performance; (b) Board Performance, and (c) Committee Performance. Using a rating scale of 1 to 5 (with 5 as the highest), each director had to answer questions using comprehensive evaluation

3. The individual members conduct a self-assessment of their performance.	COMPLIANT		<p>criterion focused on the director’s time commitment and independence, governance landscape, ethical culture in the organization, risk governance, fitness and propriety of Board and Management, and internal controls. Directors were also encouraged to provide comments and suggestions aimed at further improving the Board’s performance and enhancing its role in the organization.</p>
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		<p>The Board performance evaluation is facilitated by the CCO. He consolidates and reviews the responses and presents the summary of results and significant findings to the Corporate Governance and Sustainability Committee.</p> <p>The Global Compliance Group thru the Corporate Governance and Sustainability Committee ensures that the results of the Board performance evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement. The results of the Board performance self-evaluation were presented to the Corporate Governance and Sustainability Committee on April 13, 2023 and thereafter to the Board on April 21, 2023.</p>
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	Identify the external facilitator and provide proof of use of an external facilitator.	<p>In 2021, the Bank acquired the services of the Institute of Corporate Directors (ICD) to conduct the Year 2020 assessment in compliance with the three-year rule. We have engaged the services of a third-party service provider, R.G. Manabat & Co. – KPMG to conduct the Board Performance Assessment for Year 2023.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board and Committee Evaluation Process (<i>Pages 84-85</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Board Performance and Evaluation (<i>Pages 72</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
Recommendation 6.2			

<p>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.</p>	<p>COMPLIANT</p>	<p>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</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board and Committee Evaluation Process (<i>Pages 84-85</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Board Performance and Evaluation (<i>Page 72</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>COMPLIANT</p>		

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

<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>COMPLIANT</p>	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p>	<p>Code of Ethics for Directors The Code of Ethics for Directors serves as a guide of principles designed to enable the Board in exercising its powers, duties, and responsibilities in accordance with fit and proper standards. This establishes the minimum standards of conduct expected of all directors. As such, the Code shall be read in conjunction with the Bank's Corporate Governance Manual, articles of incorporation, bylaws, and internal policies and procedures.</p> <p>The provisions of the Code shall apply to all members of the Board, whether executive, non-executive or independent, of PNB. All members of the Board are expected to observe and uphold the principles set out in the Code.</p> <p>Code of Conduct for Employees The Code of Conduct for Employees is designed to prescribe a moral code for employees which would not only instill discipline but also yield higher productivity at the workplace and enhance and safeguard the corporate image</p>
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<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>COMPLIANT</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p>	<p>of the Bank. The provisions of the Code apply to all employees including its overseas branches and offices and PNB's domestic and foreign subsidiaries.</p> <p>Each employee is furnished with a copy of the Bank's Code of Conduct. Moreover, they can access the Code through the Bank's intranet.</p> <p>Each individual accomplishes an Acknowledgement Receipt certifying therein that he/she has been furnished with a copy of the Code; that he/she has fully read and understood the provisions embodied in the Code; and that he/she promises to abide with the rules and regulations of the Code.</p> <p>Any failure to abide with the provisions of the Code is reported by the immediate supervisor and/or Head of Office concerned to the Human Resource Group and/or Corporate Governance and Sustainability Committee. A designated committee may subsequently evaluate the report to determine if any sanction or disciplinary action should be taken against the erring employee or director.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Code of Ethics for Directors (<i>Pages 43 –49</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Code of Ethics for Directors (<i>Page 89</i>) • Code of Conduct for Employees (<i>Page 89</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>Code of Conduct</p> <ul style="list-style-type: none"> • LINK: https://pnbph.sharepoint.com/sites/PNBKnowledgeBase/Published/Forms/AllItems.aspx?id=%2Fsites%2FPNBKnowledgeBase%2FPublished%2FOPP%2FOPP%2001%20HR%20Mgmt%2C%20Organization%20%20General%20Admin%2F2022%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2Epdf&parent=%2Fsites%2FPNBKnowledgeBase%2FPublished%2FOPP%2FOPP%2001%20HR%20Mgmt%2C%20Organization%20%20General%20Admin%2F2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2Epdf
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>COMPLIANT</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p>	<p>of the Bank. The provisions of the Code apply to all employees including its overseas branches and offices and PNB's domestic and foreign subsidiaries.</p> <p>Each employee is furnished with a copy of the Bank's Code of Conduct. Moreover, they can access the Code through the Bank's intranet.</p> <p>Each individual accomplishes an Acknowledgement Receipt certifying therein that he/she has been furnished with a copy of the Code; that he/she has fully read and understood the provisions embodied in the Code; and that he/she promises to abide with the rules and regulations of the Code.</p> <p>Any failure to abide with the provisions of the Code is reported by the immediate supervisor and/or Head of Office concerned to the Human Resource Group and/or Corporate Governance and Sustainability Committee. A designated committee may subsequently evaluate the report to determine if any sanction or disciplinary action should be taken against the erring employee or director.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Code of Ethics for Directors (<i>Pages 43 –49</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Code of Ethics for Directors (<i>Page 89</i>) • Code of Conduct for Employees (<i>Page 89</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>Code of Conduct</p> <ul style="list-style-type: none"> • LINK: https://pnbph.sharepoint.com/sites/PNBKnowledgeBase/Published/Forms/AllItems.aspx?id=%2Fsites%2FPNBKnowledgeBase%2FPublished%2FOPP%2FOPP%2001%20HR%20Mgmt%2C%20Organization%20%20General%20Admin%2F2022%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2Epdf&parent=%2Fsites%2FPNBKnowledgeBase%2FPublished%2FOPP%2FOPP%2001%20HR%20Mgmt%2C%20Organization%20%20General%20Admin%2F2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2Epdf

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Supplement to Recommendation 7.1			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>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>In line with the Bank's commitment to ensure that business dealings are conducted with the highest level of integrity and professionalism, employees are prohibited from engaging in any form of bribery such as the following:</p> <ul style="list-style-type: none"> • Giving/offering pecuniary benefits to external parties with the intention to influence the other party to commit a violation for personal and/or business advantage. • Acceptance/receiving of pecuniary benefits from clients, suppliers, service providers in order to facilitate the processing or approval of transactions or service agreements with the Bank despite deficiency and/or non-compliance with the standard requirements and procedures. <p>Employees who have knowledge of any form of irregular transactions or corrupt practices being entered into by an office or an employee under the name of the Bank must report the same through the offices identified in our Whistleblower Policy.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption (<i>Page 90</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>Code of Conduct</p> <ul style="list-style-type: none"> • LINK: https://pnbph.sharepoint.com/sites/PNBKnowledgeBase/Published/Forms/AllItems.aspx?id=%2Fsites%2FPNBKnowledgeBase%2FPubli

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Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT		<p>The Board of Directors approves the Code of Conduct, which articulates acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the Bank as well as the corresponding disciplinary actions and sanctions. The Code of Ethics and Conduct explicitly provides that directors, officers, and all personnel are expected to conduct themselves ethically and perform their job with skill, due care, and diligence in addition to complying with laws, regulations, and company policies. The Board also ensures the proper, efficient and consistent implementation of and compliance with the Bank's Code of Conduct.</p> <p>Code of Conduct</p> <ul style="list-style-type: none"> LINK: https://pnbph.sharepoint.com/sites/PNBKnowledgeBase/Published/Forms/AllItems.aspx?id=%2Fsites%2FPNBKnowledgeBase%2FPubli shed%2FOPP%2FOPP%2001%20HR%20Mgmt%2C%20Organization %20%20General%20Admin%2F2022%2FOPP%20No%2E%2001%2D 0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Con duct%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revis ed%20PNB%20Code%20of%20Conduct%2Epdf&parent=%2Fsites%2 FPNBKnowledgeBase%2FPublished%2FOPP%2FOPP%2001%20HR% 20Mgmt%2C%20Organization%20%20General%20Admin%2F2022% 2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%2 0PNB%20Code%20of%20Conduct
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<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>2024 Corporate Governance Manual</p> <ul style="list-style-type: none">• Duties and Responsibilities of the Board of Directors (<i>Item 7.1, Pages 23–32</i>)• Code of Ethics for Directors (<i>Page 43-49</i>)• LINK: https://www.pnb.com.ph/index.php/corporate-governance
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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			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>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>All material information about the Bank which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be publicly disclosed to the regulators in a full, fair accurate and timely manner.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Reportorial and Disclosure Requirements (<i>Pages 93–98</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> LINK: https://l.ead.me/2023PNBAnnualReport <p>PNB Website: Quarterly Financial Statements</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_MARCH_31_2023.pdf LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_JUNE_30_2023.pdf LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_SEPT_30_2023.pdf LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_DEC_31_2023.pdf <p>Investor Presentation</p> <p>LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_Investor_Presentation_Q1_2024.pdf</p>
Supplement to Recommendations 8.1			

<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 period.</p>	<p>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>PNB Website: Quarterly Financial Statements</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_MARCH_31_2023.pdf • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_JUNE_30_2023.pdf • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_SEPT_30_2023.pdf • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_DEC_31_2023.pdf <table border="1" data-bbox="1346 631 1988 987"> <thead> <tr> <th>Cut-off Period</th> <th>Published Date (Date of disclosure through PSE Edge)</th> <th>No. of days within which the reports were published from the end of the reporting period</th> </tr> </thead> <tbody> <tr> <td>As of Mar. 31, 2023</td> <td>May 12, 2023</td> <td>42</td> </tr> <tr> <td>As of June 30, 2023</td> <td>August 11, 2023</td> <td>42</td> </tr> <tr> <td>As of Sept. 30, 2023</td> <td>November 10, 2023</td> <td>41</td> </tr> <tr> <td>As of Year-End 2023</td> <td>April 15, 2024</td> <td>106</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Cut-off Period	Published Date (Date of disclosure through PSE Edge)	No. of days within which the reports were published from the end of the reporting period	As of Mar. 31, 2023	May 12, 2023	42	As of June 30, 2023	August 11, 2023	42	As of Sept. 30, 2023	November 10, 2023	41	As of Year-End 2023	April 15, 2024	106			
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. 	<p>2023 Annual Report</p> <ul style="list-style-type: none"> • Conglomerate Map (<i>Page 96</i>) • Holders (<i>Page 200</i>) • LINK: https://l.ead.me/2023PNBAnnualReport 																		

Recommendation 8.2			
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.	COMPLIANT	<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>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	<p>Directors and key officers as reflected in the General Information Sheet of the Bank shall advise the Corporate Secretary of their shareholdings in the Bank within three (3) business days after his appointment or any subsequent acquisition, disposal, or change in his shareholdings for proper filing of reportorial requirements with the SEC and PSE.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Code of Ethics for Directors (<i>Page 43-49</i>) • Insider Trading Policy (<i>Pages 98-99</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Shareholdings (<i>Page 73-74</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
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.	COMPLIANT	<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>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	
Supplement to Recommendation 8.2			

<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>2023 Annual Report</p> <ul style="list-style-type: none"> Shareholdings (Page 73-74) LINK: https://l.ead.me/2023PNBAnnualReport <p>Top 100 Stockholders</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/top_100_stockholders_12312023.pdf <p>Computation of Public Ownership</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/public_ownership_12312023.pdf
<p>Recommendation 8.3</p>			
<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 judgment.</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, expertise and relevant trainings attended.</p>	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Board Composition (Pages 66–67) Skills, Competency, and Diversity (Page 69-70) Profiles of the Board of Directors (Pages 178–186) LINK: https://l.ead.me/2023PNBAnnualReport
<p>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.</p>	<p>COMPLIANT</p>	<p>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.</p>	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Profiles of the Management Committee (Pages 192–197) LINK: https://l.ead.me/2023PNBAnnualReport
<p>Recommendation 8.4</p>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p>	<p>The remuneration and fringe benefits of Board members consist of per diem for every Board and Board committee meeting and non-cash benefits like healthcare plan, group life insurance, and group accident insurance.</p>

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p>	<p>The total per diem given to the Board, as well as the total compensation of the President & CEO and the four (4) most highly compensated executive officers, is disclosed in the definitive information statement sent to all shareholders.</p> <p>There has been no proposal on remuneration for directors presented to the shareholders for approval in the 2022 Annual Stockholders' Meeting.</p> <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Compensation (Page 8) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Remuneration (Page 71) • Officers' Compensation and Benefits (Page 94) • Performance-based Remuneration (Pages 94) • Link: https://l.lead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Remuneration and Other Incentives (Pages 86–87) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p>	<p>The per diem for each Board and Board Committee meetings attended by the Board of Directors and the total per diem given to the Board of Directors on an aggregate basis are provided in the Bank's 2023 Definitive Information Statement. The total per diem includes per diem received by Board Advisors.</p> <p>The President, being the only executive director, is not entitled to any per diem as it is deemed incorporated in his compensation. In view, however, of the competitiveness of the industry and high demand for senior executive officers and to maintain the Bank's attractiveness and advantage, the Bank is unable to disclose the exact amount of total compensation received by its President in 2023.</p>

			<p>In compliance with Sections 29 and 49 of the Revised Corporation Code requiring corporations vested with public interest to submit to its stockholders and the Commission an annual report of the total compensation of each of their directors, a report on the total compensation of each director was presented at the Annual Stockholders' Meeting of the Bank and a copy of said report will be submitted to the SEC, as may be required.</p> <p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> • Compensation of Directors and Executive Officers (<i>Pages 37-38</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf
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>	COMPLIANT	<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>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Related Party Transactions (<i>Pages 102-103</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>As provided for under SEC Circular No. 10, series of 2019: Rules on Material Related Party Transactions for Publicly Listed Companies, material RPT refers to any transaction, either individually, or in aggregate over a twelve-month period with the same related party, amounting to ten percent (10%) or higher of the Bank's total assets based on its latest audited financial statements. In 2023, no transaction qualified under the materiality threshold defined by the SEC.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee Chairman (<i>Pages 31-32</i>) • Note 33, Audited Financial Statements (<i>Pages 129-136</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2023 RPT Policy Manual</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	COMPLIANT	<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 company's policy; and 9. other terms and conditions 	

Supplement to Recommendation 8.5			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>COMPLIANT</p>	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p>	<p>The members of the Board, stockholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the Bank. Directors and officers involved in possible conflict of interests shall disassociate from participating in the decision-making and abstain in the discussion, approval and management of such transaction or matters affecting the Bank.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Related Party Transactions (<i>Pages 102–103</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee Chairman (<i>Pages 31-32</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2023 RPT Policy Manual</p>

			<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/corporate-governance
Optional: Recommendation 8.5			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	COMPLIANT	Provide link or reference where this is disclosed, if any	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Message from the Board Oversight RPT Committee Chairman (<i>Pages 31-32</i>) Board Oversight RPT Committee (<i>Pages 77-78</i>) LINK: https://l.ead.me/2023PNBAnnualReport Note 33, Audited Financial Statements (<i>Pages 129-136</i>) LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Related Party Transactions (<i>Pages 102-103</i>) Board Oversight RPT Committee (<i>Pages 57</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 RPT Policy Manual</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/corporate-governance
Recommendation 8.6			
<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</p>	COMPLIANT	Provide link or reference where this is disclosed	<p>All material information/transactions of the Bank which could adversely affect the interest of its shareholders and other stakeholders are immediately disclosed to the Philippine Stock Exchange (PSE).</p>

interest of its shareholders and other stakeholders.			PSE Edge <ul style="list-style-type: none"> LINK: http://edge.pse.com.ph/companyDisclosures/form.do?cmpry_id=139
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	Identify independent party appointed to evaluate the fairness of the transaction price Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	2023 Annual Report <ul style="list-style-type: none"> Message from the Board Oversight RPT Committee Chairman (<i>Pages 31-32</i>) Board Oversight RPT Committee (<i>Pages 77-78</i>) LINK: https://l.ead.me/2023PNBAnnualReport Note 33, Audited Financial Statements (<i>Pages 129–136</i>) LINK: https://l.ead.me/2023PNBAnnualReport 2024 Corporate Governance Manual <ul style="list-style-type: none"> Reportorial and Disclosure Requirements (<i>Pages 93-98</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance
Supplement to Recommendation 8.6			
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.	COMPLIANT	Provide link or reference where these are disclosed.	The Bank is not aware of any agreement or arrangement that may impact its control, ownership, and strategic. The relevant information on ownership is disclosed in the 2023 Definitive Information Statement of the Bank. 2023 Definitive Information Statement <ul style="list-style-type: none"> Security Ownership of Certain Record and Beneficial Owners and Management (<i>Pages 4-9</i>) LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf
Recommendation 8.7			
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.	The Corporate Governance Manual of the Bank was submitted to SEC and PSE and is available in the Bank’s website.

2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		2024 Corporate Governance Manual <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/corporate-governance
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
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.	2024 Corporate Governance Manual <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>Please refer to Annex F for the receiving copy stamped by the SEC of the Corporate Governance Manual.</p>
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	2023 Annual Report <ul style="list-style-type: none"> Corporate Objectives (<i>Page 2</i>) LINK: https://l.ead.me/2023PNBAnnualReport
b. Financial performance indicators	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	2023 Annual Report <ul style="list-style-type: none"> Financial Highlights (<i>Page 7</i>) LINK: https://l.ead.me/2023PNBAnnualReport

c. Non-financial performance indicators	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Operational Highlights (<i>Pages 16–23</i>) Sustainability Report (<i>Pages 98–173</i>) LINK: https://l.ead.me/2023PNBAnnualReport
d. Dividend Policy	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Dividend Policy (<i>Page 123</i>) Dividends (<i>Page 201</i>) LINK: https://l.ead.me/2023PNBAnnualReport
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Profiles of the Board of Directors (<i>Pages 178–186</i>) LINK: https://l.ead.me/2023PNBAnnualReport
f. Attendance details of each director in all director's meetings held during the year	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2023 Annual Report</p> <ul style="list-style-type: none"> Meetings and Attendance (<i>Pages 70–71</i>) LINK: https://l.ead.me/2023PNBAnnualReport
g. Total remuneration of each member of the board of directors	NON-COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>The per diem for each Board and Board Committee meetings attended by the Board of Directors and the total per diem given to the Board of Directors on an aggregate basis are provided in the 2023 Definitive Information Statement and Annual Report uploaded in the Bank's website and PSE Edge profile.</p> <p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> Compensation of Directors and Executive Officers (<i>Pages 37–38</i>) LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>The Bank adopts a policy of full compliance with the Code of Corporate Governance. PNB has substantially complied with the recommendations of the Code of Corporate Governance for Publicly Listed Companies, except for the following:</p> <ol style="list-style-type: none"> 1) 30% public float requirement to increase liquidity in the market; and 2) Disclosure of director remuneration and executive compensation on an individual basis. <p>The details of the Bank's compliance with the Code of Corporate Governance and the explanation for the abovementioned items can be found in its Integrated Annual Corporate Governance Report, published on the PNB website.</p> <p>Moreover, the Bank has substantially complied with the provisions and requirements set forth in the Corporate Governance Manual and there were no reported significant deviations from what is expected from its Directors, Board Advisors, officers, and employees.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Corporate Governance Confirmation Statement (<i>Page 89</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Risk Oversight Committee Chairman (<i>Pages 37–38</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>2022 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Audit and Committee Chairperson (<i>Pages 26–27</i>) • LINK: https://l.ead.me/2023PNBAnnualReport

<p>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).</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where these are contained in the Annual Report</p>	<p>2023 Annual Report</p> <ul style="list-style-type: none"> • Risk Categories and Definitions (<i>Pages 48–49</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
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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

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>COMPLIANT</p>	<p>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.</p>	<p>The BACC has the sole authority to select, evaluate, appoint, dismiss, and re-appoint the external auditor (subject to shareholder ratification) and shall approve in advance all audit engagement fees and terms and all audit-related, and tax compliance engagements with the external auditor.</p> <p>The external auditor is expected to charge only reasonable audit fees. In determining reasonable fees, the following factors may be considered: (a) expected hours needed to complete the scope of work envisioned in the audit plan; (b) complexity of the activities and structure of the Bank; (c) level of internal audit assistance; (d) level of fees being charged by other audit firms; and (e) quality of audit services.</p>
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<p>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.</p>	<p>COMPLIANT</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee (<i>Pages 53–54</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Message from the Board Audit and Compliance Committee Chairman (<i>Pages 26–27</i>) Internal and External Audit (<i>Page 85-86</i>) LINK: https://l.ead.me/2023PNBAnnualReport <p>Minutes of the 2023 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> Appointment of External Auditor (<i>Pages 11-12</i>) LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2023_ASM_Minutes.pdf <p>Votes of shareholders that ratified the appointment of the external auditor of the Bank:</p> <table border="1" data-bbox="1371 794 1961 956"> <tr> <td>Approving</td> <td>1,188,648,616</td> </tr> <tr> <td>Dissenting</td> <td>0</td> </tr> <tr> <td>Abstaining</td> <td>376</td> </tr> </table>	Approving	1,188,648,616	Dissenting	0	Abstaining	376
Approving	1,188,648,616								
Dissenting	0								
Abstaining	376								
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>	<p>SGV & Co. is the incumbent external auditor of the Bank. Aside from being one of the country's leading auditing firm and included in the BSP and SEC List of Selected/Accredited External Auditors, SGV have the advantage of having historical knowledge of the Bank's business and its subsidiaries and affiliates, having been the appointed external auditor of PNB in 2021 2022 and prior years. SGV's selection as external auditor undergone the comprehensive selection process in accordance with the Bank's External Auditor Tender Process policy.</p>						

			<p>Attached is the Board Resolution covering the approval of the Revised Policy on External Auditor Tender Process.</p> <p></p> <p>AC - REVISED POLICY ON EXTERNAL AUDIT¹</p> <p>There was no removal or change of external auditor in 2023.</p>
Supplement to Recommendation 9.1			
<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>The external auditor/auditing firm or the lead or concurring partner shall be rotated after every five (5) years. The rotation of the lead and concurring partner shall have an interval of at least two (2) years.</p> <p>Ms. Leslie Anne G. Huang was the appointed lead audit partner for the Bank in 2023. Prior to Ms. Huang’s appointment, the partner-in-charge of the Bank’s account was Ms, Vicky Lee-Salas.</p> <p>Minutes of the 2023 Annual Stockholders’ Meeting</p> <ul style="list-style-type: none"> • Appointment of External Auditor (<i>Pages 11-12</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2023_ASM_Minutes.pdf
Recommendation 9.2			

<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>The Board Audit and Compliance Committee shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the External Auditors (subject to stockholder ratification) based on fair and transparent criteria such as (i) core values, integrity, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence and objectivity; (iv) effectiveness of the audit process; (v) reliability and relevance of the external auditor's reports; and (vi) adequacy of the quality control procedures.</p> <p>Board Audit and Compliance Committee (BACC) Charter</p> <ul style="list-style-type: none"> • LINK: PNB BACC Charter 2023.pdf <div style="text-align: center;">  Amended BACC Charter_November 2023 </div>
<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>Supplement to Recommendations 9.2</p>			
<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>COMPLIANT</p>	<p>Provide link/reference to the company’s Audit Committee Charter</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • External Auditor (<i>Pages 74–75</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance

<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>Board Audit and Compliance Committee (BACC) Charter</p> <ul style="list-style-type: none"> LINK: PNB BACC Charter 2023.pdf  <p>Amended BACC Charter_November 2023</p>
<p>Recommendation 9.3</p>			
<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>COMPLIANT</p>	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p>	<p>SEC 17A</p> <ul style="list-style-type: none"> Audit and other Related Fees (<i>Pages 46–47</i>) LINK: SEC 17A.pdf <p>For the year 2023, there were no non-audit services performed by the external auditor (SGV).</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>COMPLIANT</p>	<p>Provide link or reference to guidelines or policies on non-audit services</p>	<p>The Board Audit and Compliance Committee evaluates and determines non-audit work/services by External Auditor and keep under review the non-audit fees paid to the External Auditor both in relation to their significance to the auditor and in relation of the Bank's total expenditure on consultancy and</p>

			<p>whether provision of non-audit services is compatible with maintaining the External Auditor’s independence.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> External Auditor (<i>Pages 74-75</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>Board Audit and Compliance Committee (BACC) Charter</p> <ul style="list-style-type: none"> LINK: PNB BACC Charter 2023.pdf 												
Supplement to Recommendation 9.3															
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>COMPLIANT</p>	<p>Provide information on audit and non-audit fees paid.</p>	<p>SEC 17A</p> <ul style="list-style-type: none"> Audit and other Related Fees (<i>Pages 46–47</i>) LINK: SEC 17A.pdf <p>The table below shows the breakdown of audit and non-audit fees paid in 2023.</p> <table border="1" data-bbox="1472 828 1860 1024"> <thead> <tr> <th>Fees</th> <th>2023 (in P millions)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Audit</td> <td>24.58</td> <td>100</td> </tr> <tr> <td>Non-audit</td> <td>0.00</td> <td>0</td> </tr> <tr> <td>Total</td> <td>24.58</td> <td>100</td> </tr> </tbody> </table> <p> Memo-2023-SGV Audit Fees.pdf</p>	Fees	2023 (in P millions)	%	Audit	24.58	100	Non-audit	0.00	0	Total	24.58	100
Fees	2023 (in P millions)	%													
Audit	24.58	100													
Non-audit	0.00	0													
Total	24.58	100													
Additional Recommendation to Principle 9															

<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>Name of Audit Engagement Partner: Leslie Anne G. Hung SEC Accreditation Number: 86838-SEC (Group A) - Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions Name of Audit Firm: SyCip Gorres Velayo & Co. Address of Audit Firm: 6760 Ayala Ave., 1226 Makati City Contact Number of the Audit Firm: (632) 891-0307</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>Upon verification from the Bank's external auditor, SGV & Co. is covered by the SEC Oversight Assurance Review (SOAR) Inspection Program, in compliance with SEC Memorandum Circular No. 9, Series of 2017.</p> <p>Date the external auditor was subjected to SOAR inspection: August 1 - 12, 2022 Name of the audit firm: SyCip Gorres Velayo & Co.</p> <p>The names of the members of the engagement team were provided to the SEC during the SOAR inspection</p>

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

Recommendation 10.1

<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>2023 Annual Report</p> <ul style="list-style-type: none"> • Reporting Process (<i>Pages 117</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Sustainability, Reporting and Disclosure (<i>Pages 106-109</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
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<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>The Sustainability Report for 2023 was prepared in accordance with the Global Reporting Initiative (GRI) Standards and the sustainability reporting guide provided by the Philippine Securities and Exchange Commission (SEC) through Memorandum Circular No. 4, Series of 2019. The report also incorporates the reporting standards and metrics created by the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TFCD). It also covers the Bank's domestic and overseas operations and reflects the Bank's significant financial, social, and environmental performance from January to December 2023.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Report Coverage and Parameters, Sustainability Report (<i>Page 113-115</i>) • Reporting Process (<i>Page 117</i>) • GRI Content Index (<i>Pages 166–171</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
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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

<p>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.</p>	<p>COMPLIANT</p>	<p>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.).</p> <p>Provide links, if any.</p>	<p>The Bank uses the following communication channels to ensure timely and accurate dissemination of information to its shareholders, investors, and other stakeholders:</p> <ul style="list-style-type: none"> • Internal and External Email Broadcasts • Investors' & Analysts' briefings • Facebook & Twitter • Print Media • Radio • Letter Advices to Publics • TV Advertisements (Local, Cable and Overseas) • Press Releases • Short message service alerts
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			<ul style="list-style-type: none"> • Electronic Channels – ATM, Phone, Mobile • Websites and Social Networks <p>PNB Website: LINK: https://pnb-website.s3.ap-southeast-1.amazonaws.com/uploads/docs/2023-AnnualReport.pdf</p> <p>Investor Presentation (provided to stockholders/media/investors)</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3.ap-southeast-1.amazonaws.com/uploads/docs/PNB_Investor_Presentation_Q1_2024.pdf <p>Investor Relations Program</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/index.php/investor-relations/investor-relations-program
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT		
a. Financial statements/reports (latest quarterly)	COMPLIANT	Provide link to company website	<p>Quarterly Financial Statements</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_MARCH_31_2023.pdf • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_JUNE_30_2023.pdf • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_SEPT_30_2023.pdf • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_SEC_17Q_DEC_31_2023.pdf

b. Materials provided in briefings to analysts and media	COMPLIANT		<p>Investor Presentation (provided to stockholders/media/analysts/investors)</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_Investor_Presentation_Q1_2024.pdf
c. Downloadable annual report	COMPLIANT		<p>2023 Annual Report</p> <ul style="list-style-type: none"> LINK: https://l.ead.me/2023PNBAnnualReport
d. Notice of ASM and/or SSM	COMPLIANT		<p>Notice of Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/Notice_of_Meeting_2023.pdf
e. Minutes of ASM and/or SSM	COMPLIANT		<p>Minutes of Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2023_ASM_Minutes.pdf
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		<p>Articles of Incorporation and By-Laws</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/aoi-2014-11-07.pdf LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf

Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT		<p>The Bank complies with the disclosure requirements and template set forth in SEC Memorandum Circular No. 11, Series of 2014:</p> <p>PNB Website</p> <ul style="list-style-type: none"> • Home: https://www.pnb.com.ph/ • Corporate Governance: https://www.pnb.com.ph/index.php/corporate-governance • Investor Relations: https://www.pnb.com.ph/index.php/investor-relations • Company Disclosures: https://www.pnb.com.ph/index.php/investor-relations#disclosures • Press Releases: https://www.pnb.com.ph/index.php/investor-relations/press-releases-of-pnb-financial-performance
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			

