



May 30, 2024

PHILIPPINE DEALING & EXCHANGE CORP.
29F BDO Equitable Tower
8751 Paseo de Roxas
Makati City

Attention : **ATTY. SUZY CLAIRE R. SELLEZA**
Head, Issuer Compliance and Disclosure Department

Gentlemen:

Pursuant to SEC Memorandum Circular No. 15, Series of 2017, we submit the 2023 Integrated Annual Corporate Governance Report of Security Bank Corporation.

Very truly yours,

A handwritten signature in blue ink, appearing to read "G. Ayson", written over a light blue circular stamp.

ATTY. GRACE S. AYSON
Assistant Corporate Secretary

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	The fifteen (15) members of the Board of Directors bring to the Board a diversity of age, nationality, educational background, technical skills, professional experience and gender: <ul style="list-style-type: none"> • 6 Independent Directors and 9 Regular Directors • 3 Executive Directors and 12 Non-Executive Directors (including the Independent Directors) • 4 Female and 11 Male Directors • 4 Foreign Nationals and 11 Filipinos • 13 with Financial Services experience • 11 with Management/ Operations and Strategy expertise • 2 with Legal experience • 3 with IT experience • 2 with Public Sector experience • 5 with Accounting/ Risk Management expertise • 3 with Sales/ Marketing/ Business Development expertise • 3 are working in the Academe/ Education sector <p>Link/ References:</p> <ol style="list-style-type: none"> 1. Directors' Profile from the Bank's Corporate website (Directors' Profile) https://www.securitybank.com/about-us/leaders/board-of-directors/ 2. The 2023 Integrated Report (Board of Directors' Profile, Pages 38 to 40; Selection Process, Page 50; Directors' Snapshot, Page 50) 	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		

		<p>https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>3. 2023 Definitive Information Statement (Directors' Profiles, Annex A; Certification of Independent Director, Pages 10 to 16; Assessment of Qualifications by the NomRem Committee, Pages 21 to 22) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <p>4. Change in Directors and/or Officers (Ma. Cristina Tingson) https://edge.pse.com.ph/openDiscViewer.do?edge_no=adc8df058aeb01ef9e4dc6f6c9b65995</p> <p>5. The Bank's Manual of Corporate Governance 2022 Issuance: Nomination and Election Policy, Pages 49 to 51; Selection/ Appointment/ Disqualification of Directors, Pages 51 to 63 https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: Diversity in the Board of Directors, Page 10; Qualifications and Disqualifications of Directors, Pages 44 to 47; Nomination and Election of Directors, Pages 48 to 51) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
3. Directors remain qualified for their positions individually and collectively to enable them	COMPLIANT	All of the Directors meet the qualification standards prescribed under the Bank's Manual of Corporate Governance which enumerates the criteria for selection and appointment of Directors. These criteria are	

<p>to fulfill their roles and responsibilities and respond to the needs of the organization.</p>		<p>aligned with the standards set by the Bank's primary regulators, the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP). The BSP in particular requires the Bank to confirm that it has conducted a fit and proper test on the Directors and that it takes full responsibility in ensuring that the Director continuously meets the eligibility requirements and qualifications. Independent Directors additionally issue a notarized affidavit to attest to their qualification and independence.</p> <p>In accordance with procedures, the qualifications of nominated Directors are assessed and evaluated by the Nominations and Remuneration Committee, with results of their annual self-assessment also being taken into consideration.</p> <p>Link/ References:</p> <ol style="list-style-type: none"> 1. Directors' Profile from the Bank's Corporate website (Directors' Profile) https://www.securitybank.com/about-us/leaders/board-of-directors/ 2. The 2023 Integrated Report (Board of Directors' Profile, Pages 38 to 40; Selection Process, Page 50; Directors' Snapshot, Page 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 3. 2023 Definitive Information Statement (Directors' Profiles, Annex A; Certification of Independent Director, Pages 10 to 16; Assessment of Qualifications by the NomRem Committee, Pages 21 to 22) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995 <p>Also in:</p>	
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		<p>https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <p>4. Change in Directors and/or Officers (Ma. Cristina Tingson) https://edge.pse.com.ph/openDiscViewer.do?edge_no=adc8df058aeb01ef9e4dc6f6c9b65995</p> <p>5. The Bank's Manual of Corporate Governance 2022 Issuance: Nomination and Election Policy, Pages 49 to 51; Selection/ Appointment/ Disqualification of Directors, Pages 51 to 63 https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: Diversity in the Board of Directors, Page 10; Qualifications and Disqualifications of Directors, Pages 44 to 47; Nomination and Election of Directors, Pages 48 to 51) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>The Bank's Board is composed of fifteen (15) directors. Twelve (12) are non-executive directors (including six (6) Independent Directors): Frederick Y. Dy; Cirilo P. Noel; Diana P. Aguilar; Nobuya Kawasaki; Alfonso L. Salcedo Jr; Maria Cristina A. Tingson; Gerard H. Brimo (ID); Enrico S. Cruz (ID); Esther Wileen S. Go (ID); Jikyeong Kang (ID); Jose Perpetuo M. Lotilla (ID) and Napoleon L. Nazareno (ID).</p> <p>Three (3) are executive directors, Mr. Sanjiv Vohra, Mr. Juichi Umeno, and Mr. Daniel Dy.</p> <p>Links/ References:</p> <p>1. The Bank's Corporate Website</p>	