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Chief Audit Executive (<i>Pages 71–73</i>) • Internal Audit Function (<i>Page 92-93</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>Review of the Bank’s internal control system is done annually as input to the Annual Audit Planning Session.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Audit and Compliance Committee Chairperson (<i>Pages 26–27</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>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>In developing the Bank’s Enterprise Risk Management Framework, the following international frameworks have been utilized and considered:</p> <ul style="list-style-type: none"> • BIS Guidelines on sound banking practices • BCBS 230 – Core principles for effective banking supervision • BSBC November 2005 – Basel II: International Convergence of Capital Measurement and Capital Standards • BCBS June 2011 – Basel III: A Global Regulatory Framework for more Resilient Banks and Banking Systems • Recent BCBS releases on Basel III Implementation • Global References on Risk Management • ISO 31000: Risk Management Standards • COSO: Enterprise Risk Management – Integrated Framework <p>The Enterprise Risk Management Framework is being reviewed on an annual basis.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Message from the Risk Oversight Committee Chairman (<i>Pages 37–38</i>) • Enterprise Risk Management Framework (<i>Pages 40–44</i>) • LINK: https://l.ead.me/2023PNBAnnualReport

			<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Risk Management Function (<i>Page 92</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
Supplement to Recommendations 12.1 90			
<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>	COMPLIANT	<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>PNB Website, Global Compliance</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/index.php/corporate-governance/global-compliance <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Compliance Function (<i>Pages 90-92</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Compliance (<i>Pages 84-85</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
Optional: Recommendation 12.1			
<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>	COMPLIANT	<p>Provide information on IT governance process</p>	<p>The Bank's IS/Cyber Security Governance Framework ensures effectiveness and sustainability of the Information Security Management System. Proper governance aids PNB Group in meeting optimal business value from information security and maintaining a balance between benefits and security risks.</p> <p>The Enterprise Information Security Group (EISG) manages the overall information and cyber security risk of the PNB Group to preserve the Confidentiality, Integrity and Availability of its Information Assets. To this end, it operates on a framework that supports governance and oversight mechanisms to ensure risk exposures are within the Bank's acceptable levels</p>

			<p>as it supports business goals and objectives. It further adapts to an everchanging landscape via the interplay of people, policies and processes, and technology.</p> <p>EISG is headed by the Chief Information Security Officer (CISO) who reports directly to the Risk Oversight Committee (ROC) on matters concerning information security and cyber security. The CISO chairs the Security Incident Response Team (SIRT) for effective and efficient management of information and cyber security-related incidents.</p> <p>EISG is organized into two divisions, namely the Information Security Governance and Program Management and Cyber Security Operations Center, with the latter dedicated to the prevention, detection, assessment, and resolution of cyber security threats and incidents and fulfillment of regulatory compliance. With risk management activities closely linked to Information Technology Group's (ITG's) Infrastructure Management Division for incident reporting and remediation, EISG manages both the prevention and response to cyber threats as they occur.</p> <p>EISG performs the following functions in support of the Bank's overall information and cyber risk exposure:</p> <ul style="list-style-type: none"> • Exercises governance and oversight to ensure compliance to policies, standards and guidelines; • Conducts vulnerability assessments and testings to check on the susceptibility of information assets to exploits and escalates these for remediation and mitigation; • Performs assessment on third-party providers ensuring compliance with the Bank's requirements and policies; • Conducts information and cyber security learning and awareness programs that cater to different sets of stakeholders; • Manages the 24 X 7 Security Operations Center via proactive monitoring and timely escalation of cyber security events and incidents; • Conducts research on threats and subscribes to threat intelligence sharing platforms for wider visibility on the threat landscape and as means to monitor and mitigate emerging threats;
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			<ul style="list-style-type: none"> Manages and leads in controlling and responding to information- and cyber-related incidents and crisis events; Conducts compromise assessments and regularly tests the effectivity of the Cyber Response Plan and Playbooks via simulation exercises. <p>2022 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board IT Governance Committee (Pages 61-62) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> IS/Cyber Security Governance Framework (Page 42) Enterprise Information & Cyber Security Group (Pages 43-44) Message from the Board IT Governance Committee (Pages 28-30) Board IT Governance Committee (Page 76-77) LINK: https://l.ead.me/2023PNBAnnualReport
Recommendation 12.2			
<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p>	<p>The Internal Audit Group, headed by the Chief Audit Executive (CAE), is tasked to perform the internal audit activity for the Bank. Its functions include assessment of internal controls and the recommendations to implement measures to ensure adequate control. In addition, it is expected to assist in the Bank's risk management activities and corporate governance initiatives.</p> <p>The internal audit function of the Bank is in-house.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Internal Audit Function (Page 92-93) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Internal and External Audit (Page 85-86)

			<ul style="list-style-type: none"> LINK: https://l.ead.me/2023PNBAnnualReport
Recommendation 12.3			
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.	<p>ANALISA I. SAN PEDRO 46, Filipino. "Ana" is First Vice President and Chief Audit Executive. Ana joined the Bank in 2002 as Management Specialist and rose from the ranks to the position of First Vice President. She is an active member of the Institute of Internal Auditors (IIA)–Philippines, Association of Certified Anti-Money Laundering Specialists (ACAMS), and Bankers Institute of the Philippines (BAIPHIL). She was designated as the Officer-in-Charge of Internal Audit Group in November 2021. Ana holds a Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines. She is a Certified Public Accountant (CPA) and a Certified Treasury Professional (CTP)</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Chief Audit Executive (<i>Pages 71–73</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> Chief Audit Executive (<i>Page 67-68</i>) Profile of the Chief Audit Executive (<i>Page 197</i>) LINK: https://l.ead.me/2023PNBAnnualReport
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		

<p>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.</p>	<p>COMPLIANT</p>	<p>Identify qualified independent executive or senior management personnel, if applicable.</p>	<p>The internal audit function of the Bank is in-house.</p> <p>Nevertheless, the Bank has an independent Chief Audit Executive responsible for overseeing and ensuring the adequacy and soundness of the Bank's control and internal audit system. She is well-qualified for the position as she possesses the necessary qualifications, experience, and professional background and has sound understanding of the Bank's business and operations.</p>
<p>Recommendation 12.4</p>			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures</p>	<p>COMPLIANT</p>	<p>Provide information on company's risk management function.</p>	<p>The Risk Management Group (RMG) serves as the Bank's risk management function and is responsible for overseeing the risk-taking activities across the Bank, as well as in evaluating whether these remain consistent with the Bank's risk appetite and strategic direction. It ensures that the Enterprise Risk Management Framework remain appropriate relative to the complexity of risk-taking activities of the Bank. RMG is responsible for identifying, measuring, monitoring and reporting risk on an enterprise-wide basis as part of the second line of defense.</p> <p>A disciplined risk management culture and framework facilitates oversight of and accountability for risk at all levels of the organization and across all risk types. Our Board of Directors, through the Risk Oversight Committee (ROC), exercises oversight and provides guidance to our experienced Senior Management Team who, through the Management Risk Committee (MRC), works closely with the business lines in managing risk. There is a rich risk culture, which seamlessly flows through not only within the Bank, but also across the Group subsidiaries and affiliates.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Risk Management Group (Page 41-42) • LINK: https://l.ead.me/2023PNBAnnualReport <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Risk Management Function (Page 92) • LINK: https://www.pnb.com.ph/index.php/corporate-governance

Supplement to Recommendation 12.4			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>COMPLIANT</p>	<p>Identify source of external technical support, if any.</p>	<p>Risk management personnel shall possess sufficient experience and qualifications, including knowledge on the banking business, the developments in the market, industry and product lines, as well as mastery of risk disciplines. By the same token, risk management personnel shall continually receive internal and external trainings and seminars to aid them in the effective performance of their risk management functions. They shall have the ability and willingness to challenge business lines regarding all aspects of risk arising from the bank's activities. The Bank shall also engage accredited external service providers on specific areas that require higher level of expertise and includes conducting workshops for bank personnel.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Risk Management Function (<i>Page 92</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
Recommendation 12.5			
<p>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).</p>	<p>COMPLIANT</p>	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p>	<p>Ms. Juliet S. Dyto, 51, Filipino. "Juliet" is Vice President and Officer-in-Charge of the Risk Management Group. Juliet has over 25 years of experience in the banking and finance industry in the areas of risk management, account management, and product development. She joined PNB in 2010 under the Trust Banking Group as Trust Risk Division Head. In this capacity, Juliet institutionalized the Trust Risk Management framework that covered a comprehensive range of risk areas including credit, market, operational, strategic, regulatory, liquidity, and reputational risk, among others. In September 2020, Juliet was appointed as head of the Market and ALM Division to manage the Bank's market, liquidity, and interest rate risk exposures. She was designated as the officer-in-charge of Risk Management Group in February 2022. Before joining PNB, Juliet held various positions in PCIBank, PCIB Securities, Equitable PCI Bank, Standard Chartered Bank, Metrobank, and Sterling Bank of Asia. Juliet graduated cum laude with a Bachelor of Arts degree in European Languages and obtained her master's degree in business administration from the University of the Philippines. In 2000, she completed a one-year course on Trust Operations and Investment Management given by the Trust Institute Foundation of the Philippines (TIFP), placing fourth out of 80 participants. She was also certified by the Securities and Exchange Commission</p>
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>COMPLIANT</p>		

			<p>(SEC) as a Fixed Income Salesman. Juliet is a Chartered Financial Analyst (CFA®) Charter holder and an active member of the CFA Society of the Philippines.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Chief Risk Officer (<i>Pages 69-71</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Chief Risk Officer (<i>Page 67</i>) • Profile of the Chief Risk Officer (<i>Page 196</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
Additional Recommendation to Principle 12			
<p>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.</p>	COMPLIANT	Provide link to CEO and CAE's attestation	<p>Please refer to Annex G for CEO and CAE's attestation on the soundness of the Bank's internal audit, control and compliance system.</p> <p> CAE Attestation 2023_esigned.docx</p>
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			
<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	COMPLIANT	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Shareholders' Rights (<i>Pages 103-106</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance

<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Provide link to company's website</p>	<p>The 2024 Corporate Governance Manual and Amended By-Laws, containing the basic rights of shareholders, are disclosed in the Bank's website.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Shareholders' Rights (<i>Pages 103-106</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Stockholders (<i>Article IV, Pages 2-5</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf
<p>Supplement to Recommendation 13.1</p>			
<p>1. Company's common share has one vote for one share.</p>	<p>COMPLIANT</p>		<p>Amended By-Laws</p> <ul style="list-style-type: none"> • Voting of Shares in General (<i>Page 4</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf
<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>COMPLIANT</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p>	<p>Amended By-Laws</p> <ul style="list-style-type: none"> • Stock and Stock Certificates (<i>Page 1-2</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Shareholders' Rights (<i>Pages 103-106</i>) • LINK: https://tinyurl.com/PNBCorporateGovernanceManual

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>COMPLIANT</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p>	<p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> • Voting Procedures (<i>Page 40–41</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Right to Vote; Proxies (<i>Page 4</i>) • Presiding Officer; Order of Business (<i>Page 4</i>) • Voting of Shares in General (<i>Page 4</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf
<p>4. Board has an effective shareholder voting mechanism such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information on shareholder voting mechanisms such as supermajority or “majority of minority”, if any.</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Shareholders’ Rights (<i>Pages 103-106</i>) • LINK: https://tinyurl.com/PNBCorporateGovernanceManual

<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>COMPLIANT</p>	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p>	<p>Special meetings may be called by the Chairman of the Board, by the President, by the majority of the Board, or on the demand in writing of the shareholders who own a majority of the voting stock.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights (<i>Pages 103-106</i>) LINK: https://tinyurl.com/PNBCorporateGovernanceManual <p>Amended By-Laws</p> <ul style="list-style-type: none"> Special Meetings (<i>Page 3</i>) LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights (<i>Pages 103-106</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance
<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>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>The Bank's ability to pay dividends is contingent on its ability to set aside unrestricted retained earnings for dividend distribution. In addition, the Bank's declaration of dividends, including computation of unrestricted retained earnings, is subject to compliance with certain rules and regulations prescribed by the Bangko Sentral ng Pilipinas as provided under the Manual of Regulations for Banks and subject to compliance with such financial regulatory requirements as may be applicable to the Bank at the time of such declaration.</p> <p>PNB has adopted the following general policy on the declaration of dividends: "Dividends shall be declared and paid out of the surplus profits of the Bank at such times and in such amounts as the Board of Directors may determine in accordance with the provisions of law and the regulations of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, subject to</p>

			<p>compliance with such financial regulatory requirements as may be applicable to the Bank.”</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Dividends (<i>Page 123</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Distribution of Dividends (<i>Page 2</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/investor-relations/bl-2021-05-24.pdf
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>2023 Annual Report</p> <ul style="list-style-type: none"> • Annual Stockholders' Meeting (<i>Pages 86-87</i>) • LINK: https://l.ead.me/2023PNBAnnualReport <p>The Bank engaged its external counsel, Roxas Delos Reyes Laurel Rosario & Gonzales Law Offices, for the validation of proxies and votes cast during the annual stockholders' meeting held on April 25, 2023.</p> <p>Please refer to Annex H for the Secretary's Certificate on the presence of external counsel who validated the votes at the 2023 Annual Shareholders' Meeting.</p>

Recommendation 13.2			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days before the annual stockholders' meeting or special 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>On January 27, 2023, the Board of Directors approved the holding of the ASM on April 25, 2023 through remote communication and allowed voting <i>in absentia</i> to provide the stockholders a safer mode of attendance and participation in the Bank's ASM. The Notice of the ASM was disclosed to the PSE Edge on the same day.</p> <p>The Notice was also published, in print and online format, from March 29, 2023, to March 30, 2023 in The Philippine Star and in the BusinessWorld, and from April 9, 2023 to April 15, 2023 in The Manila Bulletin, The Philippine Star, and the BusinessWorld.</p> <p>Notice of the 2023 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/Notice_of_Meeting_2023.pdf <p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p>	<p>Notice of the 2023 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/Notice_of_Meeting_2023.pdf
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>COMPLIANT</p>		<p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> Profiles of the Board of Directors (<i>Pages 11–31</i>) LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf

b. Auditors seeking appointment/re-appointment	COMPLIANT		<p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> • Appointment of External Auditor (Page 40) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf
c. Proxy documents	COMPLIANT		<p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> • Proxy Form (Page 68) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.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	<p>Notice of the 2023 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/Notice_of_Meeting_2023.pdf <p>2023 Definitive Information Statement (<i>Annex A</i>)</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.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.	<p>The results of the meeting were disclosed to the PSE Edge and on the Bank's website on April 25, 2023. The Minutes of the ASM were uploaded to the Bank's website on April 27, 2023. The Minutes contained the voting results including, approving, dissenting, and abstaining votes for all resolutions/each agenda items, questions raised by the shareholders, responses from the Board and officers, and attendance of the Board members and key officers.</p> <p>Minutes of the 2023 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2023_ASM_Minutes.pdf

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>	<p>The results of the meeting were disclosed to the PSE Edge and on the Bank's website on April 25, 2023. The Minutes of the ASM were uploaded to the Bank's website on April 27, 2023. The Minutes contained the voting results including, approving, dissenting, and abstaining votes for all resolutions/each agenda items, questions raised by the shareholders, responses from the Board and officers, and attendance of the Board members and key officers.</p> <p>Minutes of the 2023 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2023_ASM_Minutes.pdf
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>COMPLIANT</p>	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p>	<p>The Bank's Directors, key officers, and the External Auditor were present during the 2023 Annual Stockholders' Meeting.</p> <p>Minutes of the 2023 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> Annex A (<i>Pages 16–17</i>) LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2023_ASM_Minutes.pdf
<p>Recommendation 13.4</p>			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>COMPLIANT</p>	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p>	<p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights (<i>Pages 103-106</i>) LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p>	
<p>Recommendation 13.5</p>			

<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>COMPLIANT</p>	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address 	<p>Name: Ms. Emeline C. Centeno, Senior Vice President and Investor Relations Officer Telephone number: (632) 526-3131 local 2120 E-mail address: centenoec@pnb.com.ph, iru@pnb.com.ph</p>
<p>2. IRO is present at every shareholder's meeting.</p>	<p>COMPLIANT</p>	<p>Indicate if the IRO was present during the ASM.</p>	<p>The Bank's Investor Relations Officer (IRO), Ms. Emeline C. Centeno, was present during the 2023 Annual Stockholders' Meeting.</p>
<p>Supplemental Recommendations to Principle 13</p>			
<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>COMPLIANT</p>	<p>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</p>	<p>The Board avoids anti-takeover measures by establishing a voting procedure in accordance with the Revised Corporation Code and Amended By-Laws as described in Items 4(a) and 10 on pages 4 and 40, respectively, of the 2023 Definitive Information Statement of the Bank.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Board of Directors (<i>Pages 23-32</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance <p>2023 Definitive Information Statement</p> <ul style="list-style-type: none"> • Voting Procedure (<i>Pages 40-41</i>) • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2022_DIS_Investor.pdf

<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>NON-COMPLIANT</p>	<p>Indicate the company's public float.</p>	<p>As of December 31, 2023, the public ownership percentage of the Bank is at 22.22%, in compliance with minimum regulatory public float. The Bank continues to consider strategic initiatives to increase its public ownership to 30% at the most appropriate time.</p> <p>PSE Disclosure Form POR-1–Public Ownership Report</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/public_ownership_12312023.pdf
<p>Optional: Principle 13</p>			
<p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM</p>	<p>The Bank is consistent in its efforts to establish and maintain constant and effective engagement with shareholders, through analysts' & investors' briefings, media briefings, investor relations program, conferences, and other forms of communication that the Bank may deem necessary and appropriate. These practices are designed to improve shareholders' perception of PNB by keeping them abreast of the developments in the Bank through constant communications and maintaining cordial relations with them. For easy reference, notices and corresponding materials are disclosed in the Bank's website and in the PSE Edge.</p> <p>Investor Relations Program</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/investor-relations/investor-relations-program <p>Investor Presentation</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/PNB_Investor_Presentation_Q1_2024.pdf
<p>2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.</p>	<p>COMPLIANT</p>	<p>Disclose the process and procedure for secure electronic voting in absentia, if any.</p>	<p>The Bank conducted its recent ASM via remote communication and implemented electronic voting in absentia to provide the Directors, Senior Management, shareholders, and other stakeholders a safer mode of attendance and participation in the ASM and to comply with the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6, series of 2020.</p>

			<p>Voting procedure: The affirmative vote of the stockholders' present in person or by proxy representing at least a majority of the stockholders present at the meeting shall be sufficient to carry the vote for any of the matters submitted to a vote at the Annual Stockholders' Meeting, except for Item 7 of the Agenda on the election of directors.</p> <p>For the election of directors, the fifteen (15) nominees garnering the highest number of votes from the stockholders present or represented by proxy shall be elected directors for the ensuing year.</p> <p>The manner of voting and counting of votes will be as follows:</p> <ul style="list-style-type: none"> a) Every stockholder entitled to vote shall have the right to vote the number of shares registered in his name on record as of the close of business hours on March 27, 2023. Only duly signed proxies and electronic votes submitted on or before 5:00 p.m. on April 20, 2023 shall be honored for purposes of voting. The requirements and procedure for voting through remote communication are reflected below. b) For purposes of electing directors, the system of cumulative voting shall be followed. Each stockholder is entitled to such number of votes equal to the number of shares he owns multiplied by the number of directors to be elected. Under this voting system, the stockholder has the option to (i) cast all his votes in favor of one (1) nominee, or (ii) distribute those votes under the same principle among as many nominees as he shall see fit. Only candidates duly nominated shall be voted upon by the stockholders entitled to vote or by their proxies. c) The manner of election and the counting of the votes to be cast shall be under the supervision of the Corporate Secretary. <p>The foregoing addresses the requirement of Section 49 of the Revised Corporation Code to disclose to the stockholders' material information on the current stockholders and their voting rights.</p>
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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

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	2023 Annual Report <ul style="list-style-type: none">• Our Sustainability Policy, Sustainability Report (Page 104-106)• Our Sustainability Commitments, Sustainability Report (Page 107)• Stakeholder Engagement, Sustainability Report (Pages 113-117)• LINK: https://l.ead.me/2023PNBAnnualReport
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Identify policies and programs for the protection and fair treatment of company's stakeholders	2023 Annual Report <ul style="list-style-type: none">• Our Sustainability Policy, Sustainability Report (Page 104-106)• Our Sustainability Commitments, Sustainability Report (Page 107)• Stakeholder Engagement, Sustainability Report (Pages 113-117)• LINK: https://l.ead.me/2023PNBAnnualReport
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Recommendation 14.3

<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>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>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>PNB Office of the Corporate Secretary 9/F PNB Financial Center, Pres. Diosdado Macapagal Boulevard, Pasay City Tel. No.: (+632) 8 526-3131 local 4106 Stockholder Relations Officer: Atty. Ruth Pamela E. Tanghal Email: tanghalrpe@pnb.com.ph</p> <p>PNB Investor Relations Unit 9/F PNB Financial Center, Pres. Diosdado Macapagal Boulevard, Pasay City Tel. No.: (+632) 8 526-3131 local 2120 Investor Relations Officer: Ms. Emeline C. Centeno Email: centenoec@pnb.com.ph</p> <p>PNB Customer Sustainability Department 8/F PNB Financial Center, Pres. Diosdado Macapagal Boulevard, Pasay City Tel. No.: (+632) 8 526-3131 Corporate Sustainability Officer Sarah Mae D. Marcelo Email: marcelosd@pnb.com.ph</p> <p>PNB Customer Care Hotline: Tel. No.: (+632) 8 573-8888 Email: customercare@pnb.com.ph</p> <p>PNB Website</p> <ul style="list-style-type: none"> • Contacts, Investor Relations • LINK: https://www.pnb.com.ph/index.php/investor-relations/contacts • Whistleblower Policy • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/Whistleblower-Policy.pdf
<p>Supplement to Recommendation 14.3</p>			

<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p>	<p>It is the policy of the Bank to resolve disputes and conflicts with stockholders, regulators and other third parties. As such, the Bank has installed various communication channels allowing its external stakeholders to exercise their rights and communicate their concerns and queries to the Bank. The contact details of the Office of the Corporate Secretary, Stock Transfer Agent, the Investor Relations Officer and the Corporate Sustainability Officer of the Bank are posted in the Bank's website for easy reference of shareholders and other stakeholders. For regulatory issues, the Bank follows the procedure set forth by concerned regulators.</p> <p>PNB Website</p> <ul style="list-style-type: none"> • Contacts, Investor Relations • LINK: https://www.pnb.com.ph/index.php/investor-relations/contacts • Whistleblower Policy • LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/Whistleblower-Policy.pdf <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Contact Information, Sustainability Report (Page 165) • LINK: https://i.ead.me/2023PNBAnnualReport
<p>Additional Recommendations to Principle 14</p>			
<p>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.</p>	<p>COMPLIANT</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p>	<p>As of December 31, 2023, PNB has not requested any exemption from the application of a law, rule or regulation related to corporate governance. The Bank is committed to align its internal policies and procedures to local regulations issued by its regulators and prevailing best practices on corporate governance.</p>

<p>2. Company respects intellectual property rights.</p>		<p>Provide specific instances, if any.</p>	<p>The principles of fairness, accountability and transparency are being observed in all aspects of the Bank’s operations and business. This commitment to fairness stems from the Bank’s aspiration to maintain its reputation as a fair & honest financial institution and to comply with existing regulations governing intellectual property rights. This obligation includes respecting the intellectual property rights of our suppliers, customers, vendors, and other third-party service providers.</p> <p>2024 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Code of Ethics (<i>Item 6.3.5, Page 43-49</i>) • LINK: https://www.pnb.com.ph/index.php/corporate-governance
<p>Optional: Principle 14</p>			
<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>Embedding consumer protection practices across the organization is at the forefront of the Bank’s corporate responsibility—from the Board of Directors who approves the policies and conducts oversight in the implementation of the Bank’s Consumer Protection Risk Management System (CPRMS) and Consumer Assistance Management System (CAMS) to the Management Committee who ensures that all consumer protection practices are aligned with the approved policies and risk management system which is consistently adhered to by relevant units.</p> <p>Consumers have the right to be informed of the benefits as well as the risks involved regarding the products and services they availed from the Bank. Throughout the banking relationship, the following standards of conduct are observed: (a) disclosure and transparency, (b) protection of client information, (c) fair treatment, (d) effective recourse, and (e) financial awareness and education.</p> <p>Consumer assistance mechanisms, as shown in diagram below, are made available in various forms: face-to-face support from PNB Branch personnel; account officers and relationship managers; 24x7 customer care hotlines; and electronic or digital channels. Each inquiry, request and/or complaint is acknowledged and processed within the standard turnaround time. From the frontline offices, customer concerns are handled by the resolving offices to provide reasonable resolution to address the same. Escalation of customer</p>

		<p>concerns is in place to ensure that appropriate courses of action are given to complex complaints. This complaint management process is established - a cross functional activity involving multiple offices, which provide priority assistance in resolving customer concerns. As part of this process, monitoring of complaints resolution and validation of implemented resolution has been incorporated to ensure customer satisfaction and retention is achieved. A monthly summary is reported to the Management Committee and to the Risk Oversight Committee for transparency and evaluation.</p> <p>In 2023, synergy between key point persons from concerned offices with the usual top complaints was established. Monthly report on Customer Engagement and Consolidated Complaints Report was also enhanced to include key results indicators with Red-Amber-Green (RAG) Rating to establish a measure of success of concerned offices handling customer concerns based on standard parameters.</p> <p>PNB aims to be the financial partner of consumers in their journey to financial health and wealth. The Bank is committed to equip consumers with the information and tools they need to make wise financial decisions towards achieving their goals.</p> <p>We continue to work toward improving our operations to provide the best financial solutions and customer service. Our goal is to ensure that we are able to help contribute to the financial growth and wellness of our customers while growing our business, and at the same, creating a better tomorrow for the next generation. Aligned with our belief that sustainability should start from within, and to demonstrate our commitment to the society at large, we continue to find balance in supporting both our internal and external stakeholders through significant initiatives.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Consumer Welfare, Corporate Governance (<i>Page 90-91</i>) • Customer Experience, Sustainability Report (<i>Page 134-139</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
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<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>PNB works for the steadfast development and enrichment of its partnership with a broad spectrum of stakeholders. The Bank’s reputation as a leading financial institution cannot be sustained without the unwavering support of its partners: suppliers, vendors, and third-party service providers.</p> <p>The Bank takes outsourcing and vendor management seriously that appropriate committees have been established to guard the Bank from any exposure, loss, or risk. PNB also developed its Outsourcing and Vendor Management Policy consistent with existing statutory, regulatory, and supervisory requirements. This policy sets out the framework for engaging with suppliers, along with the responsibilities of the Board of Directors and Management Committee in the review and evaluation of all new and existing outsourcing arrangements and vendor relationships.</p> <p>Each business unit has a dedicated Vendor Relationship Manager (VRM). VRM actively builds and maintains a commercial relationship with the vendors and service providers., employs a comprehensive onboarding process that encompasses risk assessment, elaborate due diligence procedures, contract structuring and review, and continuous monitoring and oversight. They are the arms of the committees to help oversee and monitor their vendors. As part of continuous improvement, the roles, responsibilities, and output of the appointed VRMs are monitored and assessed regularly. The VRMs are closely guided by the Vendor Risk Monitoring Department (Risk Management Group) and Accreditation and Vendor Management Department (Corporate Services Division) to maintain the effectiveness of the monitoring and oversight activities.</p> <p>PNB believes that continuous monitoring and appraisal of performance is of paramount importance to evaluate the overall effectiveness of the vendor relationship and the consistency of the relationship with the Bank’s strategic goals. Mechanisms are in place for the development of relevant performance metrics, vendor performance management, and competency evaluation.</p>
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			<p>2023 Annual Report</p> <ul style="list-style-type: none"> Outsourcing and Vendor Management (Page 92) Sourcing and Supply Chain Management, Sustainability Report (Page 125-126) LINK: https://l.ead.me/2023PNBAnnualReport
<p>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.</p>			
<p>Recommendation 15.1</p>			
<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p>	<p>Our people will always be our primary asset and we believe that our employees can only succeed in conditions that encourage growth and ensure their health and well-being. By respecting their human and labor rights, cultivating an inclusive and collaborative work culture, and providing equal access to training and growth opportunities, we are not just helping Philnabankers to succeed and improve their well-being, but we are also helping PNB become stronger and sustainable.</p> <p>At the forefront of building and developing the Bank's talent pool and promoting an inclusive and collaborative work culture is our Human Resource Group. It has the role and the responsibility of recruiting, developing, and retaining the right talents for overseas and domestic assignments. Our holistic employee programs and activities are geared towards promoting and improving the different aspects of the Philnabankers' health and wellbeing.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Our Socio-Economic and Environmental Compliance Performance, Sustainability Report (Pages 127-134) LINK: https://l.ead.me/2023PNBAnnualReport
<p>Supplement to Recommendation 15.1</p>			
<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>COMPLIANT</p>	<p>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</p>	<p>PNB designed its compensation and benefits package as a competitive tool to attract and retain highly qualified individuals who will support the Bank's implementation of its business directions and to achieve business goals. Hence, provisions of the compensation and benefits policies show the clear linkage</p>