		https://www.securitybank.com/about-us/leaders/board-of-directors/ 2. The 2023 Integrated Report (Board of Directors, Page 37; Composition, Page 49) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	On an annual basis, the Board of Directors and select senior officers attend a corporate governance training program conducted by a training provider that is accredited by the Securities and Exchange Commission (SEC), in accordance with the Bank's Training Policy for Board of Directors. The training policy is documented in the Manual of Corporate Governance, which also serves as the Board Charter. Link/ Reference: 1. The Bank's Manual of Corporate Governance 2022 issuance: Training Policy for Board of Directors, Page 41 https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 issuance: Training Policy for Board of Directors, Page 38 – 40) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
2. Company has an orientation program for first time directors.	COMPLIANT	First time directors are required to attend the Orientation Program for New Directors which consists of the following: <ul style="list-style-type: none"> • SEC and BSP mandated special seminar on corporate governance conducted by a duly recognized/ accredited private or government institute • Introduction to the Bank's business, Articles of Incorporation and the Code of Conduct 	

		<p>This Policy is included in the Bank's Manual of Corporate Governance.</p> <p>For the new directors elected in 2023, Mr. Umeno, Mr. Kawasaki and Ms. Tingson attended the Seminar on Corporate Governance facilitated by the Institute of Corporate Directors and the Bank's Orientation Program for New Directors, an induction training that consisted of one-hour discussions with business heads, shared services and control heads with the aim of providing them with an introduction to the company's operations. This was completed in 16 June 2023 for Mr. Kawasaki and Mr. Umeno, and 7 July 2023 for Ms. Tingson. Copies of their respective completion certificates are attached as Annex A.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 issuance: Training Policy for Board of Directors, Page 41 https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 issuance: Training Policy for Board of Directors, Page 38 – 40) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	
<p>2. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>	<p>The Training Policy provides that the annual continuous training program of Directors shall be for at least four (4) hours and shall cover courses on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy. The training plan is included in the Policy as follows:</p> <p><i>i. Pre-requisite Training</i> A director shall be required to attend a special seminar on corporate governance which shall be conducted by a BSP duly</p>	

recognized/accredited private or government institute, before assuming and performing his function as such.

ii. Continuing Developmental Education

Through External Seminars/Trainings:

Financial Literacy Programs

- Assessing the Quality of Earnings and Financial Position*
- Overview of Philippine and International Financial Reporting Standards*
- Risk Oversight: Creating the Risk Intelligent Board*
- Internal Control Concepts*

Director Development

- Board Fiduciary Duties*
- Board Form and Function*
- Executive Development and Succession Strategies*
- Executive and Director Compensation*
- Developing a Value-Driven Board Evaluation Program*

Customized Training Program

- The board's role in the development of strategy*
- Improving the Board's decision-making process*
- Understanding enterprise risk and creating the "risk intelligent" board*
- Value-driven ethics and compliance programs*
- Assessing earnings quality*
- The board's role in responding to a crisis*
- Executive development and succession planning*
- Emerging trends in executive compensation*
- The board's role in mergers and acquisitions*
- Assessing fraud risk and setting the tone at the top*
- Managing competing values in environments of dynamic change*
- Industry-specific and competitive developments*

During Senior Management Meetings/Briefings

- *Regulatory Update*
- *Ethics and Compliance Program Oversight*

Last 25 April 2023, the Board of Directors of the Bank, including its subsidiaries, and select senior management officers attended the Bank's exclusive Annual Corporate Governance Training held face-to-face and virtually and facilitated by Center for Global Best Practices (CGBP). The training topics were on Updates to Corporate Governance, Sustainability Reporting, Crisis Communication and Dealing with Controversies.

The Board Members continue to have access to the Bank's "BetterBankingSustainable SharePoint site, which is a repository of all internal content on the Bank's sustainability framework so that they can self-read on sustainability materials.

Last 25 September 2023, the Board had a learning session on Anti Money Laundering facilitated by Center for Global Best Practices (CGBP), with a speaker provided by CGBP as well as in-house.

Link/ Reference:

1. The Bank's Manual of Corporate Governance
2022 issuance: Training Policy for Board of Directors, Page 41
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 issuance: Training Policy for Board of Directors, Page 38 – 40)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. The 2023 Integrated Report (Induction and Continuous Training, Page 50)

		https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>The Policy Statement on Board Diversity as found in the Manual of Corporate Governance provides as follows:</p> <p><i>The Bank recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, competence and knowledge, background, age, ethnicity, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.</i></p> <p>Further, the Manual provides for a specific objective on gender diversity which requires at least two (2) female Board members in the total number of directors and for the Board to take opportunities to increase over time the number of female Board members where that is consistent with the skills, experience and other diversity requirements as well as global best practice.</p> <p>True to the above policies, the Board shows diversity not just in gender, but also in terms of age, nationality, and academic background and experience. There are four (4) women in the Board, which is one more than the previous year. There are two (2) directors within the 30 to 49 age group; six (6) directors within the 49-64 age group and seven (7) directors in the 65 and over group. In terms of nationality, there are 11 Filipinos in the Board, supported by Directors who are citizens of Korea (1), India (1) and Japan (2). The background experiences of the Board members are varied and cover the areas of Financial Services; Accounting, Risk Management and Audit; Management, Operations and Strategy; Sales, Marketing</p>	

		<p>and Business Development, Information Technology, Legal, Public Service and the Academe.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 issuance: (Policy Statement on Diversity of Experience and Background of Board of Directors and Objective on Gender Diversity, Page 46) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Diversity in the Board of Directors, Page 10) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Diversity in the Board and Directors' Snapshot, Page 49 to 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Optional: Recommendation 1.4			
<ol style="list-style-type: none"> 1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. 	COMPLIANT	<p>The Manual of Corporate Governance includes an Objective on Gender Diversity, which is to maintain at least two (2) female Board members, and to take opportunities to increase over time that number where it is consistent with skills, experience and other diversity requirements as well as global best practice. The Bank currently has four (4) female Board members or 27% of its total composition, which is above the norm for the country's reported 21.7% average and the global average of 23 %.</p> <p>Link/ References</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Objective on Gender Diversity, Page 46) 	

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Objective on Gender Diversity, Page 10)</p> <p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. “Women in the boardroom: A global perspective”, 8th edition, Deloitte Global, https://www2.deloitte.com/content/dam/insights/articles/glob176823_board_effectiveness_wob/GLOB176823_Women-in-the-boardroom-2.pdf</p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>The Bank’s Corporate Secretary is Atty. Joel Raymond R. Ayson. He was elected as Corporate Secretary on 19 July 2004. He has never served as the Chief Compliance Officer nor as a Director of the Bank.</p> <p>Links/ References:</p> <p>Creation of the Corporate Secretary Role</p> <p>1. The Bank’s By-laws (Page 8, Article VI, Section I) https://www.securitybank.com/wp-content/uploads/2021/11/Security-Bank-By-Laws.pdf</p> <p>Qualifications/ Duties and Responsibilities of the Corporate Secretary:</p> <p>1. The Bank’s Manual on Corporate Governance 2022 Issuance: (Corporate Secretary, Page 87 to 89) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Corporate Secretary, Page 87 to 88)</p>	

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>Profile of Atty Ayson:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Corporate Secretary, Page 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. The Bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/ 	
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>COMPLIANT</p>	<p>The Bank Corporate Secretary is Atty, Joel Raymond R, Ayson. The Chief Compliance Officer is Ms. Anna Christina M. Chinjen.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. Appointment of Ms. Chinjen as CCO https://edge.pse.com.ph/openDiscViewer.do?edge_no=6bfd8ebd2c2647d0de8473cebbd6407 2. 2024 Definitive Information Statement (Annex A, Key Officers as of February 29, 2024) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <ol style="list-style-type: none"> 3. The 2023 Integrated Report (Corporate Secretary, Page 40; Executive and Senior Management's Profiles, Pages 44 to 45) 	

		https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	<p>The Bank Corporate Secretary Atty. Joel Raymond R. Ayson is not a member of the Board.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. Board of Directors listed in the Bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/ 2. The 2023 Integrated Report (Board of Directors, Page 37 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>The Bank's Corporate Secretary attended the 4-hour seminar on Corporate Governance last April 25, 2023 facilitated by Center for Global Best Practices for the SBC Group, which included the following topics:</p> <ol style="list-style-type: none"> 1. Updates in Corporate Governance 2. Sustainability Reporting 3. Crisis Communication 4. Dealing with Controversies <p>Please refer to Annex B for a copy of his Certificate of Attendance to the 2023 Annual Corporate Governance Training.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Induction and Continuous Training, Page 50) 	