		<p>time aligns their interests with those of the shareholders.</p>	<p>with employee contributions which are measured through a balanced scorecard approach in its performance management system. Officers who are unable to meet their targets become ineligible to certain benefits and/or incentive programs such as the car plan benefit, employee loans, and performance bonus to name a few. The same is true to employees who get involved in administrative cases where certain benefits are temporarily withheld in case an administrative sanction is imposed. In case of dismissal, benefits are forfeited and taken back including but not limited to the car plan benefit, the guaranteed bonuses equivalent to a three-month salary.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Performance-based remuneration, Corporate Governance (Page 94) • Our Employee Compensation and Benefits package, Sustainability (Page 149, 154) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p>	<p>Our employees' safety is important to us. We commit to provide a safe and secure working environment for all our employees. Workplace safety and security are part of our Bank's risk management practices.</p> <p>Our Occupational Safety, Health and Family Welfare (OSHFV) Committee composed of representatives from both the management and employees, with the latter represented by labor union employees, meets regularly to discuss and manage reported work-related hazards. The committee monitors and evaluates its existing activities and initiatives by ensuring that these are aligned to the current general government labor requirements.</p> <p>Among the committee's initiatives include the conduct of OSH / safety awareness program, dissemination of safety advisories through different channels on current natural and / or man-made calamity situations, disaster / emergency response training for PNB employee floor marshals, regular fire and earthquake drills at head offices, first aid training, deployment of emergency responders, and conducts of safety inspection / assessment of branches.</p> <p>We adopted a telecommuting work policy and a hybrid work arrangement for our employees. These are updated based on the current situation. Employees</p>

		<p>are always advised to wear their masks onsite and to observe physical distancing and health protocols while within the office and branch premises. In terms of securing and protecting our people, customers, and assets in all our offices and branches, our Corporate Security Group (CSG) under the Enterprise Services Sector has been very active at the forefront</p> <p>Embedded in CSG’s Security Program is a hybrid Integrated Security System interfacing the strength and competence of both its organic and non-organic security personnel, monitoring and securing PNB personnel and premises on a 24/7 basis.</p> <p>Complementing its Guard Manning System, the group conducts regular and random / targeted security survey and assessment of local branches nationwide, including security assessment of all offsite ATMs. CSG has also been at the forefront of pursuing and apprehending internal and external fraudsters within the Bank.</p> <p>The Bank ensures that members of our security force are regularly updated in their trainings, individually and as a group, not only on the topic of safety and security but also on disaster management and emergency response. As part of our pre-requisite in deploying security personnel, our Bank ensures that all members of the security force are licensed and have undergone “In-Service Enhancement Training” which includes guidelines on good customer service, good manners and right conduct, and policies on violation and lapses. Also, related topics on gender equality and diversity and basic human rights are integrated in the training program of third-party service providers engaged by the Bank. Our Corporate Security Group (CSG) continues to innovate in its practices to deliver the best security initiatives. In 2023, the Bank has a total of 3,347 outsourced personnel assigned in different offices and branches nationwide and in our host countries.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Ensuring the safety, health, and wellness of our People, Sustainability Report (<i>Pages 154-157</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
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<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on training and development of employees.</p> <p>Include information on any training conducted or attended.</p>	<p>We always put human capital development at the forefront of our people strategy. We provide access to learning opportunities to our employees to help them improve their productivity, self-sufficiency and quality of life. Our Human Resources Group’s Institute for Banking Excellence (IBE) ensures that capacity-building activities for employees across the organization are aligned with the strategic objectives, mission, goals, and values of the Bank.</p> <p>We design our training activities and programs based on the learning and development needs of our employees. These include New Hires Orientation; foundation and regulatory training (i.e., data privacy and security, anti-money laundering, etc.); behavioral, supervisory, management, and leadership training; sales and service training (i.e., branch-teller, detecting counterfeit money, internal control consciousness, info-tech awareness, etc.); and technical / specialized training (i.e., business writing, presentation skills, use of MS Office, etc) among others.</p> <p>In addition, we also provide trainings for our employees on self-management, communication, developing empathy and resilience, stress management, and adapting to hybrid work to help them cope and thrive in the “new normal”. Other training topics provided to employees were on diversity and inclusion, whistleblower policy, product orientation, digital-fluency and financial literacy.</p> <p>We also have three key leadership programs for our new hires and homegrown talents. The Junior Executive Development Institute (JEDI) is the leadership program for high-potential new hires. The Management Training Program (MTP) is the leadership program for homegrown rank-and-file employees with the potential to assume officer responsibilities. The Branch Operations Training Program (BOTP) is the leadership program for branch staff-level employees to help them transition into the branch officer role or function. To date, the Bank has a total of 581 JEDI graduates, 794 MTP graduates, and 1,634 BOTP graduates.</p> <p>In addition to these leadership programs, we also have a mentoring program in place where experienced leaders in the Bank mentor and guide potential</p>

		<p>employee leaders. We developed an in-house mentee orientatiOn under the umbrella program of PNB BLOOM (Building Leaders by Opening Opportunities thru Mentoring). To date, we have 62 mentors and 98 mentees.</p> <p>A Succession Management Program has also been established to ensure availability of talents with potential and required competencies and who are ready to assume vacant critical positions as the need arises. Further, individual developmental plans for identified successors are developed and closely monitored to address identified learning gaps.</p> <p>In 2023, we sent 10 officers (2 men and 8 women) to the Asian Institute of Management’s Management Development Program.</p> <p>We encourage all our employees to have at least thirty-two (32) hours of training every year, which forms part of their accomplishment in the performance review. To maximize the use of LinkedIn Learning, learning engagement activities have been instituted for the personal development of employees through the Monthly Themed Learning Journeys.</p> <p>Moreover, to facilitate compliance and mandatory training, special training content such as the Anti-Money Laundering and the Information Security Awareness Training (ISAT) modules are being hosted in the platform, eliminating the need to manually deploy learning materials and assessment. As of December 2023, we have activated all employees on the LinkedIn Online Learning platform with 565,718 course completions. For 2023, a total of 8,244 or 99.00 % of the total employee population received 396,274 training hours, with an average of 48.07 training hours per employee. Of the total number of trained employees, the women clocked in a total of 263,027 training hours while the men attained 133, 247 training hours. Employees in the rank and file also received more training for the reporting period, logging in a total of 249,107 training hours.</p> <p>We have feedback mechanisms in place to assess the effectiveness of our capacity-building activities, and these include the use of feedback forms, post-training exams, self-assessment questionnaires, and formal / informal feedback from the trainees’ immediate superiors on how the learning has</p>
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			<p>impacted the trainees' ability and attitude at work. We also review and enhance our learning and development programs regularly based on regulatory requirements and recommendations of the participants, experts in the field and the management.</p> <p>We conduct regular performance reviews to measure and evaluate the employee's performance, strengths, areas for improvements, and career growth and development. For administration, a semi-annual review of the rank & file's performance is conducted while an annual review and submission of performance evaluation report is done for the officers.</p> <p>As of December 2023, 94.51% of our employees received regular performance and career development reviews. A total of 1,832 (22.00%) employees were promoted, with 1,277 or 70% women promoted and 555 or 30 % of men promoted.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Employee Learning and Development, Sustainability Report (<i>Pages 151–154</i>) LINK: https://l.ead.me/2023PNBAnnualReport
Recommendation 15.2			
<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>	COMPLIANT		<p>Our Bank subscribes to the highest standards of corporate governance. We are committed to uphold the public's trust by ensuring that our employees conduct themselves lawfully and ethically. At the forefront of all these is the PNB Board of Directors who continue to inform and shape the Bank's business and operations through continuing adoption of the policies and display of ethical practices.</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>	COMPLIANT	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption Identify how the board disseminated the policy and program to employees across the organization</p>	<p>Policies are important as they serve as the blueprint of how the management and employees are expected to perform and behave. To ensure that all employees conduct themselves ethically, we have developed and disseminated policies and guidelines on the following: Code of Conduct, Corporate Governance, Selling of PNB Securities, Soliciting and / or Receiving Gifts, Personal Investment, Whistleblowing, Office Decorum, and Anti-Bribery / Anti-Corruption policies. These policies are continuously strengthened, cascaded,</p>

		<p>and reinforced in all communication and training programs until these are embedded and institutionalized as part of the practices and culture of the organization. Moreover, these policies are regularly revisited and updated to ensure their relevance to current work situations.</p> <p>New employees are required to read and understand the policies prior to their onboarding. They are also oriented on these policies during the New Hires Orientation. All employees can easily access these policies and guidelines through the Bank's intranet facility, and through the PNB website for some policies.</p> <p>Employees who violate the policies are sanctioned in accordance with the Bank's Code of Conduct. We have an Ethical Standards Committee (ESC) which functions as the Disciplining Authority of the Bank. This committee is composed of senior bank officers from various groups and is tasked to convene and investigate serious administrative offenses committed by the employees. It deliberates on issues, particularly on the administrative and financial accountability of the Bank's employees and recommends policies that will properly address the Bank's concerns, interest, and security. We also have a Committee on Decorum and Investigation (CoDI) which is the Bank's Disciplining Authority that has an exclusive jurisdiction over sexual harassment cases.</p> <p>To encourage "speak up" culture within the organization, we continue to disseminate the Whistleblower's Policy through webinars and internal email advisories for our employees. This policy puts in place a mechanism for reporting erring behavior that violates the Bank's policies and code of conduct. Any report is handled with the highest level of confidentiality and the reporting employee is ensured protection from retaliation, reprisal, threat, bullying, or intimidation.</p> <p>Aside from ensuring that our employees behave in an ethical manner, we also make sure that they are made aware of banking laws, rules, and regulations, as well as policies and procedures that are relevant to their respective areas of responsibility through regular conduct of basic compliance refresher trainings and release of email advisories or reminders.</p>
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			<p>As of December 2023, there were no reported incidents of bribery and corruption among employees, outsourced personnel, or with the Bank's suppliers / vendor and third-party service providers.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Promoting Lawful and Ethical Behavior, Sustainability Report (<i>Pages 158-159</i>) LINK: https://l.ead.me/2023PNBAnnualReport
Supplement to Recommendation 15.2			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>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>In line with the Bank's commitment to ensure that business dealings are conducted with the highest level of integrity and professionalism, employees are prohibited from engaging in any form of bribery such as the following:</p> <ul style="list-style-type: none"> Giving/offering pecuniary benefits to external parties with the intention to influence the other party to commit a violation for personal and/or business advantage. Acceptance/receiving of pecuniary benefits from clients, suppliers, service providers in order to facilitate the processing or approval of transactions or service agreements with the Bank despite deficiency and/or non-compliance with the standard requirements and procedures. <p>Employees who have knowledge of any form of irregular transactions or corrupt practices being entered into by an office or an employee under the name of the Bank must report the same through the offices identified in our Whistleblower Policy.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption, Corporate Governance (<i>Page 90</i>) Promoting Lawful and Ethical Behavior, Sustainability Report (<i>Pages 158-159</i>) LINK: https://l.ead.me/2023PNBAnnualReport

			<p>Code of Conduct</p> <ul style="list-style-type: none"> LINK:https://pnbph.sharepoint.com/sites/PNBKnowledgeBase/Published/Forms/AllItems.aspx?id=%2Fsites%2FPNBKnowledgeBase%2FPublished%2FOPP%2FOPP%2001%20HR%20Mgmt%2C%20Organization%20%20General%20Admin%2F2022%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct%2Epdf&parent=%2Fsites%2FPNBKnowledgeBase%2FPublished%2FOPP%2FOPP%2001%20HR%20Mgmt%2C%20Organization%20%20General%20Admin%2F2022%2FOPP%20No%2E%2001%2D0086%2D2022%20%2D%20Revised%20PNB%20Code%20of%20Conduct
Recommendation 15.3			
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	COMPLIANT	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.	<p>It is the responsibility of all directors, officers, and employees to report suspected or actual occurrence of fraud and/or violation of any law, rule, policy, and misconduct, in accordance with the Bank’s Whistleblower Policy.</p> <p>Under the policy, a whistleblower may be an employee of the Bank or a third party who discloses, in good faith, any illegal, unethical, or improper behaviors or practices, and misconduct in the Bank. He/ She can report any suspected or actual infraction to any of the members of the Bank’s Ethical Standards Committee (ESC), President/CEO, Chief Compliance Officer (CCO), Chief Audit Executive (CAE) or Chief Legal Counsel (CLC); or via the dedicated whistleblower hotline and electronic mail which are managed by the ESC Secretariat. Fraud cases involving monetary loss shall be reported directly to the President to ensure the anonymity of the whistleblower.</p> <p>Whistleblowers are protected from retaliation by ensuring that his/her identity is kept in strict confidence. Anyone who retaliates against the whistleblower is subject to disciplinary action, including the possibility of termination or dismissal from the Bank service.</p> <p>The whistleblower may report verbally or in written form any act of harassment, bullying, or adverse personnel action experienced to any of the members of the ESC and the senior officers, as stated above.</p>
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	<p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	
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 Bank shall grant a reward to whistleblowers who provide credible information leading to the uncovering of financial fraud.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Whistleblowing Mechanism, Corporate Governance (<i>Page 89-90</i>) Link: https://l.ead.me/2023PNBAnnualReport <p>Whistleblower Policy</p> <ul style="list-style-type: none"> LINK: https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/Whistleblower-Policy.pdf
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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

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company’s community involvement and environment-related programs.</p>	<p>Through the Corporate Sustainability Department, PNB continues to develop and implement significant activities and initiatives in communities where we have business presence. Aligned with our belief that sustainability should start from within and cognizant of our corporate social responsibility, we try to find balance in supporting both our internal and external stakeholders.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> Environmental Impact, Sustainability Report (<i>Pages 99-101, 123–125</i>) Responsible Citizenship and Caring for Our Communities, Sustainability Report (<i>Pages 134-142</i>) LINK: https://l.ead.me/2023PNBAnnualReport
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Optional: Principle 16

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>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>	<p>Our Bank has a simple procurement process that is aligned with the outsourcing regulations of the BSP.</p> <p>We source from accredited vendors / suppliers and third-party service providers, conduct bid assessments, and issue Purchase Orders or Letters of Awards to winning vendors or third-party service providers.</p> <p>We have a Procurement Committee composed of members of the Bank’s Senior Management Team that meet regularly to review and deliberate on the submitted bids of accredited third-party service providers.</p> <p>Purchase of goods and services are not limited to Metro Manila-based accredited vendors / suppliers and third-party service providers. For provincial and overseas branches and offices, our Procurement Department helps purchase or source from local vendors in the area to minimize transportation costs.</p> <p>Purchasing or sourcing from non-accredited entities is strongly discouraged. However, exceptions are allowed in case when the service engagement is considered seasonal or occasional, one-time, or an emergency need.</p> <p>Our Vendor Management Policy requires concerned Bank units to evaluate the service and technical capability of their respective vendors / suppliers or third-party service providers annually. We continued to improve our process of accreditation, risk assessment, due diligence, and periodic oversight or monitoring of third-party service providers.</p> <p>We enhanced our accreditation criteria to accommodate more applicants for vendor accreditation. We also subjected our Vendor Management Framework to annual review and audit.</p> <p>We updated our existing vendor-related forms and documents to reflect ESG criteria such as the third-party service providers’ gender composition of management and manpower complement, and their compliance with environmental and social laws, policies, and regulations, among others. In</p>
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			<p>addition, we ensured that third-party service providers engaged by the Bank are able to provide their business continuity or mitigation action plans.</p> <p>To encourage alignment with our sustainability agenda, we ensured that our third-party service providers are informed about the Bank’s sustainability policy and initiatives through emails. We also included the PNB Sustainability Policy in the orientation and accreditation application kit of interested vendors. We encourage service providers’ participation in efforts such as the latest online Sustainability Materiality Assessment Survey that we rolled out in the last quarter of the year.</p> <p>As of December 2023, the Bank has 929 accredited vendors / suppliers and third-party service providers. This list is regularly updated and disseminated to all PNB offices and units for reference and guidance.</p> <p>2023 Annual Report</p> <ul style="list-style-type: none"> • Sourcing and Supply Chain Management, Sustainability Report (<i>Page 125-126</i>) • LINK: https://l.ead.me/2023PNBAnnualReport
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p>	<p>2023 Annual Report</p> <ul style="list-style-type: none"> • Responsible Citizenship and Caring for Our Communities, Sustainability Report (<i>Pages 134–142</i>) • LINK: https://l.ead.me/2023PNBAnnualReport

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in PASAY CITY on MAY 24 2024.

SIGNATURES


EDGAR A. CUA
 Chairman of the Board/Independent Director

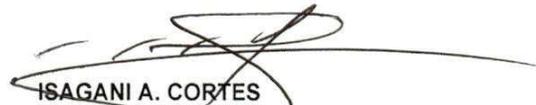

FLORIDO P. CASUELA
 President

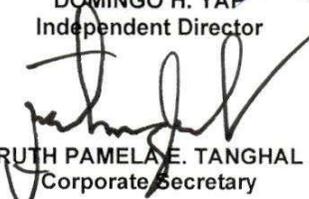

ISABELITA M. PAPA
 Independent Director


PROTACIO T. TACANDONG
 Independent Director


MARIA ALMASARA CYD N. TUAÑO-AMADOR
 Independent Director


DOMINGO H. YAP
 Independent Director

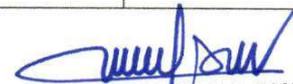

ISAGANI A. CORTES
 EVP & Chief Compliance Officer


RUTH PAMELA E. TANGHAL
 Corporate Secretary

SUBSCRIBED AND SWORN to before me on MAY 24 2024, affiant(s) exhibiting to me their Passports/TIN, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Edgar A. Cua		
Florido P. Casuela		
Isabelita M. Papa		
Protacio T. Tacandong		
Maria Almasara Cyd N. Tuano-Amador		
Domingo H. Yap		
Isagani A. Cortes		
Ruth Pamela E. Tanghal		

Doc No. 36 ;
 Page No. 9 ;
 Book No. 5 ;
 Series of 2024.


ATTY. MICHELLE A. PAHATI
 Notary Public for Pasay City
 Commission No. 2829; valid until 12-31-24
 Roll No. 45737/Lifetime Member No. 013500
 PTR No. 8058699/ 05 January 2023/ Pasay City
 MCLE Compliance No. VII-0028408
 PNB Financial Center, Pres. Macapagal Blvd., Pasay City



This

Certificate of Attendance

is presented to

Ruth Pamela E. Tanghal

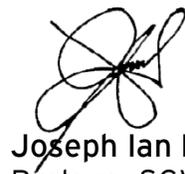
for having completed the seminar on

Corporate Governance

24 October 2023

08:30 a.m. to 12:30 p.m.

Online seminar via Zoom



Joseph Ian M. Canlas
Partner, SGV & Co.



SECRETARY'S CERTIFICATE

I, RUTH PAMELA E. TANGHAL, Corporate Secretary of the Philippine National Bank (PNB), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, do hereby certify that:

- 1. The agenda and materials for all scheduled Board and Board Committee meetings are sent to the directors ahead of time to provide them ample time to review the same;
2. Directors attending the meetings through video/teleconferencing are likewise provided with the agenda and all materials for the meetings, in accordance with SEC Memorandum Circular No. 06, Series of 2020; and,
3. Questions asked and discussions during Board and Committee meetings are fully documented in the minutes books which are available for examination during office hours at the Office of the Corporate Secretary upon request of stockholders of record.

IN WITNESS WHEREOF, I have hereunto affixed my signature on MAY 16 2024 in Pasay City, Metro Manila.

[Signature of Ruth Pamela E. Tanghal]
RUTH PAMELA E. TANGHAL
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 16 2024 in PASAY CITY, affiant exhibited to me her TIN

Doc. No.
Page No.
Book No.
Series of 2024.

[Signature of Atty. Michelle A. Pahati]
ATTY. MICHELLE A. PAHATI
Notary Public for Pasay City
Commission No. 23-29; valid until 12-31-24
Roll No. 45737/Lifetime Member No. 013500
PTR No. 8058699/ 05 January 2023/ Pasay City
MCLE Compliance No. VII-0028408
PNB Financial Center, Pres. Macapagal Blvd., Pasay City

Philippine National Bank
PNB Financial Center
Pres. Diosdado Macapagal Blvd.,
Pasay City, Metro Manila 1300,
Philippines

T. (632) 8526-3131 to 70/8891-6040 to 70
P.O. Box 1884 (Manila)
P.O. Box 410 (Pasay City)
www.pnb.com.ph

Authorized Depository of the Republic of the Philippines
Member: PDIC



This

Certificate of Attendance

is presented to

Isagani A. Cortes

for having completed the seminar on

Corporate Governance

24 October 2023

08:30 a.m. to 12:30 p.m.

Online seminar via Zoom



Joseph Ian M. Canlas
Partner, SGV & Co.



SECRETARY'S CERTIFICATE

I, RUTH PAMELA E. TANGHAL, Corporate Secretary of the Philippine National Bank (PNB), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, do hereby certify that the remuneration structure of PNB senior executives is based on the Board-approved Policy on Remuneration under Board Executive Session Resolution No. 06/10-23-09 dated October 23, 2009.

IN WITNESS WHEREOF, I have hereunto affixed my signature on MAY 16 2024 in Pasay City, Metro Manila.

[Handwritten Signature]
RUTH PAMELA E. TANGHAL
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 16 2024 in PASAY CITY, affiant exhibited to me her TIN

Doc. No. 493
Page No. 100
Book No. IV
Series of 2024.

[Handwritten Signature]
ATTY. MICHELLE A. PAHATI
Notary Public for Pasay City
Commission No. 23-29; valid until 12-31-24
Roll No. 45737/Lifetime Member No. 013500
PTR No. 8058699/ 05 January 2023/ Pasay City
MCLE Compliance No. VII-0028408
PNB Financial Center, Pres. Macapagal Blvd., Pasay City

Philippine National Bank
PNB Financial Center
Pres. Diosdado Macapagal Blvd.,
Pasay City, Metro Manila 1300,
Philippines

T. (632) 8526-3131 to 70/8891-6040 to 70
P.O. Box 1884 (Manila)
P.O. Box 410 (Pasay City)
www.pnb.com.ph

Authorized Depository of the Republic of the Philippines
Member: PDIC

Re: Request for the Member List of the Institute of Corporate Directors

AJ Lugtu <alugtu@icd.ph>

Thu 2/8/2024 4:26 PM

To: Sheryl Joy D Genavia <genaviasjd@pnb.com.ph>

Cc: VANESSA O ESPINO <espinovo@pnb.com.ph>; Zyrille Mendoza <zmendoza@icd.ph>

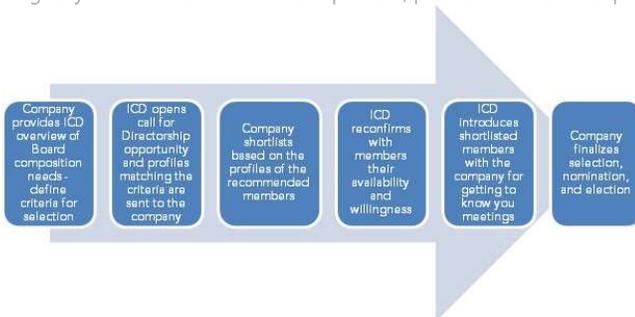
Hi Ms. Sheryl,

Good day!

We are happy to help you with your search for Director Candidates.

As part of our advocacy, ICD helps companies with their search for directors by connecting them with our members. To better understand your company's needs and requirements, we would like to request that you fill up our Board Director Candidate Request Form you may access by clicking this link: [ICD Board Director Candidate Request Form](#). We highly appreciate it if you can be as comprehensive as possible with the following information requested in the form.

To give you a brief overview of our process, please find the description below:



We are at your service if you have any concerns. We would be glad to address them. We may also set up a call in case you need more information on this matter. I can easily be reached through my mobile number: 09688522912 or Viber number: 09175042103.

Thank you very much and have a pleasant afternoon.

Kind Regards,

AJ

Aiseah Jois F. Lugtu | [Institute of Corporate Directors](#)

Manager - Members Relations

Members Relations

Telephone: +632 8884 1494 loc. 109

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On Thu, Feb 8, 2024 at 12:06 PM ICD Member Relations <membersrelations@icd.ph> wrote:

----- Forwarded message -----

From: **ICD Institute of Corporate Directors** <communications@icd.ph>

Date: Thu, Feb 1, 2024 at 3:11 PM

Subject: Re: Request for the Member List of the Institute of Corporate Directors

To: Sheryl Joy D Genavia <genaviasjd@pnb.com.ph>, ICD Member Relations <membersrelations@icd.ph>

Hello [@ICD Member Relations](#) Team,

We are sharing this email with you for your reference.

Thank you!

Kind regards,

Institute of Corporate Directors

Telephone: +632 8884 1494 loc. 109 | Mobile: +63 915 848 7558

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On Thu, Feb 1, 2024 at 9:07 AM Sheryl Joy D Genavia <genaviasjd@pnb.com.ph> wrote:

Dear Sir/Ma'am,

This is in line with the Bank's annual evaluation of potential nominees to the PNB Board of Directors. We would like to request for your favorable assistance in furnishing us a list of your Fellows and Members which we believe to be an outstanding source of potential nominees.

Thank you.

From: ICD Institute of Corporate Directors <communications@icd.ph>
Sent: Wednesday, January 31, 2024 5:02 PM
To: Sheryl Joy D Genavia <genaviasjd@pnb.com.ph>
Cc: VANESSA O ESPINO <espinovo@pnb.com.ph>
Subject: Re: Request for the Member List of the Institute of Corporate Directors

Hello Ms. Sheryl,

We hope this email finds you well.

May we confirm if this is regarding on ICD membership application?

Thank you!

Kind regards,

Institute of Corporate Directors

Telephone: +632 8884 1494 loc. 109 | Mobile: +63 915 848 7558

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On Tue, Jan 30, 2024 at 11:20 AM Sheryl Joy D Genavia <genaviasjd@pnb.com.ph> wrote:

Dear Sir/Ma'am,

May we inquire where can we send a request for the Member List of the Institute of Corporate Directors?

Thank you.

Kind regards,

Joy

Sheryl Joy D. Genavia

Office of the Corporate Secretary

Philippine National Bank, 9/F PNB Financial Center

Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila

Tel. No. (632) 8526-3131 loc. 4106

www.pnb.com.ph

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FW: CGFD_Philippine National Bank_Corporate Governance Manual_13July2023

Ruth Pamela E Tanghal <tanghalrpe@pnb.com.ph>

Mon 7/17/2023 2:14 PM

To: Sheryl Joy D Genavia <genaviasjd@pnb.com.ph>

Cc: Michelle A. Pahati-Manuel <Pahati-ManuelMA@pnb.com.ph>; Michael D Uy <UyMD@pnb.com.ph>; VANESSA O ESPINO <espinovo@pnb.com.ph>

-----Original Message-----

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Sent: Thursday, 13 July 2023 3:55 pm

To: Ruth Pamela E Tanghal <tanghalrpe@pnb.com.ph>

Subject: Re: CGFD_Philippine National Bank_Corporate Governance Manual_13July2023

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation

Receipt) will be made available after 7 working days via order through the SEC Express at

<https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsecexpress.ph%2F&data=05%7C01%7Cgenaviasjd%40pnb.com.ph%7C7a772702e524455b00a508db868d1d2d%7Cf79ee2d0304b4f378f7dd136c31b94e6%7C0%7C0%7C638251712863326230%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCI6Mn0%3D%7C3000%7C%7C&sdata=rrR%2Bs0U%2BatUr3dAjhEjI54FIXqRM5goB4KQ4kVvqICA%3D&reserved=0>

[url=https%3A%2F%2Fsecexpress.ph%2F&data=05%7C01%7Cgenaviasjd%40pnb.com.ph%7C7a772702e524455b00a508db868d1d2d%7Cf79ee2d0304b4f378f7dd136c31b94e6%7C0%7C0%7C638251712863326230%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCI6Mn0%3D%7C3000%7C%7C&sdata=rrR%2Bs0U%2BatUr3dAjhEjI54FIXqRM5goB4KQ4kVvqICA%3D&reserved=0](https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsecexpress.ph%2F&data=05%7C01%7Cgenaviasjd%40pnb.com.ph%7C7a772702e524455b00a508db868d1d2d%7Cf79ee2d0304b4f378f7dd136c31b94e6%7C0%7C0%7C638251712863326230%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCI6Mn0%3D%7C3000%7C%7C&sdata=rrR%2Bs0U%2BatUr3dAjhEjI54FIXqRM5goB4KQ4kVvqICA%3D&reserved=0). For further clarifications, please call (02) 8737-8888.

----- NOTICE TO COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

- 1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
- 2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
- 3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
- 4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
- 5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

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CGFD_Philippine National Bank_Corporate Governance Manual_13July2023

Ruth Pamela E Tanghal <tanghalrpe@pnb.com.ph>

Thu 7/13/2023 3:54 PM

To:ictdsubmission@sec.gov.ph <ictdsubmission@sec.gov.ph>

Cc:Michelle A. Pahati-Manuel <Pahati-ManuelMA@pnb.com.ph>;Michael D Uy <UyMD@pnb.com.ph>;Sheryl Joy D Genavia <genaviasjd@pnb.com.ph>;VANESSA O ESPINO <espinovo@pnb.com.ph>

 1 attachments (2 MB)

CGFD_Philippine National Bank_Corporate Governance Manual_13July2023.pdf;

Gentlemen:

We submit the 2023 Corporate Governance Manual of the Philippine National Bank.

Thank you.