		https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	NON-COMPLIANT	Provide proof that Corporate Secretary distributed board meeting materials at least five business days before scheduled meeting	The Corporate Secretary uses Nasdaq Boardvantage System where Board materials are uploaded four (4) calendar days ahead of the Board meeting. Given that the material for the Board meeting is mainly preliminarily discussed at the Committee level, the Board Members who are likewise members of these Committees would already be familiar with the agenda item.
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The Bank's Chief Compliance Officer is Anna Christina M. Chinjen with the rank of Senior Vice President. She has a functional reporting line to the Board through the Corporate Governance Committee and has an administrative reporting line to the Chief Executive Officer. The Chief Compliance Officer is not a member of the Board.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		



Links/ References:

Ms. Chinjen's Profile and Qualifications

1. The 2023 Integrated Report (Executive and Senior Management's profiles, Pages 44 to 45)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>
2. 2024 Definitive Information Statement (Annex A, Key Officers as of 29 February 2024)
https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0

Also in:

<https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf>

Duties and Responsibilities of the CCO

1. The Bank's Manual on Corporate Governance

		<p>2022 Issuance: (Chief Compliance Officer, Pages 89 to 90) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>Reporting Line:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Table of Organization, Page 56) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf <p>Members of the Board of Directors:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Board of Directors, Pages 37 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The Bank's Chief Compliance Officer attended the 4-hour seminar on Corporate Governance last April 25, 2023 facilitated by Center for Global Best Practices for the SBC Group, which included the following topics:</p> <ol style="list-style-type: none"> 5. Updates in Corporate Governance 6. Sustainability Reporting 7. Crisis Communication 8. Dealing with Controversies <p>Please refer to Annex C for a copy of her Certificate of Attendance to the 2023 Annual Corporate Governance Training.</p>	

		<p>Link/ Reference:</p> <p>1. The 2023 Integrated Report (Induction and Continuous Training, Page 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</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

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>To enable the Board to operate effectively and properly fulfill their duties and responsibilities, Management is expected to provide them with access to complete, accurate and timely information about the matters to be taken up in their regular and special board meetings and in regular briefings/ meetings with Senior Management.</p> <p>The typical Board agenda includes:</p> <ul style="list-style-type: none"> • Approval of the minutes of the previous board meeting • Report on the Financial Markets • Report on the Financial Performance of the Bank and its Competitive Standing, and Business Segment Performance Reports • Items for Board approval, including, strategic and operating plans, capital expenditures, senior management appointments, new products, DOSRI matters, authority limits, policies as recommended by Board Committees • Items for Board notation including reports from the various Board committees, including minutes of meetings of the Board and Management Committees and the Bank's subsidiaries. <p>The Board members are likewise assigned specific committees for detailed discussions and approvals of policies and monitoring of performance relative to policies. These Committees include Audit Committee, Corporate Governance Committee, Executive Committee, Finance Committee, Nominations and Remuneration Committee, Related Party Transactions Committee, Restructuring</p>	
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		<p>Committee, Risk Oversight Committee, Trust Committee and Transformation and Technology Committee.</p> <p>The Office of the Corporate Secretary acts as the secretariat and provides the board members and concerned parties with copies of the official minutes of the board meetings. The Board approvals are documented in the minutes of the meetings.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance:(Information Access Management, Pages 5 to 6) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: :(Information Access Management, Pages 5 to 6) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Committee Responsibilities, Accomplishments and Attendance, Pages 52 to 55) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 2.2			
<ol style="list-style-type: none"> 1. Board oversees the development, review and approval of the company's business objectives and strategy. 	COMPLIANT	<p>The Board of Directors is primarily responsible for the governance of the Bank, ensuring that the Bank is steadily run in a prudent and sound manner under high standards of honesty, integrity and best practice. The Board reviews, guides and approves the corporate strategy and major plans; sets performance objectives; monitors implementation and corporate performance and oversees major capital expenditures, acquisitions and divestitures, in order to sustain the company's long-term viability and strength.</p>	

The Board reviews the corporate strategy annually. The President and Chief Executive Officer, in conjunction with the Board, takes the lead in the development and execution of the Bank's long-term strategy with a view to creating shareholder value. This is supported by short-term and medium-term business plans, which are products of thorough deliberation by Senior Management, and reviewed and approved by the Board.

As such, together with the Bank's Senior Management team, the Board holds regular discussions on the Bank's strategic direction given changes in the operating environment and to ensure alignment of bank-wide efforts in the delivery of the operating and strategic objectives. The 2023 operating plans and budgets were approved by the Board in December 2022.

Links/ References:

1. The Bank's Manual of Corporate Governance 2022 issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 12 to 13, item 2)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 12 to 14, Item 2)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. The 2023 Integrated Report (Corporate information, Page 2; Duties and Responsibilities, Page 49)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>

		<p>3. Vision and Mission as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/vision-and-mission/</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>A detailed full year assessment of the performance of each business segment, as well as their detailed operating plans for the year is presented by the Management team to the Board members in January or February each year. In 2023, this was conducted in January, together with the presentation to the Board of the bank-wide unaudited financial results and business segment performance.</p> <p>Together with the Bank's Senior Management team, the Board holds regular discussions on the Bank's strategic direction given changes in the operating environment and to ensure alignment of bank-wide efforts in the delivery of the operating and strategic objectives. The 2023 operating plans and budgets were approved by the Board in December 2022.</p> <p>The agenda of each Board meeting includes a monthly review of the business segments (Retail, Wholesale, Business Banking, Financial Markets Segments) financial performance.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Duties and Responsibilities, Page 49) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. The Bank's Manual of Corporate Governance 2022 issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 12 to 13, item 2) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 	

		<p>2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 12 to 14, Item 2)</p> <p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
Supplement to Recommendation 2.2			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>COMPLIANT</p>	<p>The Board reviews the Bank's mission and vision periodically to ensure that they remain reflective of and accurately embody the Bank's purposes, goals and set direction.</p> <p>In September 2020, the Board enhanced the Mission Statement previously approved in 2018 by including a sustainability component, as such: "We enrich lives, empower businesses, and build communities sustainably through financial service excellence."</p> <p>In January 2021, the Board approved a revision of the Vision Statement as follows: To become the most customer-centric bank in the Philippines.</p> <p>The core beliefs have also been reaffirmed through the following Values Statement that will serve to guide decision-making and establish a standard against which actions can be assessed:</p> <p>People: We care for our employees and their development. We are driven to provide personalized services which fit the needs of our customers. We provide sustainable value to our shareholders and the communities we serve.</p> <p>Integrity: We act respectfully and honestly to honor commitments while ensuring timely, best-in-class delivery even when situations are challenging.</p> <p>Empowerment: We are accountable for the authority we are given and the authority we give to others.</p>	

		<p>Innovation: We re-imagine existing processes and tools towards achieving better outcomes.</p> <p>Execution Excellence: We effectively operationalize strategic goals and drive process and service excellence.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Corporate Information, Page 2) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. Vision and Mission as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/vision-and-mission/ 3. Corporate Values as posted on the Bank's Corporate Website https://www.securitybank.com/what-matters-to-us/ 	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>COMPLIANT</p>	<p>The strategic directives of the Bank are regularly reviewed. The operating plan/targets for the following year are defined every December. In January and February of the succeeding year, the performance of the previous year is assessed against plans. The detailed operating plans, with specific items on objectives, resource requirements for capital investments or people, and timelines, are also discussed.</p> <p>The Board has approved the organization into specific business segments as part of the Strategy Execution Process.</p> <p>On a monthly basis, the CFO reports on the company's financial performance to the Board, assessing actual performance versus the budget, the previous year and on a quarterly basis against competitors. Likewise, each business segment head and enabler heads present updates of performance to the Board.</p>	

		<p>The President of each subsidiary also presents the results of the financial performance of each subsidiary on an annual basis at the minimum.</p> <p>As part of the strategy execution process, each employee has a defined Key Result Area (KRA) where objectives and deliverables are specifically stated. With a focus on performance-based culture and of accountability, each employee goes through an annual performance appraisal process which includes calibration of what was achieved and how the goals were achieved. The performance management process ensures that KRAs stem from or are aligned with the Bank's overall objectives.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Annual Performance Evaluation, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 2.3			
<ol style="list-style-type: none"> 1. Board is headed by a competent and qualified Chairperson. 	COMPLIANT	<p>Mr. Cirilo P. Noel, 66, was appointed as the Interim Chairman of the Board in May 2023 following the passing of former Chairman Alberto S. Viilarosa.</p> <p>He is the Chairman of the Executive Committee and Vice Chairman of the Senior Credit, Corporate Governance, and Audit Committees, and a member for the Risk Oversight Committee. He is the Chairman of Palm Concepcion Power Corporation (since June 2018), Juxtapose Ergo Consultus, Inc. (since May 2019), and Confiar Land Corp since September 2021. He is a member of the Board of Directors of Eton Properties, Inc. (since April 2019), Transnational Diversified Group Holdings (since August 2019), Amber Kinetics Holdings Co., PTE Ltd. (since March 2018), PLC-Globe Telecom, Inc. (since April 2018), LH Paragon Group, Golden ABC (since January 2018), PLC-San Miguel Foods and Beverage, Inc. (since September 2018),</p>	

PLCRobinsons Retail Holdings (since August 2020), and PLCFirst Philippine Holdings Corporation (since May 2021).