Regards,

Ruth Pamela E. Tanghal
Corporate Secretary
9/F PNB Financial Center
Macapagal Blvd., Pasay City
Tel No. 8526-3131 local 4582

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Corporate Secretary's Office
 Direct Line/Telefax No.: 8834-07-80
 Trunk Lines: 8891-6040 to 70
 Local: 4582

CERTIFICATION

I, **RUTH PAMELA E. TANGHAL**, Corporate Secretary of the Philippine National Bank ("PNB"), a universal banking corporation duly registered under and by virtue of the laws of the Republic of the Philippines with SEC Registration No. ASO96-005555, and with principal office address at the PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, on oath state:

1. That I have caused this Manual on Corporate Governance to be prepared on behalf of PNB;
2. That I read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
3. That the company, PNB, will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
4. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of the filing fee; and
5. That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submission to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand on JUL 13 2023 in Pasay City, Metro Manila, Philippines.


RUTH PAMELA E. TANGHAL
 Corporate Secretary

SUBSCRIBED AND SWORN to before me on JUL 13 2023 in Pasay City, affiant exhibited to me her TIN 216-805-132.

Doc. No. 421
 Page No. 86
 Book No. XLII
 Series of 2023.


ATTY. EDGARDO V. SATUR
 Notary Public for Makati City
 Appointment No. M-106 until Dec. 31, 2023
 MCLE Compliance Certificate No. VII-0004912
 PTR No. PC805870 dated Jan. 5, 2023 Pasay City
 Roll No. 34783, IBP OR No. 292157 dated January 21, 2023
 5th Flr. Eton Center, 6754 Ayala Ave., Makati City

COVER SHEET

A S C 9 6 - 0 0 5 5 5 5

S.E.C. Registration Number

P H I L I P P I N E N A T I O N A L B A N K

Company's Full Name)

9 t h F l o o r P N B F i n a n c i a l C e n t e r

M a c a p a g a l B l v d . , P a s a y C i t y

M e t r o M a n i l a

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

RUTH PAMELA E. TANGHAL
Corporate Secretary

Contact Person

8834-0780

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

Manual on Corporate Governance

FORM TYPE

April 25

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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July 11, 2023

ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE
Director, Corporate Governance and Finance Department
Securities and Exchange Commission
G/F Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City

Dear Atty. Gumtang-Remalante:

We are pleased to submit Philippine National Bank's ("PNB", the "Bank") Revised Manual on Corporate Governance as approved by the Board of the Directors.

The provisions of this Manual have been updated to align with the requirements of Section 27 of the Revised Corporation Code of the Philippines.

The amendments and revisions introduced in the latest review of the Manual include:

1. Policy on directors' interlocking positions as an officer and/or director
 - Incorporated a provision on sectors and industries that may be a potential source of conflict of interest for interlocking positions.
2. Removal of Directors
 - Incorporated a provision on the removal of directors in compliance with Section 27 of the SEC Revised Corporation Code of the Philippines.
3. Oversight Functions of the Corporate Governance and Sustainability Committee
 - Incorporated the oversight functions on sustainability initiatives of the Corporate Governance and Sustainability Committee under its amended charter.

Should you wish further information or clarification regarding the Revised Manual, please do not hesitate to contact us. Thank you very much.

Very truly yours,



EDGAR A. CUA
Chairman of the Board of Directors



ISAGANI A. CORTES
Executive Vice President and Chief Compliance Officer



2023 Corporate Governance Manual

IMPORTANT: This document is proprietary to Philippine National Bank and no part of this material should be shared or disclosed to third parties without the express written authorization of Philippine National Bank, Global Compliance Group.

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I. Policy Statement

Philippine National Bank (“PNB”, the “Bank”) subscribes to the highest standards of corporate governance as we believe that good governance supports long-term value creation. PNB adheres to the values of integrity, ethics, and good governance in the conduct of its business and affairs in order to strengthen the safety and soundness of its operations, which in turn, increases public confidence and trust.

PNB is committed to a corporate governance framework guided by the principle that:

“Good governance needs to be embedded in the corporate culture as deeply as the desired corporate goals of achieving the revenue targets and expense management and in the process preserve the franchise value of the Bank.”

Our corporate governance framework is anchored on accountability, prudence, ethics, and responsible business practices cutting across all levels of the enterprise. This framework is designed to provide a solid foundation for the consistent conduct of our affairs and withstand the demands of strict and rigorous supervision, examination, disclosure, and best practices.

This Corporate Governance Manual and the policies contained herein document PNB’s obligations and expectations in institutionalizing the principles of good corporate governance in the entire PNB Group. These are reinforced regularly at all levels of the Bank.

Furthermore, this Manual provides guidance for employees on good corporate governance practices. Generally, these guidelines are principles-based and are not prescriptive. Hence, directors, advisors, officers and employees are expected to exercise judgment in evaluating whether heightened standards should be adopted, taking into consideration the nature and complexity of the particular area of responsibility.

The provisions of this Manual are aligned and consistent with the requirements of the following laws, rules, regulations and prevailing best practices:

- a. Relevant provisions of the Manual of Regulations for Banks (MORB), as amended, and other issuances of the BSP not yet incorporated in the MORB;
- b. SEC Memorandum Circular No. 19, Series of 2016: Code of Corporate Governance for Publicly Listed Companies;
- c. Republic Act No. 11232 otherwise known as the Revised Corporation Code of the Philippines, and its implementing rules and regulations;
- d. ASEAN Corporate Governance Scorecard; and
- e. PNB’s Amended By-laws, Articles of Incorporation, and other internal policies and procedures

The provisions of this Manual apply to the Bank’s directors, advisors, officers, and employees in the head office, domestic branches and subsidiaries, and, if applicable depending on the host country rules, overseas branches/offices and foreign subsidiaries as well.

II. Corporate Governance Structure

Good governance is led from the top by the Board of Directors and cascaded throughout PNB. The Board serves as the governing body elected by shareholders to exercise the corporate powers of the Bank and conduct all its business. PNB Board is vested with the focal responsibility of promoting a culture of strong governance in the organization, through adopted policies and displayed practices.

A. Board of Directors

1. Definition of Directors

Directors shall include¹:

- 1.1. directors who are named as such in the articles of incorporation;
- 1.2. directors duly elected in subsequent meetings of the stockholders; and
- 1.3. those elected to fill vacancies in the board of directors.

2. Classification of Directors

- 2.1. An executive director is a person who has executive responsibility of day-to-day operations of a part or the whole of the Bank².
- 2.2. A non-executive director is a person who has no executive responsibility and does not perform any work related to the operations of the corporation. It shall refer to those who are not part of the day to day management of operations and shall include the independent directors. However, not all non-executive directors are considered independent directors³.
- 2.3. An independent director is a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director⁴. It shall refer to a person who⁵ –

¹ Section 131, Manual of Regulations for Banks (MORB)

² Section 131, Manual of Regulations for Banks (MORB)

³ Section 131, Manual of Regulations for Banks (MORB)

⁴ Definition of Terms, SEC Memorandum Circular 19, Series of 2016

⁵ Section 131, Manual of Regulations for Banks (MORB)

- 2.3.1. is not or was not a director, officer or employee of the Bank, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election/appointment;
- 2.3.2. is not or was not a director, officer, or employee of the Bank's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
- 2.3.3. is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the Board of Directors of the Bank, or in any of its related companies or of its majority corporate shareholders;
- 2.3.4. is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the Board of Directors of the Bank or any of its related companies or of any of its substantial stockholders;
- 2.3.5. is not acting as a nominee or representative of any director or substantial shareholder of the Bank, any of its related companies or any of its substantial shareholders;
- 2.3.6. is not or was not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;
- 2.3.7. is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- 2.3.8. was not appointed in the Bank, its subsidiaries, affiliates or related interests as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board of Directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment;

- 2.3.9. is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders; and
- 2.3.10. is not employed as an executive officer of another company where any of the Bank's executives serve as directors.

3. Composition of the Board

3.1. Size and Composition

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction⁶.

Pursuant to Sections 15 and 17 of Republic Act No. 8791 otherwise known as The General Banking Law, the Bank's Board of Directors is composed of fifteen (15) members, commensurate to the size and complexity of the Bank's operations. The directors shall be elected by the stockholders entitled to vote during the annual meeting of the stockholders and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the Bank's By-Laws.

To the extent practicable, the members of the Board of Directors shall be selected from an extensive pool of qualified candidates. Non-executive directors, who shall include independent directors, shall comprise at least majority of the Board of Directors to promote the independent oversight of management by the Board⁷.

3.2. Board Diversity⁸

Board diversity is not an end of itself. Instead, it is a means to develop an enabling environment which allows the Bank to leverage on the diverse background and expertise of its individual directors, foster innovation, and

⁶ Recommendation 1.1, SEC Memorandum Circular 19, Series of 2016

⁷ Section 132, Manual of Regulations for Banks (MORB)

⁸ Recommendation 1.4, SEC Memorandum Circular 19, Series of 2016

achieve a balanced approach in making sound and objective board decision. As such, the Bank recognizes and welcomes diversity in the Board of Directors to avoid groupthink and ensure that optimal decision-making is achieved.

In designing the Board's composition, diversity shall be considered from various aspects including but not limited to age, gender, ethnicity, cultural and educational background, skills, competence and knowledge. These variables shall be taken into account in the selection and nomination of candidates to the Board. The Board shall also strive to ensure that there is appropriate representation of women in the Board.

Moreover, the Board shall recognize that both social diversity (e.g., gender, race/ethnicity, and age diversity) and professional diversity are both important for bringing diverse perspectives in order to arrive at thorough and sound decisions on matters that require the Board's approval.

3.3. Nomination and Election of Directors⁹

The Corporate Governance Committee, acting as the Bank's Nomination Committee and assisted by the Corporate Secretary, shall observe the following process and criteria for receiving and evaluating nominations to the Board in accordance with the Bank's By-Laws and applicable requirements stipulated under existing laws including, but not limited to, the Revised Corporation Code and its implementing rules and regulations.

The Corporate Governance and Sustainability Committee, assisted by the Corporate Secretary, shall promulgate guidelines and procedures governing the conduct of the nomination and election of directors, which shall be disclosed in the Bank's information statement which is submitted to the Securities and Exchange Commission (SEC).

3.3.1. Procedure for the Nomination of Directors

3.3.1.1. All shareholders shall have the right to nominate, elect, remove and replace directors in accordance with the Revised Corporation Code¹⁰.

3.3.1.2. In addition to inviting the Bank's shareholders to nominate candidates to the Board, the Corporate Governance and

⁹ Recommendation 2.6, SEC Memorandum Circular 19, Series of 2016

¹⁰ Section 23, Revised Corporation Code of the Philippines

Sustainability Committee, assisted by the Corporate Secretary, may make use of professional search firms or other external sources in sourcing out potential and qualified candidates to the Board¹¹.

- 3.3.1.3. Shareholders who wish to nominate a person for election as a director of the Bank may submit a written notice of the nomination to the Corporate Secretary at least sixty (60) days prior to the Bank's Annual Stockholders' Meeting.
- 3.3.1.4. The written notice of nomination, duly signed by the nominating stockholder and the nominee, must clearly set out the names and contact information of both the nominating stockholder and the nominee, and must be supported by the biographical data of the nominee, including his or her relevant qualifications and experiences.
- 3.3.1.5. Upon receipt of the relevant documents (e.g. bio-data/CVs and other documents related to the qualification, background, and expertise of the nominees), the Corporate Governance Committee, in its discretion, shall initially screen and review the qualifications of all nominees taking into account the needs of the Board in terms of relevant industry experience, knowledge, skills, educational background and professional experience relevant and beneficial to the business of the Bank. An initial list of nominees shall be prepared based on the results of the preliminary screening conducted.
- 3.3.1.6. The Corporate Secretary shall inform each shortlisted nominee that he is included in the initial list of nominees based on the results of the preliminary screening conducted by the Corporate Governance Committee and that he will be subjected to the Bank's fit and proper due diligence, as required by the BSP, upon obtaining the written consent of the nominee.
- 3.3.1.7. Once the initial list of nominees is finalized, the Corporate Secretary shall:

¹¹ Bonus Section, ASEAN Corporate Governance Scorecard (ACGS)

- Request the Corporate Security Group (CSG) and the Property Valuation & Credit Information Division (PVCID) under the Credit Management Group (CMG) to conduct a background and credit check on the shortlisted nominees concerned in order to ascertain the veracity and authenticity of the nominees' education, employment history, and other past activities. CSG and PVCID shall notify and transmit to the Corporate Secretary the results of background and credit check, including any adverse findings found.
- Request the Corporate Governance Division under the Global Compliance Group (GCG) to confirm whether the shortlisted nominees possess all the qualifications and none of the disqualifications for directors as stipulated under the Bank's Corporate Governance Manual, Manual of Regulations for Banks (MORB), and other applicable requirements under existing laws and BSP regulations. GCG shall notify and transmit to the Corporate Secretary the results of its independent review based on the information provided in the nominees' biodata/curriculum vitae (CV).
- Request the Human Resource Group (HRG) to gather information on the shortlisted nominees using the Fit and Proper System (FITPRO) of the BSP. HRG shall notify and transmit to the Corporate Secretary the information gathered on the system, including any adverse findings found.

3.3.1.8. The Corporate Secretary shall consider the results of the background and credit check conducted by CSG and PVCID, internal review conducted by GCG, the results of the search on FITPRO performed by HRG, in determining whether the profile of the nominee will be endorsed to the Corporate Governance Committee for further screening.

- 3.3.1.9. The Corporate Secretary shall present the shortlisted nominations to the Corporate Governance Committee together with the profile of each nominee which includes, among others, their qualifications and experiences, academic and professional backgrounds, and expertise.
- 3.3.1.10. The Corporate Governance Committee shall thereafter endorse the Final List of nominees for Board approval.
- 3.3.1.11. Upon approval by the Board of Directors, the Corporate Secretary shall submit all relevant/requisite information about the nominees to the SEC and to all stockholders through the filing and distribution of the Information Statement.
- 3.3.1.12. Only nominees whose names appear on the final list of candidates shall be eligible for election. No other nominations shall be entertained after the final list of candidates shall have been prepared; and no further nominations shall be entertained or allowed on the floor during the annual stockholders' meeting¹².

3.3.2. Criteria

The Corporate Governance and Sustainability Committee shall review and evaluate the qualifications of all persons nominated to the Board, including whether candidates:

- 3.3.2.1. Possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Bank's business and risk profile;
- 3.3.2.2. Have a record of integrity and good repute;
- 3.3.2.3. Have sufficient time to carry out their responsibilities;
- 3.3.2.4. Have the ability to promote a smooth interaction between members of the Board; and

¹² 2 Item E, Section 5.5, PNB's Amended By-laws

- 3.3.2.5. Contribute to the diverse background, expertise, and composition of the Board consistent with the Board Diversity Policy.

Nominees shall also possess all of the qualifications and none of the disqualifications for directors as stipulated under the Bank's Corporate Governance Manual, Manual of Regulations for Banks (MORB), and other applicable requirements under existing laws and BSP regulations.

3.3.3. Procedure for the Election of Directors¹³

- 3.3.3.1. The manner of election and the counting of the votes to be cast shall be under the supervision of the Corporate Secretary.
- 3.3.3.2. For purposes of electing directors, the system of cumulative voting shall be followed. Each stockholder is entitled to such number of votes equal to the number of shares he owns multiplied by the number of directors to be elected. Under this voting system, the stockholder has the option to (i) cast all his votes in favor of one (1) nominee, or (ii) distribute those votes under the same principle among as many nominees as he shall see fit.
- 3.3.3.3. Only candidates duly nominated shall be voted upon by the stockholders entitled to vote or by their proxies.
- 3.3.3.4. The fifteen (15) nominees garnering the highest number of votes from the stockholders present or represented by proxy shall be elected directors for the ensuing year.

3.4. Confirmation of the Election or Appointment of Directors and Officers¹⁴

- 3.4.1. The election/appointment of the directors/officers shall be subject to the confirmation of the following confirming authority:

Confirming Authority	Covered Individuals
Monetary Board	Directors and CEO

¹³ Recommendation 2.6, SEC Memorandum Circular 19, Series of 2016

¹⁴ Section 137, Manual of Regulations for Banks (MORB)

Financial Supervision Sector (FSS) Committee	<p>(i) Heads of the following operating functions with the rank of at least Senior Vice President (SVP) and directly reporting to the CEO/President:</p> <table border="1" data-bbox="675 359 1523 932"> <thead> <tr> <th data-bbox="675 359 1024 485">Operating Functions as per BSP Circular No. 1136, Series of 2022</th> <th data-bbox="1024 359 1523 485">Equivalent Position under the current PNB structure</th> </tr> </thead> <tbody> <tr> <td data-bbox="675 485 1024 548">Controllership/Finance</td> <td data-bbox="1024 485 1523 548">Financial Management Sector Head</td> </tr> <tr> <td data-bbox="675 548 1024 653">Lending</td> <td data-bbox="1024 548 1523 653">Institutional Banking Sector Head Retail Banking Sector Head</td> </tr> <tr> <td data-bbox="675 653 1024 758">Treasury</td> <td data-bbox="1024 653 1523 758">Global Banking and Markets Sector Head</td> </tr> <tr> <td data-bbox="675 758 1024 863">Branch Banking</td> <td data-bbox="1024 758 1523 863">Retail Banking Sector Head</td> </tr> <tr> <td data-bbox="675 863 1024 932">Information Technology</td> <td data-bbox="1024 863 1523 932">Information Technology Group Head</td> </tr> </tbody> </table> <p>(ii) Officers regardless of rank:</p> <table border="1" data-bbox="675 1100 1523 1629"> <thead> <tr> <th data-bbox="675 1100 1024 1205">Position</th> <th data-bbox="1024 1100 1523 1205">Equivalent Position under the current PNB structure</th> </tr> </thead> <tbody> <tr> <td data-bbox="675 1205 1024 1310">Trust Officer</td> <td data-bbox="1024 1205 1523 1310">Chief Trust Officer/Head, Trust Banking Group</td> </tr> <tr> <td data-bbox="675 1310 1024 1415">Head of Internal Audit</td> <td data-bbox="1024 1310 1523 1415">Chief Audit Executive/Head, Internal Audit Group</td> </tr> <tr> <td data-bbox="675 1415 1024 1520">Head of Risk Management</td> <td data-bbox="1024 1415 1523 1520">Chief Risk Officer/Head, Risk Management Group</td> </tr> <tr> <td data-bbox="675 1520 1024 1629">Head of Compliance</td> <td data-bbox="1024 1520 1523 1629">Chief Compliance Officer/Head, Global Compliance Group</td> </tr> </tbody> </table>	Operating Functions as per BSP Circular No. 1136, Series of 2022	Equivalent Position under the current PNB structure	Controllership/Finance	Financial Management Sector Head	Lending	Institutional Banking Sector Head Retail Banking Sector Head	Treasury	Global Banking and Markets Sector Head	Branch Banking	Retail Banking Sector Head	Information Technology	Information Technology Group Head	Position	Equivalent Position under the current PNB structure	Trust Officer	Chief Trust Officer/Head, Trust Banking Group	Head of Internal Audit	Chief Audit Executive/Head, Internal Audit Group	Head of Risk Management	Chief Risk Officer/Head, Risk Management Group	Head of Compliance	Chief Compliance Officer/Head, Global Compliance Group
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3.4.2. The Bank shall report to the appropriate supervising department of the Bangko Sentral, any succeeding resignation, retirement, or replacement of directors/officers as mentioned within twenty (20) banking days after such resignation/retirement/replacement.

- 3.4.3. The election/appointment of abovementioned directors/officers shall be deemed to have been confirmed by the Bangko Sentral, if after sixty (60) banking days from receipt of the complete required reports, the appropriate supervising department of the Bangko Sentral does not advise the Bank concerned against said election/appointment.
- 3.4.4. However, the confirmation by the Monetary Board/FSS Committee of the election/appointment to abovementioned position levels shall not be required in the following cases:
- 3.4.4.1. Re-election of a director (as a director) in the Bank or election of the same director in another bank, quasi bank (QB), trust corporation, and non-bank financial institution (NBFI) with trust authority within a banking group;
 - 3.4.4.2. Re-election of an independent director (as an independent director or not) in the Bank or election of the same director (as an independent director or not) in another bank, QB, trust corporation, and NBFI with trust authority within a banking group; and
 - 3.4.4.3. Promotion of an officer, other than to that which requires (a) prior Monetary Board confirmation, or (b) a different set of minimum qualifications, or (c) a different level of confirming authority as provided under Item 3.4.1. above, in the Bank or appointment/transfer to another bank, QB, trust corporation, and NBFI with trust authority within a banking group:

Provided, That the subject director/officer has been previously confirmed by the Monetary Board, or if previously confirmed by the FSS Committee of the Bangko Sentral, his/her re-election/promotion/transfer requires the same level of confirming authority as provided under Item 3.4.1. above, *Provided*, further, that said director/officer has had continuous service within the Bank or banking group. This exemption shall apply to directors/officers confirmed by the Bangko Sentral starting 01 January 2011.

- 3.4.5. The appointment of officers other than those mentioned in the table/matrix shall not be subject to Bangko Sentral confirmation.

3.5. Documentary Requirements for Newly Elected Directors¹⁵

- 3.5.1. The following documentary requirements shall be submitted to the BSP within twenty (20) banking days from the date of election in support of the Bank's request for confirmation of newly elected directors:
- 3.5.1.1. Letter-request for Bangko Sentral confirmation signed by authorized officer with an affirmative statement that the institution has conducted a fit and proper test on the director/s concerned;
 - 3.5.1.2. Secretary's Certificate attesting to the resolution of the stockholders or board of directors approving the election;
 - 3.5.1.3. Bio-data with a photograph (2" x 2") taken within the last six (6) months;
 - 3.5.1.4. Certification under oath of the director concerned that he/she possesses all the qualifications and none of the disqualifications to become a director;
 - 3.5.1.5. Certification under oath of compliance with Bangko Sentral-prescribed syllabus on onboarding/orientation program;
 - 3.5.1.6. Certification under oath that the director has received copies of the general responsibility and specific duties and responsibilities of the board of directors and of a director that he/she fully understands and accepts the same;
 - 3.5.1.7. Duly accomplished and notarized authorization form for querying the Bangko Sentral watchlist file from the director concerned; and
 - 3.5.1.8. For independent directors, certification under oath that he/she is an independent director as defined in Bangko Sentral regulations.
- 3.5.2. Any succeeding requests for information and other supporting documents relative to the Bank's request for confirmation of directors shall be handled by the Corporate Secretary. Submission to the BSP of such additional

¹⁵ Appendix 101, Manual of Regulations for Banks (MORB)

requested information/supporting documents shall be coursed by the Office of the Corporate Secretary through GCG.

3.6. Removal of Directors¹⁶

- 3.6.1. Any director of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, by a vote of at least two-thirds (2/3) of the stockholders entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the corporation of the intention to propose such removal at the meeting.
- 3.6.2. A special meeting of the stockholders for the purpose of removing any director must be called by the secretary on order of the president, or upon written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. If there is no secretary, or if the secretary, despite demand, fails or refuses to call the special meeting or to give notice thereof, the stockholder of the corporation signing the demand may call for the meeting by directly addressing the stockholders.
- 3.6.3. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Revised Corporation Code. Removal may be with or without cause: Provided, that removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled under Section 23 of the Revised Corporation Code.
- 3.6.4. The Securities and Exchange Commission (SEC) shall, motu proprio or upon verified complaint, and after due notice and hearing, order the removal of a director elected despite the disqualification, or whose disqualification arose or is discovered subsequent to an election. The removal of a disqualified director shall be without prejudice to other sanctions that the SEC may impose on the board of directors who, with knowledge of the disqualification, failed to remove such director.

¹⁶ Section 27, Title III Revised Corporation Code

3.7. Vacancies in the Board¹⁷

- 3.7.1. Any vacancy occurring in the Board (other than by removal or expiration of term) may be filled by the vote of at least a majority of the remaining directors, if still constituting *a quorum*; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose. The election must be held no later than forty-five (45) days from the time the vacancy arose.
- 3.7.2. When the vacancy arises as a result of removal by the stockholders, the election may be held on the same day of the meeting authorizing the removal and this fact must be so stated in the agenda and notice of said meeting.
- 3.7.3. A director elected to fill the vacancy shall be referred to as replacement director and shall serve only for the unexpired term of the predecessor in office.

3.8. Retirement Policy¹⁸

As a matter of policy, a Board member is expected to remain fit and proper for the position of a director for the duration of his term, in accordance with the requirements and qualifications set out in the MORB. Towards this end, the Bank believes that adopting a fixed limit on director tenure is counterproductive as it may lead to retirement of qualified and well-seasoned directors.

The director has the burden to prove that he possesses all the minimum qualifications and none of the disqualifications set forth in this MORB. He shall continue to be mentally and physically fit to perform his responsibilities, manifested by his attendance and active participation during Board meetings, continuing training and education, and continued dialogue with other directors and key officers of the Bank, among others.

In the event a director no longer has the required fitness, he shall inform the Board of his intent to retire or refrain from seeking re-election.

¹⁷ Section 28, Revised Corporation Code of the Philippines

¹⁸ Recommendation 2.4, SEC Memorandum Circular 19, Series of 2016

4. Chairman of the Board

4.1. Roles of the Chairman of the Board

The Chairman of the Board of Directors shall provide leadership in the Board of Directors. He shall ensure effective functioning of the Board of Directors, including maintaining a relationship of trust with members of the Board. He shall¹⁹:

- 4.1.1. ensure that the meeting agenda focuses on strategic matters including key governance concerns, discussion on overall risk appetite, considering the developments in the business and regulatory environments, and contentious issues that will significantly affect operations;
- 4.1.2. ensure a sound decision-making process;
- 4.1.3. encourage and promote critical discussion;
- 4.1.4. ensure that dissenting views can be expressed and discussed within the decision-making process;
- 4.1.5. facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors²⁰;
- 4.1.6. ensure that members of the Board of Directors receive accurate, timely, and relevant information;
- 4.1.7. ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
- 4.1.8. ensure conduct of performance evaluation of the Board of Directors at least once a year.

4.2. Qualifications of the Chairman of the Board²¹

¹⁹ Section 132, Manual of Regulations for Banks (MORB)

²⁰ Recommendation 2.3, SEC Memorandum Circular 19, Series of 2016

²¹ Section 132, Manual of Regulations for Banks (MORB)

To promote checks and balances, the Chairman of the Board shall be a non-executive director or an independent director, and must not have served as CEO of the Bank within the past three (3) years.

In exceptional cases, former CEO of the Bank shall be allowed to immediately assume the position of Chairman of the Board, provided, that:

- This is consistent with the provisions of its succession plan; and
- There are no major supervisory concerns in the quality of the Bank's governance, risk management systems, internal controls and compliance system, and the Bank is not subject to escalated enforcement action²².

5. Chief Executive Officer (CEO)

5.1. Roles of the Chief Executive Officer (CEO)

In accordance with the Bank's By-Laws, the CEO shall be the President who shall be elected by the Board of Directors from among its members²³.

He shall be the overall-in-charge for the management of the business and affairs of the BSFI governed by the strategic direction and risk appetite approved by the Board of Directors.

The CEO be primarily accountable to the Board of Directors in championing the desired conduct and behavior, implementing strategies, and in promoting the long-term interest of the Bank²⁴. He shall²⁵:

- 5.1.1. determine the Bank's strategic direction and formulate and implement its strategic plan on the direction of the business;
- 5.1.2. communicate and implement the Bank's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- 5.1.3. oversee the operations of the Bank and manage human and financial resources in accordance with the strategic plan;

²² BSP Circular No. 1129, Series of 2021: Amendments to Corporate Governance Guidelines for BSFIs

²³ Article VI, PNB's Amended By-laws

²⁴ Section 134, Manual of Regulations for Banks

²⁵ Recommendation 5.4, SEC Memorandum Circular 19, Series of 2016

- 5.1.4. develop a good working knowledge of the Bank's industry and market and keep up-to-date with its core business purpose;
- 5.1.5. direct, evaluate and guide the work of the key officers of the Bank;
- 5.1.6. manage the Bank's resources prudently and ensure a proper balance of the same;
- 5.1.7. provide the Board with timely information and interface between the Board and the employees;
- 5.1.8. build the corporate culture and motivate the employees of the Bank; and;
- 5.1.9. serve as the link between internal operations and external stakeholders.

6. Separation of the Roles of the Chairman of the Board and Chief Executive Officer (CEO)

The positions of Chairman of the Board and CEO shall not be held by one (1) person to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making²⁶.

In exceptional cases where the position of chairperson of the Board of Directors and CEO is allowed to be held by one (1) person as approved by the Monetary Board, a lead independent director shall be appointed²⁷.

For this purpose, the Board shall define the responsibilities of the lead independent director. The Board shall ensure that the lead independent director functions in an environment that allows him to effectively challenge the CEO as circumstances may warrant. The lead independent director shall perform a more enhanced function over the other independent directors and shall: (1) lead the independent directors at Board of Directors' meetings in raising queries and pursuing matters; and (2) lead meetings of independent directors, without the presence of the executive directors²⁸.

²⁶ Recommendation 5.4, SEC Memorandum Circular 19, Series of 2016

²⁷ Section 132, Manual of Regulations for Banks

²⁸ Section 132, Manual of Regulations for Banks

7. Duties and Responsibilities of the Board of Directors²⁹

The Board of Directors has the fiduciary responsibility to the Bank and all its shareholders including minority shareholders. It shall approve and oversee the implementation of strategies to achieve corporate objectives. It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances. It shall establish a sound corporate governance framework.

7.1. The Board of Directors shall define the Bank's corporate culture and values. It shall establish a code of conduct and ethical standards in the Bank and shall institutionalize a system that will allow reporting of concerns or violations to an appropriate body. In this regard, the Board of Directors shall:

7.1.1. Approve a code of conduct or code of ethics, which shall articulate acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the Bank as well as the corresponding disciplinary actions and sanctions. The code of conduct shall explicitly provide that directors, officers, and all personnel are expected to conduct themselves ethically and perform their job with skill, due care, and diligence in addition to complying with laws, regulations, and company policies.

7.1.2. Consistently conduct the affairs of the Bank with a high degree of integrity and play a lead role in establishing the Bank's corporate culture and values. The Board of Directors shall establish, actively promote, and communicate a culture of strong governance in the Bank, through adopted policies and displayed practices. The Board of Directors shall ensure that the CEO and executive team champion the desired values and conduct, and that they face material consequences if there are persistent or high profile conduct and value breaches.

7.1.3. Oversee the integrity, independence, and effectiveness of Bank's policies and procedures for whistleblowing. It shall allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the Board of Directors or to any independent unit. Policies shall likewise be set on how such concerns shall be investigated and addressed, for example, by an internal control function, an objective external party, senior management and/or the Board of Directors itself. It shall prevent the use of the facilities of the Bank in the furtherance of criminal and other improper or illegal activities,

²⁹ Section 132, Manual of Regulations for Banks

such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption.

- 7.2. The Board of Directors shall be responsible for approving Bank's objectives and strategies and in overseeing management's implementation thereof. In this regard, the Board of Directors shall:
 - 7.2.1. Ensure that the Bank has beneficial influence on the economy by continuously providing services and facilities which will be supportive of the national economy.
 - 7.2.2. Approve the Bank's strategic objectives and business plans. These shall take into account the Bank's long-term financial interests, its level of risk tolerance, and ability to manage risks effectively. In this respect, the Board of Directors shall establish a system for measuring performance against plans.
 - 7.2.3. Actively engage in the affairs of the Bank and keep-up with material changes in the Bank's business and regulatory environment as well as act in a timely manner to protect the long-term interests of the Bank.
 - 7.2.4. Approve and oversee the implementation of policies governing major areas of the Bank's operations. The Board of Directors shall regularly review these policies, as well as evaluate control functions (e.g., internal audit, risk management and compliance) with senior management to determine areas for improvement as well as to promptly identify and address significant risks and issues.
- 7.3. The Board of Directors shall be responsible for the appointment/selection of key members of senior management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel. In this regard, the Board of Directors shall:
 - 7.3.1. Oversee selection of the CEO and other key personnel, including members of senior management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.

- 7.3.2. Approve and oversee the implementation of performance standards as well as remuneration and other incentives policy. The policy should be consistent with the long-term strategic objectives and financial soundness of the Bank and should promote good performance, convey acceptable risk-taking behavior, and reinforce the Bank's operating and risk culture.
- 7.3.3. Oversee the performance of senior management and heads of control functions:
 - 7.3.3.1. The Board of Directors shall regularly monitor and assess the performance of the management team and heads of control functions based on approved performance standards.
 - 7.3.3.2. The Board of Directors shall hold members of senior management accountable for their actions and enumerate the possible consequences if those actions are not aligned with the Board of Directors' performance expectations. These expectations shall include adherence to the Bank's values, risk appetite and risk culture, under all circumstances.
 - 7.3.3.3. The Board of Directors shall regularly meet with senior management to engage in discussions, question, and critically review the reports and information provided by the latter.
 - 7.3.3.4. Non-executive board members shall meet regularly, other than in meetings of the audit, risk oversight, corporate governance, and related party transactions committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.
- 7.3.4. Engage in succession planning for the CEO and other critical positions, as appropriate. In this respect, the Board of Directors shall establish an effective succession planning program. The program should include a system for identifying and developing potential successors for the CEO and other critical positions.
- 7.3.5. Ensure that personnel's expertise and knowledge remain relevant. The Board of Directors shall provide its personnel with regular training opportunities as part of a professional development program to enhance

their competencies and stay abreast of developments relevant to their areas of responsibility.

7.4. The Board of Directors shall be responsible for approving and overseeing implementation of the Bank's corporate governance framework. In this regard, the Board of Directors shall:

7.4.1. Define appropriate governance structure and practices for its own work, and ensure that such practices are followed and periodically reviewed:

7.4.1.1. The Board of Directors shall structure itself in a way, including in terms of size and frequency of meetings, so as to promote efficiency, critical discussion of issues, and thorough review of matters. The Board of Directors shall meet regularly to properly discharge its functions, and likewise have discussions on values, conduct, and behaviors.

7.4.1.2. The Board of Directors shall create committees to increase efficiency and allow deeper focus in specific areas. The number and nature of board-level committees would depend on the size of the Bank and the Board of Directors, the Bank's complexity of operations, as well as the Board of Directors' long-term strategies and risk tolerance.

7.4.1.3. The Board of Directors shall regularly review the structure, size and composition of the Board of Directors and board-level committees with the end in view of having a balanced membership. Towards this end, a system and procedure for evaluation of the structure, size and composition of the Board of Directors and board-level committees shall be adopted which shall include, but not limited to, benchmark and peer group analysis. The results of assessment shall form part of the ongoing improvement efforts of the Board of Directors.

7.4.1.4. The Board of Directors shall adopt policies aimed at ensuring that the members of the Board are able to commit to effectively discharge their responsibilities, which shall include policy on the number of directorship positions and/or other internal/external professional commitments that a director may have, commensurate with the responsibilities placed on the director,

as well as the nature, scale and complexity of the Bank's operations.

- 7.4.1.5. The Board of Directors shall ensure that individual members of the Board and the shareholders are accurately and timely informed of a comprehensive and understandable assessment of the Bank's performance, financial condition, and risk exposures. All members of the Board shall have reasonable access to any information about the Bank at all times. The Board shall also ensure that adequate and appropriate information flows internally and to the public.
- 7.4.1.6. The Board of Directors shall assess at least annually its performance and effectiveness as a body, as well as its various committees, the CEO, the individual directors, and the Bank itself, which may be facilitated by the Corporate Governance Committee or external facilitators. This exercise shall cover the assessment of the ongoing suitability of each board member taking into account his or her performance in the Board of Directors and board-level committees.
- 7.4.1.7. The Board of Directors shall maintain appropriate records (e.g., meeting minutes or summaries of matters reviewed, recommendations made, decisions taken and dissenting opinions) of its deliberations and decisions. The Board of Directors shall also ensure that independent views in meetings of the Board shall be given full consideration and all such meetings shall be duly minuted.
- 7.4.2. Develop a remuneration and other incentives policy for directors that shall be submitted for approval of the stockholders. The Board of Directors shall ensure that the policy is consistent with the long-term interest of the Bank, does not encourage excessive risk-taking, and is not in conflict with the director's fiduciary responsibilities.
- 7.4.3. Adopt a policy on retirement for directors and officers, as part of the succession plan, to promote dynamism and avoid perpetuation in power.
- 7.4.4. Conduct and maintain the affairs of the Bank within the scope of its authority as prescribed in its charter and in existing laws, rules and regulations. It shall ensure effective compliance with the latter, which

include prudential reporting obligations. Serious weaknesses in adhering to these duties and responsibilities may be considered as unsafe or unsound banking.

- 7.4.5. Maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities. The Board of Directors shall ensure that the Bank's organizational structure facilitates effective decision-making and good governance. This includes clear definition and delineation of the lines of responsibility and accountability.
- 7.4.6. Oversee the development, approve, and monitor implementation of corporate governance policies. The Board of Directors shall ensure that corporate governance policies are followed and periodically reviewed for ongoing improvement.
- 7.4.7. Approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged. In this regard:
 - 7.4.7.1. The Board of Directors shall approve all material RPTs, those that cross the materiality threshold, and write-off of material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the board of directors. All final decisions of the Board of Directors on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders' meetings and duly reflected in the minutes of Board of Directors and stockholders' meetings.
 - 7.4.7.2. The Board of Directors shall delegate to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the Board of Directors. This shall, however, exclude DOSRI transactions, which are required to be approved by the Board. All decisions

under the delegated authority must be properly recorded in the minutes of the committee meetings.

- 7.4.7.3. The Board of Directors shall establish an effective system to:
- 7.4.7.3.1. Determine, identify and monitor related parties and RPTs;
 - 7.4.7.3.2. Continuously review and evaluate existing relationships between and among businesses and counterparties; and
 - 7.4.7.3.3. Identify, measure, monitor and control risks arising from RPTs. The system should be able to define related parties' extent of relationship with the Bank; assess situations in which a non-related party (with whom the Bank has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the type and amount of exposures to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the overarching policies shall be subject to periodic assessment by the internal audit and compliance functions and shall be updated regularly for their sound implementation. The overarching policy and the system shall be made available to the Bangko Sentral and audit functions for review. Any changes in the policies and procedures shall be approved by the Board of Directors.
- 7.4.7.4. The Board of Directors shall maintain adequate capital against risks associated with exposures to related parties. In this regard, material risks arising from RPTs shall be considered in the capital planning process. The prescribed scenario/stress tests under the capital planning process shall also capture RPTs in order to determine whether the Bank is well-insulated from any going concern issue of related parties.
- 7.4.7.5. The Board of Directors shall oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The Board of Directors should ensure that senior management addresses legitimate issues on RPT that are

raised. The Board should take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals.

7.4.8. Define an appropriate corporate governance framework for group structures, which shall facilitate effective oversight over entities in the group. The Board of Directors shall ensure consistent adoption of corporate governance policies and systems across the group. In this regard:

7.4.8.1. The Board of Directors shall define and approve appropriate governance policies, practices and structure that will enable effective oversight of the entire group, taking into account the nature and complexity of operations, size and the types of risks to which the Bank and its subsidiaries are exposed. The Board shall also establish means to ensure that such policies, practices and systems remain appropriate in light of the growth, increased complexity and geographical expansion of the group. Further, it shall ensure that the policies include the commitment from the entities in the group to meet all governance requirements.

7.4.8.2. The Board of Directors shall define the risk appetite for the group, which shall be linked to the process of determining the adequacy of capital of the group.

7.4.8.3. The Board of Directors shall ensure that adequate resources are available for all the entities in the group to effectively implement and meet the governance policies, practices and systems.

7.4.8.4. The Board of Directors shall define and approve policies and clear strategies for the establishment of new structures.

7.4.8.5. The Board of Directors shall understand the roles, the relationships or interactions of each entity in the group with one another and with the parent company. The Board shall understand the legal and operational implications of the group structure and how the various types of risk exposures affect the group's capital, risk profile and funding under normal and contingent circumstances. The Board shall ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential

intragroup conflicts of interest, such as those arising from intragroup transactions.

- 7.4.8.6. The Board of Directors shall develop sound and effective systems for generation and sharing of information within the group, management of risks and effective supervision of the group.
 - 7.4.8.7. The Board of Directors shall require the risk management, compliance function and internal audit group to conduct a periodic formal review of the group structure, their controls and activities to assess consistency with the Board of Directors approved policies, practices and strategies and to require said groups to report the results of their assessment directly to the Board.
- 7.5. The Board of Directors shall be responsible for approving Bank's risk governance framework and overseeing management's implementation thereof. In this regard, the Board of Directors shall:
- 7.5.1. Define the Bank's risk appetite. In setting the risk appetite, the Board of Directors shall take into account the business environment, regulatory landscape, and the Bank's long-term interests and ability to manage risk.
 - 7.5.2. Approve and oversee adherence to the risk appetite statement (RAS), risk policy, and risk limits.
 - 7.5.3. Oversee the development of, approve, and oversee the implementation of policies and procedures relating to the management of risks throughout the Bank.
 - 7.5.4. Define organizational responsibilities following the three lines of defense framework. The business line functions will represent the first line of defense, the risk management and compliance functions for the second line of defense, and the internal audit function for the third line of defense. In this regard:
 - 7.5.4.1. The Board of Directors shall ensure that the risk management, compliance and internal audit functions have proper stature in the organization, have adequate staff and resources, and carry out their responsibilities independently, objectively and effectively.

- 7.5.4.2. The Board of Directors shall ensure that non-executive board members meet regularly, with the external auditor and heads of the internal audit, compliance and risk management functions other than in meetings of the audit and risk oversight committees, in the absence of senior management.

B. Directors

1. Qualifications³⁰

A director shall have the following minimum qualifications:

- 1.1. He must be fit and proper for the position of a director. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, physical/mental fitness; relevant education/financial literacy/training; possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; sufficiency of time to fully carry out responsibilities; and concurrent positions in the Bank and interlocking positions in other entities that may pose conflict of interest³¹.

In assessing a director's integrity/probity, consideration shall be given to the director's market reputation, observed conduct and behavior, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of any regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.

An elected director has the burden to prove that he possesses all the foregoing minimum qualifications and none of the cases mentioned under Section 138 of the MORB on the Persons Disqualified to become Directors.

A director shall submit to the Bangko Sentral the required certifications and other documentary proof of such qualifications using Appendix 101 of the MORB as guide within twenty (20) banking days from the date of election.

³⁰ Section 132, Manual of Regulations for Banks

³¹ BSP Circular No. 1129, Series of 2021: Amendments to Corporate Governance Guidelines for BSFIs

Non-submission of complete documentary requirements or their equivalent within the prescribed period shall be construed as his failure to establish his qualifications for the position and results in his removal from the board of directors.

The Bangko Sentral shall also consider its own records in determining the qualifications of a director.

The members of the Board shall possess the foregoing qualifications in addition to those required or prescribed under Republic Act No. 8791 otherwise known as The General Banking Law of 2001 and other applicable laws and regulations.

- 1.2. He must have attended a seminar on corporate governance for board of directors. A director shall submit to the Bangko Sentral a certification of compliance with the Bangko Sentral-prescribed syllabus on corporate governance for first-time directors and documentary proof of such compliance: Provided, That the following persons are exempted from complying with the aforementioned requirement³²:
 - 1.2.1. Filipino citizens with recognized stature, influence and reputation in the banking community, including directors of publicly listed companies in the Philippines, and whose business practices stand as testimonies to good corporate governance. In this respect, the Bangko Sentral shall consider results of supervisory assessments in evaluating the eligibility of the candidate for exemption;
 - 1.2.2. Distinguished Filipino and foreign nationals who served as senior officials in central banks and/or financial regulatory agencies. For this purpose, senior officials in the Bangko Sentral shall refer to those who assumed Managing Director or higher; or
 - 1.2.3. Former Chief Justices and Associate Justices of the Philippine Supreme Court;

Provided, further, That this exemption shall not apply to the annual training requirements for the members of the Board.

³² BSP Circular No. 1129, Series of 2021: Amendments to Corporate Governance Guidelines for BSFIs

2. Disqualifications³³

The following are disqualified from becoming directors/officers:

2.1. Permanent Disqualification

2.1.1. Persons who have been convicted by final judgment:

- 2.1.1.1. of a court for offenses involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22 (Anti Bouncing Check Law), violation of R.A. No. 3019 (Anti-Graft and Corrupt Practices Act), violation of R.A. No. 9150, as amended (Anti-Money Laundering Act), and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
- 2.1.1.2. of a court or other tribunal for violation of securities and banking laws, rules and regulations;
- 2.1.1.3. for cases filed against them for offenses under R.A. No. 3591, as amended (PDIC Charter);
- 2.1.1.4. of a court for offenses which involves moral turpitude, or for offenses which they were sentenced to serve a term of imprisonment of more than six (6) years;
- 2.1.1.5. or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company,

³³ BSP Circular 1076, Series of 2020: Amendments to the Regulations on the Disqualifications and Watchlisting of Directors/Officers

investment house or as an affiliated person of any of them;

- 2.1.2. Persons who have been judicially declared with finality as insolvent, spendthrift or incapacitated to contract;
- 2.1.3. Persons who were found to be culpable for the bank's closure, as determined by the Monetary Board;
- 2.1.4. Persons found by the Monetary Board to be administratively liable for violation of laws, rules and regulations implemented by the BSP, where a penalty of removal from office is imposed, and which resolution of the Monetary Board has become final and executory; and
- 2.1.5. Persons found liable by any government agency/corporation, including government financial institution, for violation of any law, rule or regulation involving dishonesty, misconduct, or any other grave or less grave offense classified under the Revised Administrative Code or Civil Service rules that adversely affects their fitness and propriety as directors/officers, and which finding of said government institution has become final and executory
- 2.1.6. Persons who, by reason of misconduct, after hearing, are permanently enjoined by a final judgment or order of the SEC, BSP or any court or administrative body of competent jurisdiction from:
 - (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
 - (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;
 - (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification should also apply if (a) such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (b) such person

has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

2.1.7. Other grounds provided under the SEC Memorandum Circular 19, Series of 2016: Code of Corporate Governance for Publicly Listed Companies;

2.1.8. Other grounds as the SEC may provide.

2.2. Temporary Disqualification

2.2.1. Persons who have shown unwillingness to settle their financial obligations, as evidenced by, but not limited to, the following circumstances:

2.2.1.1. the person has failed to satisfy any financial obligation that has been adjudicated by a court;

2.2.1.2. the person has filed for insolvency or suspension of payments that adversely affects his/her fitness and propriety as director, officer; or

2.2.1.3. a person who is delinquent in the payment of: an obligation with a bank where he/she is a director or officer; or at least two (2) obligations with other banks/financial institutions

Financial obligations as herein contemplated shall include all borrowings obtained by:

(a) A person for his/her own account or where he/she acts as a guarantor, endorser or surety for loans;

(b) The spouse, except when incurred after legal separation of properties or when the property regime governing the spouses is absolute separation of properties or except when incurred prior to the marriage;

- (c) Any debtor whose borrowings or loan proceeds were credited to the account of, or used for the benefit of, the person described under item 2.2.1 above;
- (d) A partnership of which a person, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
- (e) A corporation, association or firm wholly-owned or majority of the capital of which is owned by any or a group of individuals/entities mentioned in items (a), (b) and (d).

They shall remain temporarily disqualified until the financial obligations have been settled or satisfied.

- 2.2.2. Persons involved in the closure of banks pending their clearance by the Monetary Board;
- 2.2.3. Persons confirmed by the Monetary Board to have committed acts or omissions, which include failure to observe/discharge their duties and responsibilities prescribed under existing regulations, that:
 - 2.2.3.1. caused undue injury or disadvantage to the bank through manifest partiality, evident bad faith or gross inexcusable negligence;
 - 2.2.3.2. caused or may have caused material loss or damage to the bank, its depositors, creditors, investors, stockholders, to the BSP or to the public in general; or
 - 2.2.3.3. exposed the safety, stability, liquidity or solvency of the bank to abnormal risk or danger;
- 2.2.4. Persons found to have been involved in any irregularity/violation which constitutes a just cause for dismissal/termination as defined under the Labor Code of the Philippines, as amended, regardless of any action taken by the bank;
- 2.2.5. Persons certified by, or in the official files of, foreign financial regulatory authorities, financial intelligence units, or similar agencies or authorities of foreign countries, as charged with commission of, or having committed, irregularities or violations of any law, rule or

regulation, which may adversely affect the fitness and propriety of the person or the ability to effectively discharge his/her duties;

2.2.6. Persons, other than those covered under item "h" of this Section (Persons disqualified to become directors/officers), who after conduct of investigation by domestic financial or commercial regulatory authorities, financial intelligence units, or similar agencies or authorities such as the Securities and Exchange Commission (SEC), Anti-Money Laundering Council (AMLC), or the Philippine Deposit Insurance Corporation (PDIC), have complaints filed against them by the afore cited authorities/units/agencies pending before a court of law or quasi-judicial body, or convicted by said court or quasi-judicial body but whose conviction has not become final and executory, for offenses involving violation of laws, rules and regulations, which may adversely affect the fitness and propriety of the person or the ability to effectively discharge his/her duties;

2.2.7. Persons with cases pending before a court or other tribunal, or those convicted by said court or tribunal but whose conviction has not become final and executory, for offenses involving:

2.2.7.1. dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22 (Anti-Bouncing Check Law), violation of R.A. No. 3019 (Anti-Graft and Corrupt Practices Act), violation of R.A. No. 9160, as amended (Anti-Money Laundering Act), and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees); or

2.2.7.2. violation of securities and banking laws, rules and regulations;

2.2.8. Persons who have been convicted by a court for an offense involving moral turpitude, and persons who have been sentenced to serve a term of imprisonment of more than six (6) years for other crimes but whose conviction has not yet become final and executory;

- 2.2.9. Persons with pending cases for offenses under R.A. No. 3591, as amended (PDIC Charter), or those who have been convicted for said cases but whose conviction has not yet become final and executory;
- 2.2.10. Persons found by the Monetary Board to be administratively liable for violation of laws, rules and regulations implemented by the BSP, where a penalty of removal from office is imposed, and which resolution of the Monetary Board is on appeal, unless execution or enforcement thereof is restrained by the appellate court;
- 2.2.11. Persons against whom a formal charge has been filed or who are found liable by any government agency/corporation, including government financial institution, for violation of any law, rule or regulation involving dishonesty, misconduct or any other grave or less grave offense classified under the Revised Administrative Code or Civil Service rules that adversely affects their fitness and propriety as directors/officers, and which finding of said government institution is on appeal, unless execution or enforcement thereof is restrained by the appellate court; and
- 2.2.12. Persons found by the Monetary Board to be administratively liable for violation of laws, rules and regulations implemented by the BSP, where a penalty of suspension from office or fine is imposed, unless the finding is on appeal and the execution of enforcement thereof is restrained by the appellate court.

Resignation or retirement from his/her office shall not exempt the person from being permanently or temporarily disqualified under BSP Circular 1076, Series of 2020: Amendments to the Regulations on the Disqualifications and Watchlisting of Directors/Officers.

In addition, the following may be grounds for temporary disqualification of a director as provided under the SEC Memorandum Circular 19, Series of 2016: Code of Corporate Governance for Publicly Listed Companies:

- 2.2.13. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The

disqualification should apply for purposes of the succeeding election;

2.2.14. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;

2.2.15. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and

2.2.16. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

3. Specific Duties and Responsibilities of a Director³⁴

The position of a director is a position of trust. A director assumes certain responsibilities to different constituencies or stakeholders, i.e., the Bank itself, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large. These constituencies or stakeholders have the right to expect that the institution is being run in a prudent and sound manner. The members of the Board of Directors should exercise their “duty of care” and “duty of loyalty” to the institution.

- 3.1. To remain fit and proper for the position for the duration of his term. A director is expected to remain fit and proper for the position for the duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He shall treat board directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance. Hence, he shall maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities that the bank is engaged in or intends to pursue as well as the developments in the banking industry including regulatory changes through continuing education or training.

³⁴ Section 132, Manual of Regulations for Banks

- 3.2. To conduct fair business transactions with the BSFI and to ensure that personal interest does not bias board decisions. Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institution cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. 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.
- 3.3. 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 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.
- 3.4. To devote time and attention necessary to properly discharge their duties and responsibilities. Directors should devote sufficient time 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 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.
- 3.5. To act judiciously. Before deciding on any matter brought before the board of directors, every director should thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
- 3.6. To contribute significantly to the decision-making process of the board. Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of such board.
- 3.7. 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.

- 3.8. To have 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 Bangko Sentral and where applicable, the requirements of other regulatory agencies. A director should also keep himself informed of the industry developments and business trends in order to safeguard the institution's competitiveness.
- 3.9. To observe confidentiality. 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.

The Corporate Secretary shall furnish first-time directors with a copy of the specific duties and responsibilities of the Board of Directors and as an individual director prescribed under Section 132 of the MORB, upon election. The Corporate Secretary must keep on file certification under oath of the directors concerned that they have received copies of such specific duties and responsibilities and that they fully understand and accept the same.

4. Term Limit³⁵

- 4.1. An independent director of the Bank may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the Bank, but may continue to serve as regular director.
- 4.2. The nine (9) year maximum cumulative term for independent directors shall be reckoned from 2012.

5. Code of Ethics for Directors³⁶

The Bank is steadfast and dedicated in upholding and promoting ethics, integrity, and accountability in the conduct of its business. It is consistent in its adherence to a strict moral and ethical code manifested through honesty, professionalism, fairness, prudence and respect for the law.

³⁵ Section 132, Manual of Regulations for Banks

³⁶ Part E: Responsibilities of the Board, ASEAN Corporate Governance Scorecard

The Code of Ethics for Directors serves as a guide of principles designed to enable the Bank's individual directors to exercise its powers, duties and responsibilities in accordance with the fit and proper standards.

6.1. The objectives of the Code are:

- 6.1.1. Define the behavior and conduct of the Bank's individual directors in performing its duties and responsibilities. The Code is designed to allow the directors to fulfill its duties and responsibilities while staying within the boundaries of laws, rules, and regulations.
- 6.1.2. Articulate expected behaviors and conduct in the interaction of directors with various stakeholders, including the Management, employees, customers, investors, creditors, regulators, and the public at large.
- 6.1.3. Provide ethical benchmark that the directors shall observe in order to ensure the integrity of business operations, and to comply with regulatory requirements and expectations.
- 6.1.4. Reinforce best practices in corporate governance and existing regulatory frameworks governing the Board's governance responsibilities.

6.2. The coverage and application of the Code are as follows:

- 6.2.1. The provisions of the Code shall apply to all members of the Board of Directors, whether executive, non-executive or independent, of PNB. All members of the Board are expected to observe and uphold the principles set out in this Code.
- 6.2.2. Executive directors, having executive responsibility on the day-to-day operations of the Bank, shall be covered by this Code and the Code of Conduct for employees.
- 6.2.3. The Corporate Governance Division under the Global Compliance Group shall act as the custodian of this Code. It shall be responsible for reviewing the Code regularly to ensure its continuing suitability, adequacy and effectiveness.

6.3. The Code provides the following standards which shall guide and govern the conduct and behavior of directors, including their decisions and actions when performing their respective duties and responsibilities:

6.3.1. Compliance with laws, rules and regulations. A director shall uphold compliance in the conduct of business, ensuring that everything it does is within the boundaries of laws, rules, and regulations. In this regard, the director shall:

6.3.1.1. Promote the safety and soundness of the Bank's operations by maintaining an environment that is governed by high standards and best practices of good corporate governance; and

6.3.1.2. Ensure adherence to banking laws, rules, regulations, and guidelines issued and mandated by the Bank's various regulators.

6.3.2. Fit and proper. A director shall remain fit and proper to hold the position for the duration of his term. In this regard, the director shall:

6.3.2.1. Possess unquestionable credibility to make decisions objectively and resist undue influence;

6.3.2.2. Treat board directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance;

6.3.2.3. Maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities of the Bank;

6.3.2.4. Attend a program on corporate governance at least once a year in compliance with annual continuing training requirement of the BSP and SEC;

6.3.2.5. Possess competencies relevant to his directorship, such as knowledge and experience, skills, diligence and independence of mind; and

6.3.2.6. Possess all of the qualifications and none of the disqualifications set forth in the MORB and other applicable laws and regulations.

6.3.3. Discharge of duties and responsibilities. A director shall devote time and attention necessary to properly discharge his duties and responsibilities. In this regard, the director shall:

6.3.3.1. Devote sufficient time to familiarize himself with the business of the Bank;

6.3.3.2. Be constantly aware of the Bank's condition and be knowledgeable enough to contribute meaningfully to the Board's work;

6.3.3.3. Evaluate the issues thoroughly, ask questions and seek clarifications before deciding on any matter brought before the Board;

6.3.3.4. Have a working knowledge of the statutory and regulatory requirements affecting the Bank, including the content of the Bank's Articles of Incorporation and By-Laws, the Corporate Governance Manual, and the corporate governance requirements of the BSP and other regulatory bodies; and

6.3.3.5. Attend and actively participate in all regular and special meetings of the Board in person or through modern technologies such as, but not limited to, teleconferencing and video conferencing.

6.3.4. Independence. A director shall exercise independent judgment on corporate affairs requiring the decision or approval of the Board. In this regard, the director shall:

6.3.4.1. View each problem and situation objectively;

6.3.4.2. Not be afraid to take a position even though it might be unpopular;

6.3.4.3. Support plans and ideas that he thinks will be beneficial to the Bank; and

- 6.3.4.4. In the case of independent directors, be free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- 6.3.5. Confidentiality. A director shall preserve the confidentiality and integrity of information. In this regard, the director shall:
 - 6.3.5.1. Observe the confidentiality of non-public information acquired by reason of their position as directors;
 - 6.3.5.2. Not disclose such information to any other person without consent of the Board of Directors; and
 - 6.3.5.3. Comply with the Bank's policies and applicable laws governing the protection of information confidentiality.
- 6.3.6. Conflict of interest. A director shall avoid actual or potential conflicts of interest. In this regard, the director shall:
 - 6.3.6.1. Disclose to the Board whether he directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Bank. Directors with personal interest in the transaction shall abstain from the discussion and approval of such transaction or matter affecting the Bank; and
 - 6.3.6.2. Adhere to the provisions of the Bank's Related Party Transaction (RPT) Policy Manual.
- 6.3.7. Honesty and good faith. A director shall act on a fully informed basis, honestly and in good faith, with loyalty and in the best interest of the institution, its stockholders, regardless of the amount of his stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public. In this regard, the director shall:

- 6.3.7.1. Be dedicated to the virtues of honesty and integrity, with a high sense of prudence, responsibility and efficiency in the conduct of their duties;
 - 6.3.7.2. Conduct the affairs of the Bank with a high degree of integrity and play a lead role in establishing the Bank's corporate culture and values; and
 - 6.3.7.3. Act in good faith, with 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.
- 6.3.8. Diversity. A director shall respect and value differences among the members of the Board and other stakeholders. In this regard, the director shall:
- 6.3.8.1. Value and embrace diversity in all aspects of the Bank's activities and respect others without regard to race, color, religion, sex, national origin, age, disability, sexual orientation, or political affiliation; and
 - 6.3.8.2. Refuse to engage in or tolerate any other form of discrimination or harassment.
- 6.3.9. Disclosure and transparency. A director shall promote transparency and disclosure to the public & observe relevant disclosure requirements of the Bank's regulators. In this regard, the director shall:
- 6.3.9.1. Commit to fully disclose material information pertaining to his dealings for the interest of the stakeholders;
 - 6.3.9.2. Fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications and assess any potential conflicts that might affect their judgment; and
 - 6.3.9.3. Advise the Corporate Secretary of his shareholdings in the Bank within three (3) business days after his appointment or any acquisition, disposal, or change in the shareholdings.