He is a member of the Board of Trustees of St. Luke's Medical Center Quezon City (since August 2017) and St. Luke's Medical Center College of Medicine (since September 2018). He sits as a board member of St. Luke's Medical Center-Global City (since August 2017) and St. Luke's Foundation, Inc. (since August 2018). He is currently affiliated with the Makati Business Club, Harvard Law School Association of the Philippines, and Harvard Club of the Philippines. He was a member of the Board of Directors of Philippine Airlines (from 2018 to 2019), PLC-PAL Holdings, Inc. (from 2018 to 2019), and PLC-JG Summit Holdings (from 2018 to 2021). He was recognized as the 2019 Outstanding Professional of the Year in the field of Accountancy by the Professional Regulations Commission for his distinguished contributions to the fields of accountancy, tax, and law. He was also awarded as one of the 75 Most Outstanding UE Alumni by the University of the East in 2021. In March 2023, he was presented with the Accountancy Centenary Award of Excellence by the Professional Regulatory Board of Accountancy for being one of the notable CPAs in the country.

Before joining the Bank, he held various positions in SGV & Co., including Chairman (from 2010 to 2017), Managing Partner (from 2009 to 2010), Vice Chairman & Deputy Managing Director (from 2004 to 2009), Head of Tax Division (from 2001 to 2008) and Partner, Tax Services (from 1993 to 2017). For two terms, he was an Ernst & Young (EY) Global Advisory Council member. He was also EY ASEAN Tax Head and Far East Area Tax Leader from 2004 to 2009 and the Presiding Partner of EY Asia Pacific Council. He graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws from the Ateneo Law School. He took Master of Laws at Harvard Law School. He is a Harvard International Tax Program fellow and attended the Asian Institute of Management's Management Development Program.

		<p>Links/ References:</p> <p>Interim Chairman's Profile</p> <ol style="list-style-type: none"> 1. Board of Directors as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/ 2. The 2023 Integrated Report (Board of Directors' profiles, Page 38) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 3. 2024 Definitive Information Statement (Annex A, The Board of Directors) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p>	
Recommendation 2.4			
<ol style="list-style-type: none"> 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. 	COMPLIANT	<p>The Manual of Corporate Governance provides that the Board shall establish an effective succession planning program, which program shall include a system for identifying and developing potential successors for key and/or critical positions in the organization, through systematic evaluation process and training.</p> <p>Specifically for the Board of Directors, the succession plan shall consider the following:</p> <ol style="list-style-type: none"> a) The regular Board members are those with stake or shareholdings in the Bank. b) The succession plan of the President & CEO, who is a mandatory member, is covered by the Succession Plan for Senior Management. 	

The Nominations and Remuneration Committee and Senior Management shall work closely in identifying and coming up with a pool of qualified individuals for the Executive, Non-executive and Independent Director's (ID) seat. Sources of possible Directors:

- a) Regulated pool of accredited regular and independent directors obtained from professional management associations such as Financial Executives of the Philippines (FINEX), Institute of Corporate Directors (ICD) and the like;
- b) Directors of listed companies.

For key officers and management, the Bank recognizes the need for leadership continuity by maintaining a ready pool of competent and qualified successors especially from among its rank to fill in vacant posts resulting from business expansion, talent migration or the normal course of employee retirement. The Bank's Succession Planning Program primarily covers the following major activities:

- Identifying critical roles that need succession management
- Establishing the required capabilities for these critical roles
- Identification of successors
- Investment in fit-for-purpose development activities to enhance the competence and readiness of identified successors
- Execution of the Succession Program
- Periodic review of the potential successor's progress per Development Plan

Links/ References:

1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board – Succession Planning, Page 23; Succession Plan for Board of Directors, Page 90)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>