6.3.10. Whistleblowing. It is the policy of the Bank to encourage reporting of any infractions of and deviations from the Bank's Code of Conduct, policies and procedures. Some examples are abuse of authority, bribery, destruction / manipulation of records, fixing, malversation, misappropriation of assets, commission of theft, commission of fraud, noncompliance of legal and regulatory requirements and/or policies. In this regard, the director shall:

6.3.10.1. Report suspected or actual occurrence of misconduct / unethical and improper practices / retaliatory behavior as provided in the Bank's Whistleblower Policy; and

6.3.10.2. Allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices to an independent unit.

6.3.11. Relationship with stakeholders. A director is expected to maintain cordial and harmonious relationship with the stakeholders of the Bank. In this regard, the director shall:

6.3.11.1. Manifest genuine concern and affection for the Bank, its business, and its core constituents;

6.3.11.2. Foster solid relationships based on mutual trust and respect;

6.3.11.3. Respect the rights of stockholders as specified in the Bank's Corporate Governance Manual, Articles of Incorporation, By-Laws, and internal policies and procedures;

6.3.11.4. Make positive contributions to the community and promote sustainable development; and

6.3.11.5. Work closely with the regulators by instituting a proactive dialogue and maintaining an overall banking climate that fully adheres to banking laws, rules, and regulations.

6.3.12. Protection and proper use of assets. A director is expected to properly use, protect from damage or loss and conserve the properties and assets of the Bank. He is authorized to use Bank properties and assets for

legitimate business purposes only. The use of any Bank property for private purpose or personal benefit is strictly prohibited.

6.4. Implementation of the Code:

- 6.4.1. The Corporate Governance and Sustainability Committee shall be primarily responsible for the implementation of the Code.
- 6.4.2. All directors must understand and strictly comply with the Code of Ethics, along with the Corporate Governance Manual, Amended Articles of Incorporation, Amended By-Laws, and internal policies and procedures that supplement the Code, be they in written or non-written form.
- 6.4.3. A director is encouraged to contact the Global Compliance Group when in doubt about the best course of action in a particular situation relating to a subject of the Code.

C. Board Advisors

The Board of Directors may appoint and retain Board Advisors as it determines appropriate in order to receive advisory support and guidance and increase the confidence of the Board in making decisions.

The Corporate Governance and Sustainability Committee shall assess and evaluate prospective Board Advisors and shall secure the approval of the Board for the appointment of Board Advisors.

1. Role of Board Advisors

- 1.1. Board Advisors shall engage in a strategic dialogue and participate in robust discussions that will enable the Board to arrive at sound decisions on matters that require their approval;
- 1.2. Board Advisors shall advise and make non-binding recommendations to the Board of Directors with respect to matters within the areas of their experience and expertise; and
- 1.3. Board Advisors shall attend meetings of the Board and board committee but shall not have the authority to vote on corporate matters.

D. Board Committees

1. Creation of Committees

1.1. The Board of Directors shall delegate some of its functions, but not its responsibilities, to board committees. The establishment of board committees allows for specialization in issues and leads to a better management of the Board's workload³⁷.

1.2. The Board of Directors shall constitute, at a minimum, the following committees pursuant to Section 133 of the MORB:

- 1.2.1. Audit Committee
- 1.2.2. Risk Oversight Committee
- 1.2.3. Corporate Governance Committee
- 1.2.4. Related Party Transactions Committee

1.3. The scope of authority, duties, and responsibilities of each board committee shall be adequately defined, documented, and clearly communicated in their respective charters. The designated secretariats of each board committee shall regularly review, update, and secure the approval of the Board, at least annually or whenever there are significant changes therein, the respective charters of each committee that set out its mandate, scope and working procedures. The charters of each committee shall articulate how the committee will report to the Board of Directors, what is expected of the committee members, and tenure limits for serving in the committee³⁸.

1.4. At present, the Board of Directors has created eight (8) board committees to increase its efficiency and allow deeper focus in specific areas of the Bank's operations:

- 1.4.1. Board Audit and Compliance Committee (BACC)
- 1.4.2. Corporate Governance and Sustainability Committee
- 1.4.3. Risk Oversight Committee (ROC)
- 1.4.4. Board Oversight RPT Committee (BORC)
- 1.4.5. Executive Committee
- 1.4.6. Trust Committee
- 1.4.7. Board IT Governance Committee (BITGC)
- 1.4.8. Board Strategy and Policy Committee (BSPC)

³⁷ Section 133, Manual of Regulations for Banks

³⁸ Section 133, Manual of Regulations for Banks

- 1.5. The following offices shall serve as the secretariat of each board committee:

Committee	Secretariat
Board Audit and Compliance Committee	Internal Audit Group
Corporate Governance and Sustainability Committee	Corporate Secretary's Office
Risk Oversight Committee	Risk Management Group
Board Oversight RPT Committee	Global Compliance Group
Executive Committee	Corporate Secretary's Office
Trust Committee	Trust Banking Group
Board IT Governance Committee	Information Technology Group
Board Strategy and Policy Committee	Corporate Secretary's Office

2. Composition of Committees

- 2.1. The Board of Directors shall appoint members of the committees taking into account the optimal mix of skills and experience to allow the Board, through the committees, to fully understand and objectively evaluate the relevant issues.
- 2.2. In order to promote objectivity, the Board of Directors shall appoint independent and non-executive members of the Board to the greatest extent possible.
- 2.3. The Board of Directors shall review the chairmanship, membership and overall composition of each board committee at least annually during the Board's organizational meeting to be held after the annual stockholders' meeting.
- 2.4. The Corporate Secretary may request the assistance of the Corporate Governance Division under the Global Compliance Group (GCG) to determine whether the proposed chairmanship, membership and overall composition of each board committee complies with the requirements stipulated under the Bank's Corporate Governance Manual, Manual of Regulations for Banks (MORB), and other applicable requirements under existing laws and BSP regulations.

- 2.5. Upon request of the Corporate Secretary, GCG shall review the proposed chairmanship, membership and overall composition of each board committee vis-à-vis the requirements provided under the Bank's Corporate Governance Manual, MORB, and other applicable requirements under existing laws and BSP regulations. GCG shall notify and transmit to the Corporate Secretary the results of its independent review.
- 2.6. The Corporate Secretary shall consider the results of GCG's independent review in determining the official chairmanship, membership and overall composition of each board committee.
- 2.7. The Corporate Secretary shall disclose the results of the organizational meeting of the Board of Directors to the Philippine Stock Exchange (PSE) and BSP within the day of the said meeting.

3. Minutes of Meetings

- 3.1. The Board of Directors shall ensure that each committee maintains appropriate records (e.g., minutes of meetings or summary of matters reviewed and decisions taken) of their deliberations and decisions. Such records shall document the committee's fulfillment of its responsibilities and facilitate the assessment of the effective performance of its functions³⁹.

4. Performance Evaluation

- 4.1. The Board of Directors shall conduct an annual review of the performance of each committee through a self-assessment exercise.
- 4.2. The results of performance evaluation shall be reported to the Board through the Corporate Governance and Sustainability Committee.
- 4.3. Details of the performance evaluation can be found under IV. Board and Committee Evaluation Process.

5. Board Audit and Compliance Committee (BACC)⁴⁰

³⁹ Section 133, Manual of Regulations for Banks

⁴⁰ Board Audit and Compliance Committee (BACC) Charter

- 5.1. Mandate. The BACC shall assist the Board of Directors in the performance of its oversight responsibility relating to financial reporting process, systems of internal control, information technology security, audit and compliance processes. The Committee shall:
- 5.1.1. assist the Board in the performance of its oversight responsibility by providing independent advice and guidance on the adequacy of organization's initiatives relating to values and ethics, governance structure, risk management, internal control framework, financial reporting process, audit process and monitoring of compliance with applicable laws, rules and regulations;
 - 5.1.2. provide oversight functions over internal, external auditors and ensure that the internal, external auditors act independently from each other;
 - 5.1.3. provide oversight over compliance functions and/or oversee the compliance program;
 - 5.1.4. perform annual independent audit of PNB's financial statements, the engagement of the external auditors and the evaluation of the external auditor's qualifications, independence and performance; and
 - 5.1.5. provide oversight functions over compliance by PNB with legal and regulatory requirements, including PNB's disclosure controls and procedures.
- 5.2. Chairmanship, membership and overall composition:
- 5.2.1. The BACC shall be composed of at least three (3) members of the Board of Directors, who shall all be non-executive directors, must have accounting, auditing or related financial management expertise, majority shall be independent directors including the Chairman and another non-executive director with audit experience⁴¹.

⁴¹ Section 133, Manual of Regulations for Banks

5.2.2. The Chairman of the BACC should not be the Chairman of the Board of Directors or of any other board committee⁴².

6. Corporate Governance and Sustainability Committee⁴³

6.1. Mandate. The Corporate Governance and Sustainability Committee shall assist the Board of Directors in the performance of its governance responsibilities, including the functions of the Nomination and Remuneration Committee, ensuring compliance with and proper observance of good corporate governance. The Committee shall:

6.1.1. oversee the design and implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Bank's size, complexity and business strategy, as well as its business and regulatory environments;

6.1.2. oversee the periodic performance evaluation of the Board, its committees, and individual directors;

6.1.3. oversee the nomination and election process for members of the Board of Directors and for positions appointed by the Board; and

6.1.4. oversee the design and implementation of the remuneration and other incentives policy for the directors and officers.

6.1.5. oversee the sustainability initiatives and activities of the Bank.

6.2. Chairmanship, membership and overall composition:

6.2.1. The Corporate Governance Committee shall be composed of at least three (3) members of the Board of Directors, all of whom shall be independent directors, including the Chairman⁴⁴.

7. Risk Oversight Committee (ROC)⁴⁵

⁴² Section 133, Manual of Regulations for Banks

⁴³ Corporate Governance Committee Charter

⁴⁴ Part E: Responsibilities of the Board, ASEAN Corporate Governance Scorecard (ACGS)

⁴⁵ Risk Oversight Committee (ROC) Charter

7.1. Mandate. The ROC shall assist the Board of Directors to oversee the risk profile and approve the risk management framework of PNB and its subsidiaries and affiliates. The Committee shall:

- 7.1.1. oversee the enterprise risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans;
- 7.1.2. ensure that the current and emerging risk exposures are consistent with the bank's strategic direction and overall risk appetite;
- 7.1.3. be responsible for the selection, appointment, remuneration, and dismissal of the Chief Risk Officer (CRO); and
- 7.1.4. ensure that the risk management function has adequate resources and effectively oversees the risk-taking activities of the Bank.

7.2. Chairmanship, membership and overall composition:

- 7.2.1. The Committee shall be composed of at least three (3) members of the Board of Directors, majority of whom shall be Independent Directors including the Chairperson. The Chairperson shall not be the Chairperson of the Board of Directors, or any other board-level committee.
- 7.2.2. The Chairman shall not be the Chairman of the Board of Directors, or any other board committee⁴⁶.
- 7.2.3. The members of the ROC shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures.

8. Board Oversight RPT Committee (BORC)⁴⁷

8.1. Mandate. The BORC shall assist the Board of Directors in performing its oversight functions in monitoring and managing potential conflicts of interest. The Committee shall:

- 8.1.1. oversee the evaluation of related party transactions that present the risk of potential abuse and ensure that rules and regulations are

⁴⁶ Section 133, Manual of Regulations for Banks

⁴⁷ Board Oversight RPT Committee (BORC) Charter

considered to properly and effectively implement the Bank's RPT policy guidelines;

8.1.2. exercise sound and objective judgment on the related party transactions for the best interest of the Bank; and

8.1.3. ensure that the processes and approvals of related party transactions are conducted at arm's length basis.

8.2. Chairmanship, membership and overall composition:

8.2.1. The BORC shall be composed of at least three (3) non-executive members of the Board of Directors, two (2) of whom shall be independent directors, including the Chairman⁴⁸.

8.2.2. The Chief Compliance Officer (CCO) and the Chief Audit Executive (CAE) shall sit as non-voting members of the BORC.

9. Executive Committee⁴⁹

9.1. Mandate. The Executive Committee shall assist the Board of Directors in the review of proposals regarding credit facilities, investments in financial assets, budget appropriation, borrowings, and other credit or transactional matters in line with the Bank's strategic goals. The Committee shall:

9.1.1. endorse or approve loan recommendations from the Corporate Banking Group (CBG), Commercial Banking Group (ComBG), Retail Banking Group (RBG), and Consumer Finance Group (CFG), as endorsed by the appropriate Management Committee;

9.1.2. evaluate, approve and endorse for Board approval investments in bonds, shares of stock or other financial assets; any borrowings, issuance of capital market instruments and bonds;

9.1.3. approve restructuring, payment plan, compromise settlement or write-off of past due, problematic and remedial accounts, as endorsed by the appropriate Management Committee; and

⁴⁸ Section 133, Manual of Regulations for Banks

⁴⁹ Executive Committee Charter

9.1.4. endorse for the approval of the Board applicable contracts, or renewals thereof, of which the Bank is a party to, including the approval of the required budget; and

9.1.5. endorse for the approval of the Board the establishment, relocation, renovation or closure of domestic and overseas branches/offices including the approval of the needed budget.

9.2. Chairmanship, membership and overall composition:

9.2.1. The Executive Committee shall be composed of at least six (6) regular directors, including the President of the Bank.

9.2.2. Independent directors may be appointed as non-voting members of the Executive Committee and may assume an advisory capacity. Non-voting members shall not vote with respect to any determination and proposal requiring the approval or notation of the Executive Committee and shall not count towards a quorum at any meeting.

10. Trust Committee⁵⁰

10.1. Mandate. The Trust Committee shall oversee the fiduciary activities of the Bank and ensures that these are conducted in accordance with applicable laws, rules and regulations, and prudent practices. The Committee shall:

10.1.1. adopt an appropriate organizational structure and staffing pattern and operating budgets that shall enable the Trust Banking Group to effectively carry out its functions;

10.1.2. oversee and evaluate the performance of the Trust Officer;

10.1.3. ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices;

10.1.4. ensure that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;

⁵⁰ Trust Committee Charter

- 10.1.5. oversee the implementation of the risk management framework and ensure that internal controls are in place relative to the fiduciary activities;
 - 10.1.6. conduct regular meetings at least once every quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business; and
 - 10.1.7. report regularly to the Board of Directors on matters arising from fiduciary activities.
- 10.2. Chairmanship, membership and overall composition⁵¹:
- 10.2.1. The Trust Committee shall be composed of at least five (5) members including the President, the Head of Trust Banking Group, and the remaining members, including the Chairman, may be any of the following:
 - 10.2.1.1. non-executive directors or independent directors who are both not part of the Board Audit and Compliance Committee (BACC); or
 - 10.2.1.2. those considered as qualified “independent professionals”
 - 10.2.2. In case of more than five (5) trust committee membership, majority shall be composed of qualified non-executive members.
 - 10.2.3. A qualified “*independent professional*” shall refer to a person who:
 - 10.2.3.1. is not a director/officer/employee of the Bank during the last twelve (12) months counted from the date of committee membership;
 - 10.2.3.2. is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any executive director or those involved in the day to day

⁵¹ Section 412, Manual of Regulations for Banks

management of institution's operations or officer of the bank;
and

10.2.3.3. is not engaged or does not engage in any transactions with the bank whether by himself or with other persons or through a firm of which he is a partner, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.

10.2.4. Directors, Trust Committee members and officers charged with the administration of trust and other fiduciary activities shall, in addition to meeting the qualification standards prescribed for directors and officers of banks or for qualified "independent professionals", possess the necessary technical expertise and relevant experience in such business which may be indicated by any of the following⁵²:

10.2.4.1. at least one (1) year of actual experience in trust, other fiduciary business, or investment management activities;

10.2.4.2. at least three (3) years of professional experience in relevant field such as banking, finance, economics, law, and risk management;

10.2.4.3. completion of at least ninety (90) training hours on trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral; or

10.2.4.4. completion of a relevant global or local professional certification program.

10.2.5. A Trust Committee member should be familiar with Philippine laws, rules and regulations on trust business, as well as uphold at all times ethical and good governance standards.

11. Board IT Governance Committee (BITGC)⁵³

⁵² Section 412, Manual of Regulations for Banks

⁵³ Board IT Governance Committee (BITGC) Charter

11.1. Mandate. The BITGC shall assist the Board of Directors in performing its oversight functions in reviewing, approving and monitoring the IT Risk Management Framework and IT Strategic Plan of the PNB Group. The Committee shall:

11.1.1. oversee the development of the Enterprise IT Strategic Plan;

11.1.2. ensure that IT laws, regulatory guidelines and corporate standards are considered in the proper and effective implementation of IT risk management policies;

11.1.3. review and approve within its authorized limits under the Manual of Signing Authority (MSA) for projects that require any IT hardware, software, maintenance support and services, and endorse those in excess of its authorized limits the needed budget for final approval by the Board; and

11.1.4. review and approve the renewal of IT contracts that are part of the overall IT budget.

11.2. Chairmanship, membership and overall composition:

11.2.1. The BITGC shall be composed of at least three (3) members of the Board of Directors.

11.2.2. The Chairman of the Committee shall be a non-executive director.

12. Board Strategy and Policy Committee (BSPC)⁵⁴

12.1. Mandate. The BSPC shall serve as the governing board committee in exercising authority and delegating to Management the implementation of the Board-approved strategic plans and policies. The Committee shall:

12.1.1. review, evaluate, approve and/or endorse for Board approval the monthly report on the Bank's financial performance and ensure its alignment with approved business plans and strategies;

⁵⁴ Board Strategy and Policy Committee (BSPC) Charter

12.1.2. evaluate and endorse for Board approval annual strategic forecasts, plans and budget;

12.1.3. review, evaluate, approve and/or endorse for Board approval new products, amendments to products, marketing programs, and policies pertaining thereto; and

12.1.4. provide oversight on the formulation of policy guidelines.

12.2. Chairmanship, membership and overall composition:

12.2.1. The BSPC shall be composed of at least seven (7) members of the Board of Directors.

E. Corporate Secretary

1. The Board of Directors shall ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Chief Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance⁵⁵.
2. The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Bank. The Corporate Secretary shall⁵⁶:
 - 2.1. Assist the Board and the appropriate board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
 - 2.2. Safekeep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
 - 2.3. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chairman on all relevant issues as they arise;
 - 2.4. Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and management,

⁵⁵ Recommendation 1.5, SEC Memorandum Circular 19, Series of 2016

⁵⁶ Recommendation 1.5, SEC Memorandum Circular 19, Series of 2016

the Board and its committees, and the Board and its stakeholders, including shareholders;

2.5. Advise on the establishment of board committees and their terms of reference;

2.6. Inform members of the Board, in accordance with the Bank's By-Laws, of the agenda of their meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

2.7. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;

2.8. Perform required administrative functions;

2.9. Oversee the drafting of the By-Laws and ensure that they conform with the requirements of the law and regulators; and

2.10. Perform such other duties and responsibilities as may be provided by the SEC.

F. Officers

1. Qualifications of an officer⁵⁷:

1.1. An officer must be fit and proper for the position he is being appointed to. In determining whether a person is fit and proper for a particular position, the following matters must be considered: integrity/probity, education/training, possession of competencies relevant to the function such as knowledge and experience, skills and diligence, and concurrent positions in the Bank and interlocking positions in other entities that may pose conflict of interest⁵⁸.

1.2. In assessing an officer's integrity/probity, consideration shall be given to the officer's market reputation, observed conduct and behavior, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of any

⁵⁷ Section 134, Manual of Regulations for Banks

⁵⁸ BSP Circular No. 1129, Series of 2021: Amendments to Corporate Governance Guidelines for BSFIs

regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.

- 1.3. An appointed officer has the burden to prove that he possesses all the foregoing minimum qualifications and none of the cases mentioned under BSP Circular 1076, Series of 2021: Amendments to the Regulations on the Disqualifications and Watchlisting of Directors/Officers.
- 1.4. An officer, through the Human Resource Group (HRG), shall submit to the Bangko Sentral the required certifications and other documentary proof of such qualifications using Appendix 101 as guide within twenty (20) banking days from the date of meeting of the Board of Directors in which the officer is appointed/promoted.
- 1.5. Non-submission of complete documentary requirements within the prescribed period shall be construed as his/her failure to establish his/her qualifications for the position and results to his/her removal therefrom.

2. Persons prohibited to become officers⁵⁹:

- 2.1. The spouses or relatives within the second degree of consanguinity or affinity holding officership positions across the following functional categories within the Bank:
 - 2.1.1. Decision making and senior management function, e.g., the President, Chief Executive Officer (CEO), Chief Operating Officer (COO), General Manager, and Chief Financial Officer (CFO);
 - 2.1.2. Treasury function, e.g., Treasurer or Treasury Head;
 - 2.1.3. Recordkeeping and financial reporting functions, e.g., Controller and Chief Accountant
 - 2.1.4. Safekeeping of assets, e.g., Chief Cashier;
 - 2.1.5. Risk management function, e.g., Chief Risk Officer (CRO);
 - 2.1.6. Compliance function, e.g., Chief Compliance Officer (CCO); and
 - 2.1.7. Internal audit function, e.g., Chief Audit Executive (CAE).

⁵⁹ BSP Circular 1076, Series of 2020: Amendments to the Regulations on the Disqualifications and Watchlisting of Directors/Officers

The spouse or a relative within the second degree of consanguinity or affinity of any person holding the position of manager, cashier, or accountant of a branch or branch-lite unit of the Bank or their respective equivalent positions is prohibited from holding or being appointed to any of said positions in the same branch or branch-lite unit.

- 2.2. Any appointive or elective official, whether full time or part time, except in cases where such service is incidental to the financial assistance provided by the government or government-owned or-controlled corporations (GOCCs) in cases allowed under existing laws.

3. Duties and responsibilities of officers⁶⁰:

- 3.1. To set the tone of good governance from the top. Officers shall promote the good governance practices within the Bank by ensuring that policies on governance as approved by the Board of Directors are consistently adopted across the Bank.
- 3.2. To oversee the day-to-day management of the Bank. Officers shall ensure that the Bank's activities and operations are consistent with the Bank's strategic objectives, risk strategy, corporate values and policies as approved by the Board of Directors. They shall establish a bank-wide management system characterized by strategically aligned and mutually reinforcing performance standards across the organization.
- 3.3. To ensure that duties are effectively delegated to the staff and to establish a management structure that promotes accountability and transparency. Officers shall establish measurable standards, initiatives and specific responsibilities and accountabilities for each bank personnel. Officers shall oversee the performance of these delegated duties and responsibilities and shall ultimately be responsible to the Board of Directors for the performance of the Bank.
- 3.4. To promote and strengthen checks and balances systems in the Bank. Officers shall promote sound internal controls and avoid activities that shall compromise the effective discharge of their functions. Further, they shall ensure that they give due recognition to the importance of the internal audit, compliance and external audit functions.

G. President

⁶⁰ Section 134, Manual of Regulations for Banks

1. The President of the Bank shall, among other powers and duties inherent in his office, execute and administer the policies, measures, orders and resolutions approved by the Board of Directors, and direct and supervise the operations and administration of the Bank. Particularly, he shall have the power and duty to⁶¹:
 - 1.1. execute all contracts and enter into all authorized transactions in behalf of the Bank;
 - 1.2. exercise, as Chief Executive Officer, the power of supervision and control over decisions or actions of subordinate officers and all other powers that may be granted by the Board;
 - 1.3. appoint, promote, or remove employees and officers of the Bank, except those who by the provisions of the Bank's By-Laws are to be appointed or removed by the Board of Directors;
 - 1.4. transfer, assign and reassign officers and personnel of the Bank in the interest of the service;
 - 1.5. report periodically to the Board of Directors on the operations of the Bank; Submit annually a report on the results of the operations of the Bank to the stockholders; and
 - 1.6. delegate any of his powers, duties and functions to any official of the Bank, with the approval of the Board of Directors.

H. Chief Compliance Officer (CCO)

1. Qualifications of the Chief Compliance Officer (CCO)⁶²:
 - 1.1. The Board of Directors shall appoint a Chief Compliance Officer (CCO) who shall serve on a full-time basis and shall functionally report to the Board Audit and Compliance Committee (BACC).
 - 1.2. The CCO shall serve as the Head of Global Compliance Group (GCG).
 - 1.3. The CCO should have the necessary qualifications, experience, and professional background and should have a sound understanding of relevant laws and regulations and their potential impact on the Bank's operations. The CCO should be up-to-date

⁶¹ Section 6.3, PNB's Amended By-laws

⁶² Section 162, Manual of Regulations for Banks

with the developments in laws, rules and standards maintained through continuous training.

- 1.4. An appointed CCO has the burden to prove that he possesses all the minimum qualifications and none of the disqualifications by submitting to the Bangko Sentral proof of such qualifications. Non-submission of complete documentary requirements within the prescribed period shall be construed as his failure to establish his qualifications for the positions and results in his removal as CCO.
2. Duties and responsibilities of the CCO⁶³:
 - 2.1. oversees the identification and management of the Bank's compliance risk and supervises the compliance function staff;
 - 4.1. liaises with the Bangko Sentral on compliance related issues and is be responsible for ensuring the integrity and accuracy of documentary submissions to the Bangko Sentral;
 - 4.2. ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others)⁶⁴;
 - 4.3. monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, the Code of Corporate Governance, rules and regulations and all governance issuances of regulatory agencies;
 - 4.4. reports the matter to the Board or the BACC if violations are found and recommends the imposition of appropriate disciplinary action;
 - 4.5. ensures the integrity and accuracy of documentary submissions to regulators;
 - 4.6. appears before the SEC when summoned in relation to compliance with the Code of Corporate Governance for Publicly Listed Companies;
 - 4.7. collaborates with other departments to properly address compliance issues, which may be subject to investigation;
 - 4.8. identifies possible areas of compliance issues and works towards the resolution of the same;

⁶³ Section 162, Manual of Regulations for Banks

⁶⁴ Recommendation 1.6, SEC Memorandum Circular 19, Series of 2016

- 4.9. ensures the attendance of board members and key officers to relevant trainings; and
- 4.10. performs such other duties and responsibilities as may be provided by the regulators.

3. Independence and Objectivity

- 3.1. The CCO shall report directly and functionally to the BACC and may report administratively to the President and CEO.

I. Chief Risk Officer (CRO)

1. Qualifications of the Chief Risk Officer (CRO)⁶⁵:

- 1.1. The Board of Directors shall appoint a CRO to head the Bank's Risk Management Group (RMG) who shall serve on a full-time basis and shall functionally report to the Risk Oversight Committee (ROC).
- 1.2. The CRO shall have sufficient stature, authority, and seniority within the Bank. He shall be independent from executive functions and business line responsibilities, operations and revenue-generating functions, and shall have access to such information as he deems necessary to form his judgment. The CRO shall have direct access to the Board of Directors and the ROC without any impediment.
- 1.3. The CRO should have the knowledge and skills necessary to oversee the Bank's risk management activities. This will be assessed based on the ability of the CRO to influence decisions that affect the Bank's exposure to risk. The CRO should have the ability to interpret and articulate risk in a clear and understandable manner and, without compromising his independence, can engage in a constructive dialogue with the Board of Directors, chief executive officer, and other senior management on key risk issues.

2. Duties and responsibilities of the CRO⁶⁶:

- 2.1. be responsible for overseeing the risk management function and shall support the Board of Directors in the development of the risk appetite and risk appetite statement of the Bank and for translating the risk appetite into a risk limits structure;

⁶⁵ Section 142, Manual of Regulations for Banks

⁶⁶ Section 162, Manual of Regulations for Banks

- 2.2. proposes enhancements to risk management policies, processes, and systems to ensure that the Bank's risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities;
- 2.3. supervises the entire enterprise risk management (ERM) process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation⁶⁷;
- 2.4. communicates the top risks and the status of implementation of risk management strategies and action plans to the Risk Oversight Committee;
- 2.5. collaborates with the CEO in updating and making recommendations to the Risk Oversight Committee;
- 2.6. suggests ERM policies and related guidance, as may be needed; and
- 2.7. Provides insights on the following:
 - 2.7.1. Risk management processes are performing as intended;
 - 2.7.2. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - 2.7.3. Established risk policies and procedures are being complied with.

J. Chief Audit Executive (CAE)

1. Qualifications of the Chief Audit Executive (CAE)⁶⁸:
 - 1.1. The Board of Directors shall appoint a Chief Audit Executive (CAE) who shall serve as the Head of the Internal Audit Group (IAG).
 - 1.2. The CAE must have an unassailable integrity, relevant education/ experience/ training, and an understanding of the risk exposures of the Bank, as well as competence to audit all areas of its operations.
 - 1.3. The CAE must be a Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA) and must have at least five (5) years experience in the regular audit (internal or external) of a Universal or Commercial Bank as auditor-in-charge, senior auditor or

⁶⁷ Recommendation 12.5, SEC Memorandum Circular 19, Series of 2016

⁶⁸ Section 163, Manual of Regulations for Banks

audit manager. He must possess the knowledge, skills, and other competencies to examine all areas in which the institution operates. Professional competence as well as continuing training and education shall be required to face up to the increasing complexity and diversity of the Bank's operations.