		<p>2024 Issuance: (Specific Duties and Responsibilities of the Board – Succession Planning, Page 22; Succession Plan for Board of Directors, Page 40 to 41) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Succession and Refreshment Plan for Board of Directors/ Succession and Retirement Policy for Officers, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>COMPLIANT</p>	<p>Part of the responsibilities of the Board is to adopt a policy on retirement for directors and officers, as part of the succession plan, to promote dynamism and avoid perpetuation in power. The Bank's policy on retirement for Board of Directors further provides:</p> <p><i>Board Refreshment Policy</i></p> <p>a) <i>The new board members elected starting in 2017 shall not stand for election for any term that begins after his 75th birthday.</i></p> <p>b) <i>Existing board members beyond the age of 70 who have been with the Board prior to 2017 shall be allowed an extension of 10 years.</i></p> <p>c) <i>Existing board members below the age of 70 who have been with the Board prior to 2017 shall be allowed an extension of 10 years after they reach the age of 75.</i></p> <p>d) <i>The Nominations and Remuneration Committee shall regularly assess the capability of Board members to continuously serve in the Board.</i></p> <p>The Bank likewise has a retirement policy for all its employees, including its officers, which sets the ages for normal/ compulsory retirement, forced retirement and early retirement.</p>	

		<p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board, Page 25; Board Refreshment Policy, Page 91) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Specific Duties and Responsibilities of the Board, Page 25; Board Refreshment Policy, Page 41) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Succession and Refreshment Plan for Board of Directors and Succession and Retirement Policy for Officers, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
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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	<p>The Board, through the Nominations and Remuneration Committee implements and approves the remuneration policy for key officers and board members. The policy is aligned with the long-term interests of the Bank including the overall business and risk strategy. Its components include fixed remuneration, performance-based bonus, regular bonuses, incentives and other benefits. The Nominations and Remuneration Committee determines appropriate remuneration based on specific financial and non-financial metrics to measure performance and sets specific provisions for employees with significant influence on the overall risk profile of the corporation.</p> <p>Key considerations in determining proper compensation: a. The level of remuneration is commensurate to the responsibilities of the role; b. No director shall participate in deciding his own remuneration;</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		

- c. Remuneration pay-out schedules shall be sensitive to risk outcomes over a multi-year horizon
- d. Remuneration of employees assigned in control functions such as Audit, Risk and Compliance, shall be determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives.

The non-executive directors receive fees for attendance in meetings of the Board and its committees and performance-based bonuses, while the executive directors receive fixed compensation, performance-based bonuses and other usual bank benefits accorded under standard employment terms, plus fees for attendance in meetings. The directors have no other compensation plan or arrangement with the Bank. No warrants or options are held by them.

Links/ References:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Policy Statement on Remuneration, Page 47)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Remuneration Policy for Directors and Key Officers, Pages 53 to 55)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. The 2023 Integrated Report (Remuneration, Page 51)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>

<p>1. Board approves the remuneration of senior executives.</p>	<p>COMPLIANT</p>	<p>It is the responsibility of the Board of Directors to approve a sound remuneration and other incentives policy for the Bank's employees, including senior executives.</p> <p>The Board approved the top Executive Compensation disclosure of the Bank's Officers and Board members, including the top 5 highest compensated officers during February 2023 Board Meeting.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 20) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 21) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Remuneration, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
<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>The Bank provides senior management, which includes executive directors and senior executives, with a remuneration program that is equitable and commensurate to the responsibilities of each key officer. The Bank maintains a competitive remuneration standard among industry peers to promote overall motivation and satisfaction, taking into consideration current industry trends and regulatory provisions, as well as alignment with the long-term interests of the Bank, including the overall business and risk strategy.</p>	

		<p>The company implements a performance-based system with employees required to define their respective Key Result Areas for the year, and assess performance relative to the Key Result Areas set via performance appraisal rating system at the end of the year. The Performance Appraisal System is on a target performance distribution curve, and serves as the basis for distribution of performance bonuses. Specifically for executive directors and senior executives, their Key Result Areas cover Strategic Initiatives; BAU Deliverables; Service Differentiator; Compliance, Audit and Risk, and People. Strategic Initiatives pertain to more long-term interests as these are projects or initiatives that are directly related to the five-year strategy of the Bank. These make up a significant percentage of the executive director or senior executive's performance rating. This should be differentiated from BAU deliverables which are more short term.</p> <p>Additionally, the Bank's Code of Conduct gives the Bank the right to seek reimbursement or restitution from erring employees for any loss, damage or any accountability arising from any violation of the Code.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Annual Performance Evaluation and Remuneration, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	<p>The Bank's Manual of Corporate Governance includes the Nomination and Election Policy which aims to encourage shareholder participation in the nomination and election of Directors to the Board through the following procedures:</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	<p><i>The Nominations Process:</i></p> <ol style="list-style-type: none"> 1. <i>The nomination of a director shall be conducted by the Nominations and Remuneration Committee prior to a stockholders' meeting.</i> 	