2. Duties and Responsibilities of the CAE⁶⁹:

- 2.1. demonstrates appropriate leadership and have the necessary skills to fulfill his responsibilities for maintaining IAG's independence and objectivity;
- 2.2. be accountable to the Board Audit and Compliance Committee (BACC) on all matters related to the performance of its mandate as provided in the internal audit charter. The CAE shall submit a report to the BACC on the status of accomplishments of the IAG, including findings noted during the conduct of the internal audit as well as status of compliance of concerned departments/units;
- 2.3. ensures that the IAG complies with sound internal auditing standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics;
- 2.4. develops an audit plan based on robust risk assessment, including inputs from the Board of Directors, BACC and senior management and ensures that such plan is comprehensive and adequately covers regulatory matters. The CAE shall also ensure that the audit plan, including any revisions thereto, shall be approved by the audit committee;
- 2.5. ensures that the IAG has adequate human resources with sufficient qualifications and skills necessary to accomplish its mandate. In this regard, the CAE shall periodically assess and monitor the skill-set of the internal audit function and ensure that there is an adequate development program for the internal audit staff that shall enable them to meet the growing technical complexity of banking operations;
- 2.6. periodically reviews the internal audit charter and presents it to senior management and the BACC for approval⁷⁰;

⁶⁹ Section 163, Manual of Regulations for Banks

⁷⁰ Recommendation 12.3, SEC Memorandum Circular 19, Series of 2016

- 2.7. communicates the IAG's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the BACC for review and approval;
- 2.8. spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- 2.9. reports periodically to the BACC on the internal audit activity's performance relative to its plan; and
- 2.10. presents findings and recommendations to the BACC and gives advice to senior management and the Board on how to improve internal processes.

3. Independence and Objectivity

- 3.1. The CAE shall report directly and functionally to the BACC and may report administratively to the President and CEO.

K. Chief Trust Officer (CTO)

1. Qualifications of the Chief Trust Officer (CTO). The Board of Directors shall appoint a CTO who shall possess any of the following⁷¹:
 - 1.1. at least five (5) years of actual experience in trust operations;
 - 1.2. at least three (3) years of actual experience in trust operations and must have:
 - 1.2.1. completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral; or
 - 1.2.2. completed a relevant global or local professional certification program; or
 - 1.3. at least five (5) years of actual experience as an officer of a bank and must have:

⁷¹ Section 412, Manual of Regulations for Banks

- 1.3.1. completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral; or
- 1.3.2. completed a relevant global or local professional certification program.

For the purpose of this Section, actual experience refers to exposures in trust operations either as officer of a trust entity or member of Trust Committee.

2. Duties and Responsibilities of the CTO⁷²:

- 2.1. ensure adherence to the basic standards in the administration of trust, other fiduciary and investment management accounts pursuant to Appendix 86 of the MORB;
- 2.2. develops and implements relevant policies and procedures on fiduciary activities;
- 2.3. observes sound risk management practices and maintain necessary controls to protect assets under custody and held in trust or other fiduciary capacity;
- 2.4. carries out investment and other fiduciary activities in accordance with agreements with clients and parameters set by the Trust Committee as approved by the Board of Directors;
- 2.5. reports regularly to the Trust Committee on business performance and other matters requiring its attention;
- 2.6. maintains adequate books, records and files for each trust or other fiduciary account and provides timely and regular disclosure to clients on the status of their accounts; and
- 2.7. submit periodic reports to regulatory agencies on the conduct of the trust operations.

L. External Auditor

1. Appointment of External Auditor

⁷² Section 412, Manual of Regulations for Banks

1.1. The Board Audit and Compliance Committee (BACC) has the primary authority to select, evaluate, appoint, dismiss, replace and reappoint the Bank's external auditors⁷³, subject to the approval of the Board of Directors and ratification of stockholders, based on fair and transparent criteria such as⁷⁴:

1.1.1. core values, culture and high regard for excellence in audit quality;

1.1.2. technical competence and expertise of auditing staff;

1.1.3. independence;

1.1.4. effectiveness of the audit process; and

1.1.5. reliability and relevance of the external auditor's reports.

1.2. The external auditor and/or auditing firm shall be changed, or the lead and concurring partner shall be rotated every five (5) years or earlier.

2. Duties and Responsibilities of the External Auditor:

2.1. Enable an environment of good corporate governance as reflected in the financial records and reports of the Bank;

2.2. Undertake an independent audit of the Bank, and shall provide an objective assurance regarding the manner under which the financial statements are prepared and presented to the stockholders;

2.3. Form an opinion on whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework based on an evaluation of the conclusions drawn from the audit evidence obtained; and express that opinion clearly through a written report that also describes the basis for the opinion;

2.4. Identify and assess the risks of material misstatement in the Bank's financial statements, taking into consideration the Bank's operations, control environment and its components as well as the Bank's financial reporting systems. The assessment shall also take into account qualitative aspects of the Bank's accounting practices, including indicators of possible biases in management's judgments; and

⁷³ Board Audit and Compliance Committee (BACC) Charter

⁷⁴ PNB's Definitive Information Statement

- 2.5. Assess and communicate to the BACC the results of its assessment on the capability of management, the strength of the control environment, and the adequacy of the accounting/information systems to comply with financial and prudential reporting responsibilities.

III. Meetings of the Board and Board Committees

Directors should 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 SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, directors should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations⁷⁵.

1. Schedule of Board Meetings

- 1.1. Pursuant to the Bank's By-Laws, the Board of Directors shall hold regular meetings at such particular date, hour or place within the Philippines as the Board may from time to time fix. The Corporate Secretary shall prepare a Board calendar before the start of the financial year.
- 1.2. The Corporate Secretary shall issue the annual Board calendar every December for the ensuing year.
- 1.3. Special meetings of the Board of Directors may be held at any time and place within the Philippines upon the call of the Chairman, or upon the request of the President, or upon the request of two (2) or more directors⁷⁶.
- 1.4. In addition to the regular and special meetings of the Board, non-executive directors shall meet regularly, other than in meetings of the audit, risk oversight, corporate governance, and related party transactions committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions⁷⁷.

2. Place of Board Meetings

⁷⁵ Recommendation 4.1, SEC Memorandum Circular 19, Series of 2016

⁷⁶ Section 5.10, PNB's Amended By-laws

⁷⁷ Section 132, Manual of Regulations for Banks

- 2.1. Board Meetings shall be held at the principal office of the Corporation or if not practicable, in the city where the principal office of the Bank is located⁷⁸.
3. Conduct of Meetings, Attendance and Quorum Requirement
 - 3.1. Directors who cannot physically attend or vote at board meetings can participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate⁷⁹. *Provided*, That every member of the Board shall participate in at least fifty percent (50%) and shall physically attend at least twenty five percent (25%) of all Board meetings every year: *Provided, further*, That the absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his/her incumbency is a ground for disqualification: *Provided, furthermore*, That the twenty-five percent (25%) physical attendance requirement is lifted during periods of national emergencies, public health emergencies, and major disasters, among others, that affect mobility, activity, and access to the Bank⁸⁰.
 - 3.2. If a director intends to participate in a meeting through remote communication, he shall notify in advance the Corporate Secretary of his intention. The Corporate Secretary shall note such fact in the Minutes of the meeting⁸¹.
 - 3.3. A director who participates through remote communication, shall be deemed present for the purpose of attaining quorum⁸².
 - 3.4. The Directors shall act only as a Board, and the individual directors shall no power to act as such. A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act unless otherwise provided by law. A minority of the Board present at any regular or special meeting shall, in the absence of a quorum, adjourn to a later date and shall not transact any business until a quorum is secured⁸³.

4. Board Materials

⁷⁸ Section 28, Revised Corporation Code of the Philippines

⁷⁹ Section 52, Revised Corporation Code of the Philippines

⁸⁰ BSP Circular No. 1129, Series of 2021: Amendments to Corporate Governance Guidelines for BSFIs

⁸¹ Section 4, SEC Memorandum Circular 6, Series of 2020

⁸² Section 4, SEC Memorandum Circular 6, Series of 2020

⁸³ Section 5.12, PNB's Amended By-laws

- 4.1. The Corporate Secretary shall inform the Board members of the agenda of their meetings and distributes materials at least five (5) business days prior to the scheduled meeting⁸⁴.
- 4.2. The Corporate Secretary shall ensure that Board members possess accurate information that enables them to make sound decisions on matters that require their approval.

5. Meetings of the Board Committees

Board committees shall meet as prescribed in their respective charters. Participation of committee members may likewise be in person or through modern technologies: *Provided*, That the attendance and participation of members in committee meetings shall be considered in the assessment of continuing fitness and propriety of each director as member of board-level committees and the Board of Directors⁸⁵.

IV. Policy on Director's Interlocking Position as an Officer and/or a Director

Policy Statement

The Bank recognizes that effective sharing of managerial and technical expertise between the Bank and other entities promotes economies of scale and organizational synergies, as well as broadens perspectives in strategy formulation and risk management. In this regard, PNB has adopted the following regulations and procedures governing interlocking directorships and/or officerships in compliance with BSP Circular No. 1129, Series of 2021 on the Amendments to Corporate Governance Guidelines for BSP-Supervised Financial Institutions (BSFIs).

The provisions of this policy are intended to achieve the following objectives:

- Establish an effective governance process in place to ensure that the benefits of having directors with interlocking positions in other entities are optimized;
- Ensure that the concerned directors devote sufficient time and attention necessary to effectively carry out their duties and responsibilities and that they remain fit and proper for the position they are appointed to;
- Prevent excessive concentration of economic power, unfair competitive advantage, abusive practices, and conflict of interest situations to the detriment of the Bank and its stakeholders; and

⁸⁴ Recommendation 1.5, SEC Memorandum Circular 19, Series of 2016

⁸⁵ Section 132, Manual of Regulations for Banks

- Comply with the applicable requirements under existing laws and BSP regulations.

Policy Guidelines

1. Coverage

This policy shall cover all directors of Philippine National Bank. A director shall refer to a person who is a) named as such in the articles of incorporation; b) duly elected in the subsequent meetings of the stockholders; or c) elected to fill vacancies in the board of directors.

2. Definition

2.1. *Interlocking directorship* shall refer to a situation in which a director of the Bank also serves as a director of another entity.

2.2. *Interlocking directorship and officership* shall refer to a situation in which a director of the Bank also serves as officer of another entity.

3. Guidelines

3.1. A director of the Bank may concurrently serve as a director of another entity within the PNB Group and/or other entities outside of the PNB Group subject to the following guidelines and limitations:

3.1.1. As a general rule, a director of the Bank may concurrently serve as a director of another BSP-supervised financial institution (BSFI) except in cases involving banks belonging to the same category. In this respect, interlocking directorships in banks belonging to the same category shall only be allowed if the banks: (i) are part of the same banking group; or (ii) have different business models and are serving different markets or clients.

3.1.2. A director of the Bank may concurrently serve as a director or an officer of another entity which is not a BSFI provided that the positions do not pose conflict of interests and that the interlocking position will not affect the director's ability to devote sufficient time and attention necessary to effectively carry out his duties and responsibilities as a director of the Bank.

3.2. To ensure that the interlocking positions do not pose any adverse impact on the business as well as to ensure that the director concerned can still efficiently discharge his/her duties and responsibilities as a director of the Bank, the following guidelines shall be observed:

3.2.1. Non-executive directors (which, by definition, also includes independent directors) may concurrently serve as director in a maximum of five (5) publicly

listed companies. In applying this provision to concurrent directorship in entities within a conglomerate, each entity where the non-executive director is concurrently serving as director shall be separately counted in assessing compliance with this requirement.

3.2.2. All recommendations for interlocking positions of directors shall be subject to evaluation and determination as to whether the interlocking positions will pose a potential conflict of interest and to ensure compliance with the guidelines and limitations stipulated herein prior to endorsement for approval.

3.2.3. A director should notify and secure the approval of the Board before accepting a directorship or officership in another entity.

4. Processing of directors' interlocking directorship and/or officership

4.1. Interlocking directorship within PNB Group

4.1.1. A director of the Bank may concurrently serve as a director of any subsidiary or affiliate within PNB Group subject to the following procedures on the nomination, endorsement and approval:

4.1.1.1. Any member of the PNB Board of Directors and Board Advisors who wish to nominate a person for election as a director in any of the Bank's subsidiaries and affiliates shall submit its nomination to the Corporate Secretary's Office (CSO).

4.1.1.2. Upon receipt of the nomination, the CSO shall inform the following offices:

- Global Compliance Group (GCG)
- Subsidiaries and Affiliates Division (SAAD) – for nominations to the board of domestic subsidiaries and affiliates
- International Banking and Remittance Group (IBRG) – for nominations to the board of overseas subsidiaries and affiliates

4.1.1.3. GCG shall evaluate if the proposed interlocking positions will pose a potential conflict of interest and determine if it complies with the guidelines and limitations stipulated herein. GCG shall render and submit its opinion to the CSO and SAAD or IBRG. GCG shall also provide the summary results

of the most recent self-administered performance evaluation of the director concerned.

4.1.1.4. Once it is determined that the proposed interlocking position does not present potential conflict of interest and that it complies with the provisions of this policy, SAAD or IBRG, as the case may be, shall prepare the official recommendation to the Board of Directors thru the SAAD or IBRG Head, President and the Corporate Governance Committee copy furnished the Head of the Human Resource Group (HRG) and the Corporate Treasurer.

4.2. Interlocking directorship and/or officership outside PNB Group

4.2.1. A director of the Bank may concurrently serve as a director or officer of another entity outside the PNB Group subject to the restrictions and limitations provided under item 3.2.1 above. In this regard, the following guidelines shall be observed:

4.2.1.1. The director shall inform the CSO of his request for interlocking position outside PNB Group.

4.2.2. The CSO shall forward the request to GCG for review and evaluation.

4.2.3. GCG shall evaluate if the proposed interlocking positions will pose a potential conflict of interest and determine if it complies with the guidelines and limitations stipulated herein.

- In case the proposed interlocking position of a director presents a potential conflict of interest or otherwise be violative of the provisions of this policy, GCG shall render and submit its opinion to the CSO.
- If the recommendation does not present potential conflict of interest and will not be violative of the provisions of this policy, the request shall be submitted by the CSO to the Board of Directors thru the President and the Corporate Governance Committee for approval.

4.2.4. In the evaluation of a possible conflict of interest for a proposed interlocking position, no director shall be appointed to any directorship position in any universal peer bank and industry of the same category. Provided, that in cases of the banking sector on the same category, it shall only be allowed if the banks:

(i) are part of the same banking group; or (ii) have different business models and are serving different markets or clients.

5. Cancellation of directors' interlocking positions

5.1. A director with approved interlocking position outside the PNB Group shall, upon cessation of such interlocking position, notify the CSO.

The CSO shall submit the cancellation of the directors' interlocking position for notation of the Board of Directors through the Corporate Governance Committee not later than the following Board meeting from receipt of the notice from the director.

5.2. Cancellation of previously-approved interlocking position of a director within PNB Group shall be submitted by SAAD or IBRG to the Board of Directors through the Corporate Governance Committee for approval upon receipt of instruction from either the CSO or the director concerned.

Reporting and Disclosure

1. Annual Report of all Interlocking Positions of its Directors and Officers (ARIPDO)

1.1. The CSO shall prepare and submit to GCG the annual report of the interlocking positions of all directors using the ARIPDO Template provided by the BSP.

1.2. The Bank shall submit the report to BSP within twenty (20) banking days from the end of each reference year (i.e. December 31 of each year) using officially BSP-registered email address.

2. Bio-data

2.1. The BSP bio-data with a photograph (2" x 2") taken within the last six (6) months, which shall also include a summary of the directors' interlocking positions, shall be submitted to the BSP within twenty (20) banking days from the date of election in support of the Bank's request for confirmation of newly elected directors.

3. Annual Report

3.1. In accordance with Appendix 125 of the MORB, the following minimum disclosure requirements, among others, shall be disclosed in the Bank's Annual Report:

- 3.1.1. Board qualification (which shall include details of the relevant qualifications and experiences of each member of the board of directors, *including current directorships and officerships*)
- 3.1.2. Directors' attendance at board and committee meetings (which shall include the total number of board and committee meetings for the election year and the number of board and committee meetings attended by each director)

Performance Review

1. In accordance with Item IV: Board and Committee Evaluation Process of the Bank's Manual on Corporate Governance, the Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.
2. The self-assessment questionnaire shall cover comprehensive evaluation criteria focused on matters such as the director's time commitment and independence, potential or actual conflicts of interest, governance landscape, risk governance, fitness and propriety of Board and Management, and internal controls.
3. The performance evaluation shall be facilitated by GCG. GCG shall consolidate and review the responses and present the summary of results and significant findings to the Board of Directors thru the Corporate Governance Committee.
4. The Corporate Governance and Sustainability Committee shall ensure that the results of the Board performance evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.
5. The results of the performance evaluation, which shall include the director's time commitment and attendance record in Board and committee meetings, shall be considered by the Corporate Governance Committee and the Board for the annual nomination and reelection of incumbent directors.

Communication of this Policy

The Bank shall ensure that directors are aware of this policy by:

1. Dissemination of this policy to all its covered directors via email network.
2. Posting of this policy in the Cybermag as ready reference for all directors.

Review and Maintenance of the Policy

The Compliance Assurance Division (CAD) under GCG shall conduct compliance testing to cover the assessment of adherence to internal policies and regulatory expectations on interlocking positions held by the directors and/or officers. Compliance testing by CAD shall be triggered by a

high or moderate risk assessment result from the process-based RCSA or the interim Compliance RCSA.

Effectivity

This policy shall take effect upon approval of the Board of Directors. Any existing policy inconsistent with the provisions of this new policy shall be deemed superseded.

V. Board and Committee Evaluation Process⁸⁶

1. 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.
2. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees⁸⁷.
3. Every three years, the assessment should be supported by an external facilitator⁸⁸.
4. The self-assessment questionnaire shall cover comprehensive evaluation criteria focused on matters such as the director's time commitment and independence, governance landscape, ethical culture in the organization, risk governance, fitness and propriety of Board and Management, and internal controls.
5. The self-assessment questionnaire shall use five (5) point rating scale to measure Board performance:

Rating	Description
5 – Strong	EXCEED what is considered necessary given the size, risk profile and complexity of operations of the bank. Deficiencies/weaknesses are considered minor and insignificant.
4 – Satisfactory	MEET what is considered necessary given the size, risk profile and complexity of operations of the bank. Deficiencies/weaknesses may exist but

⁸⁶ Principle 6, SEC Memorandum Circular 19, Series of 2016

⁸⁷ Recommendation 6.1, SEC Memorandum Circular 19, Series of 2016

⁸⁸ Recommendation 6.1, SEC Memorandum Circular 19, Series of 2016

	do not affect the overall quality of governance in a bank.
3 – Less than Satisfactory	DO NOT MEET what is considered necessary given the size, risk profile and complexity of operations of the bank. However, the Board is committed to correct the situation in a timely manner.
2 – Deficient	DEFICIENT in a material way, to meet what is considered necessary given the size, risk profile and complexity of operations of the bank. The ability of the Board to correct the situation in a timely manner is doubtful.
1 – Critically Deficient	CRITICALLY DEFICIENT to meet what is considered necessary given the size, risk profile and complexity of operations of the bank. The deficiencies/weaknesses pose an imminent threat to the safety and soundness of the bank.

6. The performance evaluation shall be facilitated by the Chief Compliance Officer (CCO). The CCO shall consolidate and review the responses and present the summary of results and significant findings to the Board of Directors through the Corporate Governance Committee.
7. The Corporate Governance and Sustainability Committee shall ensure that the results of the Board performance evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement⁸⁹.

VI. Remuneration and Other Incentives

1. Remuneration and Incentives Policy

The Board of Directors shall approve and oversee the implementation of remuneration and incentives policy. The policy should be consistent with the long-term strategic objectives and financial soundness of the Bank and should promote

⁸⁹ Recommendation 3.3, SEC Memorandum Circular 19, Series of 2016

good performance, convey acceptable risk-taking behavior, and reinforce the Bank's operating and risk culture⁹⁰.

The said policy shall encourage employees to act in the long-term interests of the Bank as a whole, rather than for themselves or their business lines only.

2. Design of Remuneration

The following shall be considered in the design of the remuneration and incentives policy:

2.1. Employees' salary and benefits package shall be determined on the basis of their role in the Bank, competency level, work performance, previous work experience, credentials, and employment tenure, among others. Employees' personal and observable characteristics such as gender and race shall not serve as determining factors of work assignment, salary, and incentives⁹¹.

2.2. The level and amount of remuneration should be commensurate to the responsibilities of the role and shall also consider the risks that the employees take on behalf of the Bank.

2.3. For employees in control functions (e.g., risk, compliance and internal audit), their remuneration is determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence⁹².

3. Director Remuneration

3.1. Pursuant to Section 5.8 of the Bank's Amended By-Laws, directors shall receive such compensation for the services as may from time to time be fixed by the stockholders. Each director shall be entitled to a reasonable per diem, as may be determined by the Board⁹³.

3.2. The remuneration and fringe benefits of Board members shall consist of per diem for every Board and board committee meeting and non-cash benefits like healthcare plan, group life insurance, and group accident insurance.

⁹⁰ Section 135, Manual of Regulations for Banks

⁹¹ PNB's Sustainability Report

⁹² Recommendation 2.5, SEC Memorandum Circular 19, Series of 2016

⁹³ Section 5.8, PNB's Amended By-laws

3.3. Directors shall not participate in the determination of their own per diems or compensation⁹⁴.

4. Reporting and Disclosure

4.1. As a corporation vested with public interest, the Bank shall submit to its shareholders and to the SEC, an annual report of the total compensation of each of the Bank's directors pursuant to Section 29 of Republic Act No. 11232 otherwise known as the Revised Corporation Code⁹⁵.

4.2. The Bank shall provide a clear disclosure of its policies and procedures for setting Board and Executive remuneration as well as the level and mix of the same in the Integrated Annual Corporate Governance Report (I-ACGR).

VII. Education and Training Program

1. External Training for Directors⁹⁶

- 1.1. A newly appointed director shall attend an orientation program/seminar on corporate governance for at least eight (8) hours.
- 1.2. Incumbent directors shall likewise attend a relevant training on corporate governance for at least (4) hours annually. The annual continuing training program makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Bank.
- 1.3. The orientation program for first-time directors and relevant annual continuing training for incumbent directors shall be conducted by a training provider duly accredited by the SEC.
- 1.4. The Bank shall provide information or link/reference to a document containing information on the orientation program and trainings of directors for the covered year, including the number of hours attended and topics covered.

⁹⁴ Section 29, Revised Corporation Code

⁹⁵ Section 29, Revised Corporation Code

⁹⁶ Recommendation 1.3, SEC Memorandum Circular 19, Series of 2016

1.5. The Corporate Governance Division under Global Compliance Group shall monitor directors' compliance with the training requirements mentioned above.

2. Internal Training for Directors⁹⁷

2.1. The Global Compliance Group shall ensure that new directors are properly oriented upon joining the Board. This ensures that new members are appropriately apprised of their duties and responsibilities, before beginning their directorships.

2.2. The Global Compliance Group shall organize an in-house orientation program for new directors covering SEC-mandated topics on corporate governance and an introduction to the Bank's business, Articles of Incorporation, and Code of Conduct:

Topics	Speaker
HR Matters <ul style="list-style-type: none"> • Mission and Vision • Core Values • Code of Conduct • Table of Organization • Whistleblower Policy 	Human Resource Group
Financial Management <ul style="list-style-type: none"> • Corporate Profile / About PNB • Macroeconomic environment • Overview of PNB's strategy • Integrity of financial reports 	Financial Management Sector
Board Matters <ul style="list-style-type: none"> • Articles of Incorporation and By-laws • Rights of Shareholders • PSE Disclosure Rules 	Corporate Secretary's Office

⁹⁷ Recommendation 1.3, SEC Memorandum Circular 19, Series of 2016

<ul style="list-style-type: none"> • Board Calendar • Other Board matters 	
<p>Sustainability</p> <ul style="list-style-type: none"> • Overview of Corporate Sustainability • Sustainability Policy • Sustainability activities and initiatives 	Public Affairs Group
<p>Compliance and Corporate Governance</p> <ul style="list-style-type: none"> • Overview of Global Compliance Group • Corporate Governance <ul style="list-style-type: none"> ➤ Overview of Corporate Governance Framework ➤ Board Committees ➤ Significant Corporate Governance Regulations • Related Party Transactions 	Global Compliance Group
<p>Risk Management</p> <ul style="list-style-type: none"> • Overview of Risk Management Group • Enterprise Risk Management Framework • Enterprise Risk Heat Map 	Risk Management Group
<p>Audit</p> <ul style="list-style-type: none"> • Overview of Internal Audit Group • Internal Audit and Control System • External Auditing Function 	Internal Audit Group

3. Training for Employees

- 3.1. The Bank shall allocate funds for the purposes of conducting an in-house orientation on Corporate Governance to operationalize this Manual.
- 3.2. The Corporate Governance Division under the Global Compliance Group shall implement the Compliance Academy Program (CAP) and conduct

trainings regularly to promote a strong governance culture within the Bank, and mainly ensure that employees are aware of its duties and responsibilities in adhering to the Bank's governance policies and practices⁹⁸. The Learning and Communications Officer shall act as the overall lead of the CAP. He shall be responsible for planning and executing communication strategies that will encourage a two-way dialogue between GCG and the employees of the Bank.

VIII. Compliance Function

The Global Compliance Group (GCG), the compliance function of PNB, is vested with the role of designing the Bank's Compliance Program and ensuring its effective implementation towards the timely identification and mitigation of risks that may erode the franchise value of PNB, such as risks of legal or regulatory sanctions, material financial loss, or loss to reputation as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to PNB's operations. Compliance risk management, therefore, is an integral part of the culture and risk governance framework of PNB. In this respect, compliance shall be the responsibility and shared accountability of all employees, management and the Board of Directors⁹⁹.

Consistent with Section 161 of the MORB, GCG shall facilitate effective management of compliance risk by¹⁰⁰:

1. Advising the board of directors and senior management on relevant laws, rules and standards, including keeping them informed on developments in the area;
2. Apprising the Bank personnel on compliance issues, and acting as a contact point within the bank for compliance queries from the bank personnel;
3. Establishing a written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
4. Identifying, documenting and assessing compliance risks associated with the Bank's business activities, including new products and business units;

⁹⁸ PNB's Compliance Academy Program

⁹⁹ PNB's Compliance Program

¹⁰⁰ Section 161, Manual of Regulations for Banks

5. Assessing the appropriateness of the Bank's compliance procedures and guidelines, promptly following up on any identified deficiencies, and where necessary, formulating proposals for amendments;
6. Monitoring and testing compliance by performing sufficient and representative compliance testing;
7. Maintaining a constructive working relationship with BSP and other regulators; and
8. Establishing a clear and open communication lines within the Bank and among its domestic and foreign subsidiaries, affiliates, and offices to promote compliance awareness and proactively address compliance matters.

GCG shall report directly to the BACC and has a matrix reporting line to the President & CEO for administrative matters. GCG shall function independently from the day to day business activities of PNB and shall have access to all operational areas as well as to any records or files necessary for the group to carry out its responsibilities and conduct investigations of possible breaches of the compliance policy.

GCG officers, and in particular, the CCO and Head of GCG, should not be placed in a position where there is a possible conflict of interest between their compliance responsibilities and any other responsibilities they may have. Independence does not mean that the compliance function cannot work closely with management and staff in the various business units of PNB. Instead, a cooperative working relationship between GCG and the lines of business is vital to identify and manage compliance risks at an early stage.

The resources to be provided for GCG shall be both sufficient and appropriate to ensure that compliance risk within PNB is managed effectively. In particular, GCG officers shall have the necessary qualifications, experience and professional and personal qualities to enable them to carry out their specific duties. GCG officers shall have a sound understanding of compliance laws, rules and standards and their practical impact on the bank's operations. The professional skills of GCG officers, especially with respect to keeping up to date with developments in compliance laws, rules and standards, should be maintained through regular and systematic education and training.

IX. Risk Management Function¹⁰¹

The Risk Management Group (RMG) shall serve the Bank's risk management function and shall be responsible for overseeing the risk-taking activities across the Bank, as well

¹⁰¹ Risk Management Disclosure, PNB's Annual Report

as in evaluating whether these remain consistent with the Bank's risk appetite and strategic direction. It shall ensure that the Enterprise Risk Management Framework remain appropriate relative to the complexity of risk-taking activities of the Bank. RMG shall be responsible for identifying, measuring, monitoring and reporting risk on an enterprise-wide basis as part of the second line of defense.

A disciplined risk management culture and framework facilitates oversight of and accountability for risk at all levels of the organization and across all risk types. Our Board of Directors, through the Risk Oversight Committee (ROC), exercises oversight and provides guidance to our experienced Senior Management Team who, through the Management Risk Committee (MRC), works closely with the business lines in managing risk. There is a rich risk culture, which seamlessly flows through not only within the Bank, but also across the Group subsidiaries and affiliates.

X. Internal Audit Function

The Internal Audit Group, headed by the Chief Audit Executive (CAE), is tasked to perform the internal audit activity for the Bank. Its functions include assessment of internal controls and the recommendations to implement measures to ensure adequate control. In addition, it is expected to assist in the Bank's risk management activities and corporate governance initiatives.

The major functions of IAG include:

1. Develop an audit charter, approved by both senior management and the audit committee, for the internal auditing activity;
2. Develop, along with management, an organization model that can be used to map major processes/operations for the purpose of identifying the organization's auditable units;
3. Develop a risk assessment methodology for the auditable entities identified in the model of major processes/operations;
4. Develop an audit plan based on the risk assessment and requests from management and get it approved by the Board;
5. Work with senior management and the BACC to establish a reporting relationship that will ensure that audit recommendations receive appropriate attention;
6. Establish a quality assurance and improvement program for the internal auditing activity that provides assurance that the internal auditing activity performs in accordance with its charter, adheres to the Standards and the Code of Ethics,

operates in an effective and efficient manner, and is perceived by the board and management as adding value and improving an organization's operations; and

7. Coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.

XI. Reportorial and Disclosure Requirements¹⁰²

1. The reports or disclosures covered under this Manual shall be prepared and submitted to the PSE, SEC and BSP, as the case may be in accordance with existing regulations, by the responsible office/officer.
2. All material transactions and decisions approved by the Board of Directors shall be immediately disclosed by the Corporate Secretary after each Board meeting. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the Bank's annual report.
3. As issuer of listed stocks, the Bank must comply with the continuing disclosure requirements of the PSE. The issuer must promptly make available all information, through the submission of structured and unstructured disclosures, that would enable a reasonable investor to determine whether to buy, sell or hold securities, or in connection with the exercise of related voting rights. It must take reasonable steps to ensure that all investors have equal access to such information.
4. The Bank is prohibited to communicate material non-public information about the issuer to any person, unless the issuer is ready to simultaneously disclose the material non-public information to the PSE. This rule does not apply if the disclosure is made to:
 - 4.1. A person who is bound by duty to maintain trust and confidence to the Issuer such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and
 - 4.2. A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

¹⁰² Principle 8, SEC Memorandum Circular No. 19, Series of 2016

The issuer shall establish and implement internal controls that will ensure that its officers, staff and any other person who is privy to the material non-public information shall comply with this requirement.

5. In compliance with SEC Memorandum Circular No. 15, Series of 2017, on or before May 30 starting 2018 and for each succeeding year that the Bank remains listed in PSE, the Bank shall submit three (3) copies of the duly accomplished Integrated Annual Corporate Governance Report (I-ACGR)¹⁰³.

5.1. The I-ACGR is a tool to disclose publicly-listed companies' compliance/noncompliance with the recommendations provided under the Code of Corporate Governance for Publicly Listed Companies, which adopts the "comply or explain" approach.

5.2. The Code is arranged as follows:

Component	Description
Principles	considered as high-level statements of corporate governance good practice and are applicable to all companies
Recommendations	objective criteria that are intended to identify the specific features of corporate governance good practice that are recommended for companies operating according to the Code
Explanations	strive to provide companies with additional information on the recommended best practice

5.3. When a Recommendation is not complied with, the Bank must disclose and describe this non-compliance, and explain how the overall Principle is being achieved. The alternative should be consistent with the overall Principle. Descriptions and explanations should be written in plain language and in a clear, complete, objective and precise manner, so that shareholders and other stakeholders can assess the Bank's governance framework.

¹⁰³ SEC Memorandum Circular No. 15, Series of 2017

- 5.4. At least one (1) duly notarized copy bearing the original and manual signatures of the following shall be filed to SEC:
 - 5.4.1. Chairman of the Board
 - 5.4.2. President and CEO
 - 5.4.3. All Independent Directors
 - 5.4.4. Chief Compliance Officer (CCO)
 - 5.4.5. Corporate Secretary
- 5.5. The Global Compliance Group shall accomplish the I-ACGR in coordination with various units for the Bank's responses and shall secure the approval of the Corporate Governance and Sustainability Committee.
- 5.6. The Global Compliance Group shall request the Corporate Secretary or the Chief Financial Officer (CFO) to submit the duly accomplished I-ACGR to the SEC and to disclose the same to the PSE.
6. In compliance with Section 175 of the MORB, the Bank shall prepare an Annual Report to promote greater disclosure and transparency to the public¹⁰⁴.
 - 6.1. The Annual Report shall include a discussion and/or analysis of the following minimum information in no particular order:
 - 6.1.1. Corporate policy;
 - 6.1.2. Financial summary/Financial highlights;
 - 6.1.3. Financial condition and results of operations;
 - 6.1.4. Risk management framework, including practices to mitigate and/or prevent money laundering and terrorist financing risks;
 - 6.1.5. Corporate governance;
 - 6.1.6. Corporate information; and
 - 6.1.7. Audited Financial Statements (AFS) which should be presented side by side on a solo basis (parent) and on a consolidated basis (parent and subsidiaries) as provided under Section 174 of the MORB.

¹⁰⁴ Section 175, Manual of Regulations for Banks

- 6.2. A copy of the latest Annual Report shall be posted/displayed by the Bank in a conspicuous place in its head office, all its branches and other offices. The Annual Report shall also be published in the Bank's website.
- 6.3. The Public Affairs Group shall be the lead office in the preparation of the Bank's Annual Report.
- 6.4. The Bank shall submit to the BSP the Annual Report Assessment Checklist (ARAC) together with the annual report. The ARAC identifies the pages and sections of the annual report corresponding to the disclosures.
- 6.5. The ARAC shall be jointly accomplished by the Public Affairs Group, Risk Management Group (RMG), Corporate Governance Division and Financial Accounting Division (FAD).
- 6.6. The deadline for the submission of the annual report and ARAC to the appropriate supervising department of the Bangko Sentral is 180 calendar days after the close of the calendar year.
- 6.7. The Bank shall electronically transmit (in Portable Document Format – PDF) the AR and AFS beginning with the 2019 AR and AFS to the Department of Supervisory Analytics (DSA) as follows¹⁰⁵:

E-mail Address	Report Title	File Name
dsakbar@bsp.gov.ph	Annual Report of Management to Stockholders covering Results of Operations for the Past Year	AR
dsakbar@bsp.gov.ph	Annual Report Assessment Checklist (ARAC)	ARAC

- 6.8. The Bank shall apply the following prescribed format for the Subject – AR<space><Bank Name><space><Reference period in dd Month yyyy>
For example: AR Philippine National Bank, 31 December 2019
- 6.9. If the Bank is unable to electronically transmit the AR and AFS, the Bank may use any portable storage device (e.g, USB flash drive) and submit the same through messengerial or postal services within the prescribed deadline to:

¹⁰⁵ BSP Memorandum No. 55, Series of 2020: Guidelines on the Electronic Submission of the Annual Report and Audited Financial Statements

The Director
Department of Supervisory Analytics (DSA)
Bangko Sentral ng Pilipinas
11th Floor, Multi-Storey Building BSP Complex, A. Mabini Street, Malate
1004 Manila

7. The Bank shall comply with SEC Memorandum Circular No. 11, Series of 2014: Template for Publicly Listed Companies' Websites. The Digital Channels Department under the Marketing Services Division shall be responsible for the periodic updating of the company website, in coordination with the Information Technology Group (ITG) and respective owners of the website pages¹⁰⁶.
8. The Global Compliance Group (GCG) shall also monitor compliance with respect to the Bank's participation in local and regional corporate governance initiatives such as the ASEAN Corporate Governance Scorecard (ACGS).

Under the ASEAN Capital Market Forum, of which the SEC is a regular member, six ASEAN countries—Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam—agreed to participate in this initiative. The ACGS is a set of questions developed in accordance with corporate governance principles of the Organization for Economic Cooperation and Development (OECD) as well as best corporate governance practices of major publicly listed companies in the ASEAN¹⁰⁷.

GCG shall also develop project plans and proposals, in coordination with the various units of the Bank, to address developmental areas in the Bank's compliance with the ACGS, as recommended by assessors, industry observers, and regulators.

XII. Insider Trading Policy¹⁰⁸

1. Insider trading is the buying or selling of a publicly traded company's stock by someone who has non-public, material information about that stock.
2. As defined under Section 3 of Republic Act No. 8799, otherwise known as the Securities Regulation Code, an insider means¹⁰⁹:

2.1. the issuer;

¹⁰⁶ SEC Memorandum Circular No. 11, Series of 2014

¹⁰⁷ ASEAN Corporate Governance Scorecard

¹⁰⁸ Recommendation 8.2, SEC Memorandum Circular No. 19, Series of 2016

¹⁰⁹ Section 3, Securities Regulation Code

- 2.2. a director or officer (or person performing similar functions) of, or a person controlling the issuer;
 - 2.3. a person whose relationship or former relationship to the issuer gives or gave him access to material information about the issuer or the security that is not generally available to the public;
 - 2.4. a government employee, or director, or officer of an exchange, clearing agency and/or self-regulatory organization who has access to material information about an issuer or a security that is not generally available to the public; or
 - 2.5. a person who learns such information by a communication from any of the foregoing insiders.
3. It shall be unlawful for any insider to communicate material non-public information about the issuer or the security to any person who, by virtue of the communication, becomes an insider as defined above, where the insider communicating the information knows or has reason to believe that such person will likely buy or sell a security of the issuer while in possession of such information.
 4. Directors and key officers as reflected in the General Information Sheet of the Bank shall advise the Corporate Secretary of their shareholdings in the Bank within three (3) business days after his appointment or any subsequent acquisition, disposal, or change in his shareholdings for proper filing of reportorial requirements with the SEC and PSE¹¹⁰.

XIII. Whistleblower Policy¹¹¹

1. Policy Statement

The Bank, in its commitment to adhere to the highest standards of ethical, moral and legal conduct in the operation of its business, shall instill among its employees a speak up culture. It puts in place a mechanism for reporting displayed behavior that is contrary to the Bank's office decorum and demeanor as provided for under the Bank's policies and code of conduct. Any report shall be handled with the highest level of confidentiality and free from fear of retaliation, reprisal, threat, bullying or intimidation.

¹¹⁰ Recommendation 8.2, SEC Memorandum Circular No. 19, Series of 2016

¹¹¹ PNB's Whistleblower Policy

The policy embodies the provisions that will address the following objectives that will ensure the effective implementation of the Policy:

- 1.1. To protect the Bank from damages to its assets, reputation, finances and people and mitigate risks and losses through the early discovery and proper reporting of suspected or actual wrongdoings;
- 1.2. To instill in the minds of all employees the “tone from the top” in the implementation of the policy by diligently promoting, observing and embedding the Speak Up culture;
- 1.3. To increase the level of confidence and awareness among employees by instituting a clear and confidential reporting system that will encourage them to report suspected or actual wrongdoings;
- 1.4. To promptly act on reported incidents by conducting a timely, proper and thorough investigation and to resolve and take appropriate corrective actions for reported acts of wrongdoing;
- 1.5. To protect all reporting employees from any form of retaliatory acts; and
- 1.6. To protect all Philnabankers from baseless and malicious reporting.

2. Reporting Channels

Any whistleblower who has personal knowledge of a wrongful act committed by a director, officer or rank and file employee of the Bank, or otherwise has strong and valid reasons for believing that a wrongful act or incident has been committed or occurred can immediately report the alleged suspected or actual event or violation with details to any of the Ethical Standards Committee (ESC) members via any of the following reporting channels:

- 2.1. Call or text to the Bank’s Whistleblower hotline at (632) 917-708-8902;
- 2.2. Send an email to whistleblowercomplaints@pnb.com.ph;
- 2.3. A verbal report to any of the members of the ESC, President/CEO, Chief Compliance Officer (CCO), Chief Audit Executive (CAE) or Chief Legal Counsel (CLC); or

- 2.4. Submission of a signed or unsigned statement using the “Disclosure of Violation/ Complaint Form” to the ESC secretariat, any member of the ESC, Office of the President/CEO, CCO, CAE or CLC.
3. Investigating Body
 - 3.1. In general, all reported incidents shall be acknowledged and acted upon by the ESC Secretariat, and investigated by the ESC for deliberation and decision, consistent with the jurisdiction of the committee.
 - 3.2. If necessary, as requested by the ESC, the Corporate Security Group (CSG), Internal Audit Group (IAG) and/or Legal Group shall conduct an investigation to corroborate the reported incident.
 - 3.3. In sensitive/special cases, reported incidents may be filed to and investigated by the Office of the President/CEO, CCO, CAE or CLC.
4. Confidentiality and Protection of Whistleblower
 - 4.1. To encourage reporting of wrongdoings/deviations, all reports will be kept confidential. The whistleblower or complainant is entitled to absolute confidentiality, during and after a disclosure, and throughout and after any proceeding taken thereafter concerning the following:
 - 4.1.1. personal identity of the whistleblower;
 - 4.1.2. the subject matter of the disclosure; and
 - 4.1.3. the person to whom such disclosure was made
 - 4.2. To ensure anonymity, the person to whom a disclosure has been made or referred to, including the ESC secretariat and its members, President/CEO, CCO, CAE or CLC, and even the directors shall not divulge and shall not be compelled to reveal or disclose any information that may identify or tend to identify a whistleblower or complainant, or disclose the subject matter of such report or complaint and vice versa, except under the following conditions:
 - 4.2.1. The whistleblower or the complainant consents in writing prior to a disclosure of an information;
 - 4.2.2. Needed for investigation or compelled by law, during the conduct of legal proceedings.

In the absence of the above, the whistleblower shall refrain from discussing any fact or information related to the report/complaint with anyone, except the ESC Secretariat and/or any of the members of the ESC, Office of the President/CEO, CCO, CAE or CLC. The Bank shall not, in any way, be held liable for any adverse consequences for the failure on the part of the whistleblower to comply with or observe this prohibition.

- 4.3. The act of whistleblowing does not free the whistleblower from responsibility, when in the course of the investigation, is himself found to be involved in the disclosed deviations or infractions. In meritorious cases, whistleblowing may be considered a mitigating factor when deciding on the disciplinary or legal actions that may be imposed against the wrongdoers.
- 4.4. Any employee who testifies in any proceeding arising from the whistleblowing shall be accorded with the same protection as the whistleblower.
- 4.5. The violation of the confidentiality provisions shall be considered a serious disciplinary offense, which will be dealt with under the Bank's code of conduct.

XIV. Related Party Transactions¹¹²

1. General Policy¹¹³

- 1.1. As part of a large and diversified conglomerate, the Bank recognizes that conflicts of interest may arise due to dealings and transactions with related parties.
- 1.2. In accordance with PNB's policy, RPT dealings must be treated in the normal course of business, on an arm's length basis. This means that RPTs are undertaken in the same manner as similar transactions with non-related parties.
- 1.3. The following critical factors are to be considered in the evaluation of RPTs:
 - 1.3.1. the related party's relationship to the Bank and interest in the transaction;
 - 1.3.2. the material facts of the proposed RPT, including the proposed aggregate value of such transactions;

¹¹² Recommendation 8.5, SEC Memorandum Circular No. 19, Series of 2016

¹¹³ PNB's RPT Policy Manual

- 1.3.3. the benefits to the Bank of the proposed RPT;
 - 1.3.4. the availability of other sources of comparable products or services; and
 - 1.3.5. the comparative assessment between the proposed RPT and similar non-related party transactions.
- 1.4. The Board of Directors shall have the overall responsibility for ensuring that transactions with related parties are handled in a sound and prudent manner with a high degree of integrity; for exercising sound and objective judgment; and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders of the Bank.
 - 1.5. The Board Oversight RPT Committee (BORC) shall assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interests, ensuring that exposures to related parties are effectively managed, and appropriate steps to control or mitigate the risks.
 - 1.6. Senior Management shall implement appropriate controls to effectively manage and monitor RPTs on per transaction and aggregate basis and shall periodically review and update the Bank's inventory of related parties covered by RPT policy to capture organizational and structural changes in the Bank and its related parties.
 - 1.7. The Bank's RPT Policy Framework has five key elements designed to promote good governance: (1) well-defined Board and Senior Management oversight; (2) updated and Board-approved policies and procedures; (3) enterprise wide RPT training program; (4) management information system (MIS) reporting; and (5) effective assessment and monitoring system.

XV. Shareholders' Rights¹¹⁴

1. The Bank shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights as enumerated below:
 - 1.1. Voting Right¹¹⁵

¹¹⁴ Principle 14, SEC Memorandum Circular No. 19, Series of 2016

¹¹⁵ Section 23 and 27, Revised Corporation Code of the Philippines

Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts as set forth in the Bank's By-Laws and in accordance with Republic Act No. 11232 otherwise known as the Revised Corporation Code. The procedures for the nomination and election of directors shall be provided to all shareholders to apprise them of their right to elect and vote at the annual meeting of shareholders through the notice and agenda of the meeting.

1.2. Right of Inspection¹¹⁶

Shareholders shall be allowed to inspect corporate books and records in accordance with the Corporation Code and shall be provided an annual report, including financial statements, without cost, during the usual business hours of the Bank.

1.3. Right to Information

All shareholders shall have the right of access to any and all information relating to matters which Management is accountable for. All shareholders shall have the right to propose legitimate matters to be included in the agenda of the Annual Stockholders' Meeting.

1.4. Right to Dividends

Shareholders have the right to receive dividends which shall be declared and paid out of the surplus profits of the Bank at such times and in such amounts as the Board of Directors may determine in accordance with the provisions of law and applicable regulations.

1.5. Appraisal Right¹¹⁷

Any stockholder of the Bank shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

1.5.1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

1.5.2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

¹¹⁶ Section 73, Revised Corporation Code of the Philippines

¹¹⁷ Title X, Revised Corporation Code of the Philippines

1.5.3. In case of merger or consolidation; and

1.5.4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

2. Meetings of stockholders

The stockholders' meeting serves as an avenue to make decisions based on the interests of the Bank in a fair and transparent manner.

The stockholders' meeting consists of the annual stockholders' meeting held once a year and special meetings may be held as needed.

Pursuant to the Bank's by-laws, the annual meeting of the shareholders shall be held at the principal office of the Bank or any other place within Metro Manila as may be determined by the majority of the Board, on the last Tuesday of April of each year unless such day is a legal holiday, in which case, the meeting shall be held on the following business day¹¹⁸.

Special meetings may be called by the Chairperson of the Board of Directors, by the President and CEO, by majority of the Board, or on the demand, in writing, of the shareholders who own majority of the voting stock¹¹⁹.

The Board, through the Corporate Secretary, shall encourage active shareholder participation by sending the notice of annual and special stockholders' meetings with sufficient and relevant information at least twenty-eight (28) days before the date of the meeting¹²⁰. Together with the notice, the Bank shall also send the Agenda Items for shareholder approval, explanation of such items, and other relevant information.

The results of the annual and special stockholders' meetings, including all the votes (approving and dissenting) during the meetings, shall be made publicly available on the company website within twenty-four (24) hours from the date of the particular meeting. The minutes of the meeting shall include, but not be limited to, a description of the voting and the vote tabulation procedures used, the opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received if any, the matters discussed, and the resolutions reached and a list of directors and officers who attended the meeting.

¹¹⁸ Section 4.2, PNB's Amended By-laws

¹¹⁹ Section 4.2, PNB's Amended By-laws

¹²⁰ Bonus Section, ASEAN Corporate Governance Scorecard

3. Investor Relations¹²¹

The Bank shall design and implement its Investor Relations Program with the objective of promoting investors' and shareholders' awareness and name recognition through participation in domestic and international conferences sponsored by fund managers. This program shall also be designed to effectively address concerns/issues of shareholders and investors that could materially affect the Bank's reputation, operations, and viability.

The Bank's Investor Relations Program is anchored on three main principles:

- 3.1. Accuracy and Timeliness: the Bank is committed to provide analysts, credit rating agencies, investors, and shareholders with correct and up-to-date information on developments in the Bank;
- 3.2. Transparency: the Bank is committed to disclose relevant information to investors and shareholders in accordance with the prescribed standard of disclosure by regulatory agencies; and
- 3.3. Consistency and Impartiality: the Bank is committed to prepare the same, unbiased information and to make said information accessible to all interested analysts, credit rating agencies, investors, and existing shareholders through various modes of communication.

The contact information of the Bank's Investor Relations Officer is available at the PNB website.

XVI. Sustainability¹²²

1. Sustainability Definition

For PNB, Sustainability means:

- 1.1. Ensuring that our employees are provided with the right competencies and learning opportunities as well as equal access to programs that can enhance productivity leading to self-sufficiency and a better quality of life;
- 1.2. Ensuring the longevity of our business by maintaining profitability, attracting and retaining the right talent, providing relevant financial solutions, managing our tangible and intangible resources, and upholding a culture of continuous improvement;

¹²¹ PNB's Investor Relations Program

¹²² PNB's Sustainability Report

- 1.3. Developing sustainable products and services, and financing businesses and activities that will provide positive contributions to the environment and the society;
- 1.4. Ensuring that our business and operations comply with all applicable laws, rules, and regulations, and aligned with local and international best practices and standards;
- 1.5. Ensuring that we consider and integrate social inclusion and gender equality factors in how we do our business and operate in our communities; and
- 1.6. Promoting the well-being of our stakeholders by keeping a healthy ecosystem of employees, outsourced personnel, third-party service providers, suppliers and vendors, customers, shareholders, regulators, and external communities.

2. Sustainability Policy Statement

PNB is a private Filipino, universal bank with global presence committed to provide relevant financial solutions to customers anywhere in the world. It is committed to generate value through a strategy focused on safe and sustainable growth.

The capacity of the Bank to grow and sustain business is contingent upon the quality of its human capital, the condition of its physical resources, the viability of its businesses, and the Bank's relationship with its customers, employees, shareholders, regulators, suppliers and vendors, outsourced personnel, third-party service providers, and external communities.

The Bank believes that Sustainability starts from within by respecting human rights, cultivating an inclusive and collaborative work culture, helping all employees regardless of gender and background to gain equal access to relevant training and opportunities to develop skills and capabilities needed to succeed and improve their well-being. Through this Policy, the Bank commits to educate and engage its employees, leading them to align with PNB's thrust on Sustainability. The Bank aims for its employees to embrace sustainability principles not only at work but also in their own personal lives as well.

Recognizing the Bank's essential role in helping shape the environment and the social landscapes, we believe that our Bank's Sustainability footprint should also extend to our products and services as well as to financing or supporting the

businesses and activities of our customers. As such, the Bank commits to fund or support projects and activities that will contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

The Bank will not support or involve itself in any business or activity that is illegal, and which might cause harm, directly or indirectly, to people and the environment.

On the other hand, the Bank will subject to enhanced due diligence and close monitoring high-risk businesses and activities that are considered to have harmful effects or negative impacts on the society and the environment. The Bank will continue to support these businesses or activities provided they have the necessary government approvals and permits, passed the ESG screening of the Bank, and submitted their mitigation action plans to address environmental and social risks.

In addition, the Bank expects its customers, vendors and suppliers, and third-party service providers to improve their business practices by identifying and managing their own environmental and social risks and impacts, adopting good industry standards and practices, and contributing positively to the environment and the society. The Bank commits to educate its customers, vendors / suppliers, and third-party service providers on PNB's Sustainability Policy.

To promote social inclusion and gender equality, the Bank will support and make available socially inclusive and gender-sensitive financial solutions. The Bank will do this by integrating social inclusion and gender lens in lending to or financing businesses; financing or refinancing projects that aim to improve social inclusion and gender equality; and by supporting CSR initiatives and activities that promote and improve social inclusion and gender equality.

Our economic, social, and environmental responsibility includes complying with all legal requirements. This Policy applies to all activities of PNB, including events, sponsorships, and engagements that the Bank supports. The Bank's employees, outsourced personnel, vendors / suppliers, and third-party service providers shall uphold the principles under this Policy to the fullest extent possible within prevailing budgets. Employees are encouraged to inform the Bank's Management about potential barriers that might hinder the growth of the organization's people and its business.

3. Reporting and Disclosure

The Bank, through the Corporate Sustainability Unit (CSU) under the Public Affairs Group (PAG), shall ensure that the material and reportable non-financial and

sustainability issues are disclosed on a regular and periodic basis. CSU shall adhere to the following disclosure requirements:

3.1. Annual Report¹²³

Pursuant to BSP Circular 1085, Series of 2020: Sustainable Finance Framework, the Bank shall disclose the following information in its Annual Report:

- 3.1.1. sustainability strategic objectives and risk appetite;
- 3.1.2. overview of environmental and social risk management system;
- 3.1.3. products and/or services aligned with internationally recognized sustainability standards and practices;
- 3.1.4. breakdown of environmental and social risk exposures of the Bank per industry or sector;
- 3.1.5. information on existing and emerging environmental and social risks and their impact on the Bank; and
- 3.1.6. other initiatives to promote adherence to internationally recognized sustainability standards and practices.

3.2. Sustainability Report¹²⁴

- 3.2.1. Pursuant to SEC Memorandum Circular No. 4, Series of 2019: Sustainability Reporting Guidelines for Publicly-Listed Companies, the Bank shall attach its annual sustainability report to its SEC Form 17-A.
- 3.2.2. SEC provided a reporting template available for companies (Annex A of the SEC Guidelines).
- 3.2.3. However, for companies who already have sustainability reports in accordance with internationally recognized frameworks and standards, their reports shall already be considered as their compliance with the reporting template. The Bank may choose to attach the whole sustainability report to their SEC Form 17-A or just include a statement providing a link to said report.

¹²³ BSP Circular 1085, Series of 2020: Sustainable Finance Framework

¹²⁴ SEC Memorandum Circular No. 4, Series of 2019: Sustainability Reporting Guidelines for Publicly-Listed Companies

XVII. Penalties for Non-Compliance with the Manual

Any personnel found to be deviating from the provisions of the Corporate Governance Manual shall be treated seriously and promptly in accordance with the Bank's Code of Conduct and shall be accordingly meted with the necessary sanctions.

XVIII. Policy Owner

The owner of the Corporate Governance Manual is the Corporate Governance Division under the Global Compliance Group (GCG).

XIX. Communication of this Manual

The Corporate Governance Manual shall be submitted to the SEC and shall be made available on the company website. It shall also be available for inspection by any shareholder of the Bank at its principal office during reasonable hours on a business day.

This Manual shall be published and communicated to all employees of PNB via email network and shall be maintained in GCG's intranet site, i-Comply SharePoint.

XX. Review and Maintenance of the Manual

GCG shall review the Corporate Governance Manual at least once a year and shall be updated as necessary to ensure its continuing suitability, adequacy and effectiveness. GCG shall endorse the Corporate Governance Manual to the Board of Directors thru the Corporate Governance and Sustainability Committee for approval.

XXI. Effectivity

The Corporate Governance Manual shall take effect upon approval of the Board of Directors. Any existing policy inconsistent with this Manual shall be deemed superseded.



PRESIDENT AND CHIEF AUDIT EXECUTIVE ATTESTATION

The results of 2023 independent internal audit services performed by Internal Audit Group and the reviews undertaken by the external reviewers comprised of the Bank's external auditors, by Bangko Sentral ng Pilipinas (BSP) as the Bank's supervising regulator, and by the various foreign regulators on the Bank's overseas branches and subsidiaries, disclosed that the Bank's overall risk management system, internal control system, governance processes, and compliance with policies, procedures and regulations as generally effective in all material respects. We likewise attest that the audit scope and coverage are adequate, comprehensive, risk-based and process-focused, that Management is aware of its responsibility for internal control, and that the accomplishment of audit activities and reporting of relevant issues and other pertinent information to the Board Audit and Compliance Committee and the Board of Directors is free from any interference.

We also acknowledge the Board of Directors and Senior/Top Management's strong discharge of their oversight and governance functions over the Bank's internal control system through constant monitoring of risk issues on various operations of the Bank, updating of Operations and Policy manuals and issuances of appropriate Operations Policies and Procedures (OPP) to strengthen the control environment against significant impact on changes in business related industries where the Bank operates.

We are confident that under the strong governance of the Board and with strong support of Senior Management to oversee the establishment, administration, and assessment of the Bank's system of risk management and control processes, Philippine National Bank's internal control environment will remain effective and dynamic, hence ensures the attainment of its business objectives with reasonable assurance.

PHILIPPINE NATIONAL BANK

A handwritten signature in black ink, appearing to read "AS Pedro", written over a horizontal line.

ANALISA I. SAN PEDRO
FVP & CAE of Internal Audit Group

A handwritten signature in black ink, appearing to read "FP Casuela", written over a horizontal line.

FLORIDO P. CASUELA
President



SECRETARY'S CERTIFICATE

I, **RUTH PAMELA E. TANGHAL**, Corporate Secretary of the Philippine National Bank ("PNB", the "Bank"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, do hereby certify that PNB engaged Roxas Delos Reyes Laurel Rosario & Gonzales Law Offices for the validation of proxies and votes cast for the Bank's 2023 Annual Stockholders' Meeting held on April 25, 2023.

IN WITNESS WHEREOF, I have hereunto affixed my signature on MAY 16 2024 in Pasay City, Metro Manila.


RUTH PAMELA E. TANGHAL
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 16 2024 in PASAY CITY, affiant exhibited to me her TIN

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 Book No. IV
 Series of 2024.


ATTY. MICHELLE A. PAHATI
 Notary Public for Pasay City
 Commission No. 23-29; valid until 12-31-24
 Roll No. 45737/Lifetime Member No. 013500
 PTR No. 8058699/ 05 January 2023/ Pasay City
 MCLE Compliance No. VII-0028408
 PNB Financial Center, Pres. Macapagal Blvd., Pasay City

Philippine National Bank
 PNB Financial Center
 Pres. Diosdado Macapagal Blvd.,
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