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| | <p>2. The Committee itself may likewise identify and recommend qualified individuals for nomination and election to the Board.</p> <p>3. The Committee may make use of professional search firms or other external sources to search for qualified candidates to the Board.</p> <p>4. All shareholders shall have the right to nominate, elect, remove and replace directors, and vote on certain corporate acts in accordance with the Corporation Code.</p> <p>5. Nominations shall be submitted to any of the members of the Nominations Committee, or to the Office of the Corporate Secretary at least 2 weeks before the Board meeting scheduled in February. The Board will approve during the February Board meeting, upon the endorsement of the Nominations Committee, the list of nominees for election during the April meeting of shareholders.</p> <p>6. All nominations or recommendations shall be signed by the nominating stockholders, together with an acceptance and conformity of the nominees. No nominee shall qualify to be elected as Director unless this requirement is complied with.</p> <p>7. The Nominations and Remuneration Committee shall pre-screen the qualification and prepare a final list of candidates. This will ensure that only those who possess all qualifications and none of the disqualifications may be elected to the Board. The Committee shall put in place screening policies and parameters that meet the minimum requirements as provided by the Bank's By-Laws, Manual of Corporate Governance, and relevant rules and regulations. In the evaluation of nominees, the Committee shall consider the benefits of a diverse Board for competitive advantage. A diverse Board makes use of differences in skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and should be balanced appropriately.</p> <p>8. The final list of qualified nominees shall be recommended to the Board of Directors for approval. The Board shall recommend to the stockholders the qualified nominees included in the final list for election during the annual meeting of shareholders.</p> <p>9. The Committee shall prepare a list of candidates which shall contain all the information about all nominees for director as required by SEC and BSP rules for filing and distribution to all shareholders</p> | |
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through the SEC Information Statement. The list should indicate the nominees for independent director. The name of the person or group of persons who recommended the nomination of the independent director shall be identified, including any relationship with the nominee.

10. Only nominees whose names appear in the List shall be eligible for election to the Board of Directors. After the list of candidates is approved by the Board of Directors for endorsement to the shareholders for approval, additional nominations shall not be entertained. No further nominations will also be allowed during the actual meeting of shareholders, unless there is a withdrawal of acceptance of the nomination or a nominee is no longer available for whatever reason.

In selecting candidates, the Bank sources the candidates through professional management associations such as the Financial Executives Institute of the Philippines (FINEX), Institute of Corporate Directors (ICD), as well as referrals of other Board Members and Senior Management. Procedures are in place to allow the stockholders to nominate and elect Directors to the Board. The recommended candidates for board membership are submitted to the Nominations and Remuneration Committee either via direct submission or through the Office of the Corporate Secretary. From among the nominees for Board seats as cleared by the Nominations and Remuneration Committee and endorsed by the Board, the shareholders elect the Board members during the annual meeting of shareholders.

The Board has also created a Search Committee from among the members of the Nominations and Remuneration Committee. The Search Committee ensures efficiency and thoroughness in the search for Directors and Senior Management. The Search Committee was likewise given the authority to negotiate terms and conditions with candidates until closing.

Links/ References:

1. The Bank's Manual of Corporate Governance

		<p>2022 Issuance: (Nomination and Election Policy, Page 49 to 50) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Nomination and Election Policy, Page 48 to 50) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Selection Process, Page 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>COMPLIANT</p>	<p>Under the Nomination and Election Policy, all shareholders have the right to nominate directors, which shall be subject to the review of the Nominations and Remunerations Committee for eligibility. This right is likewise reflected under the Section on Shareholders' Rights in the Manual of Corporate Governance. The list of nominees to the Board is filed and submitted to the Corporate Governance Committee through the Office of the Corporate Secretary at least thirty (30) business days before the annual stockholders' meeting.</p> <p>Historically, the last time that the Corporate Secretary and the Chairman received a nomination (together with the supporting resume) from a minority shareholder was in 2018. However, the period of nomination had already been closed. The submitted biodata of the nominee now forms part of the pool of nominees of the office of the Corporate Secretary in case of need of Board Director replacements.</p> <p>Links/ References:</p> <p>1. The Bank's Manual on Corporate Governance</p>	

		<p>2022 Issuance: (Nomination and Election Policy, Page 49; Shareholders' Rights, Page 104) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Nomination and Election Policy, Page 48; Shareholders' Rights, Page 105) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>COMPLIANT</p>	<p>Under the Nominations and Election Policy, the Nominations and Remuneration Committee shall pre-screen the qualification and prepare a final list of candidates. This will ensure that only those who possess all qualifications and none of the disqualifications may be elected to the Board. The Committee shall put in place screening policies and parameters that meet the minimum requirements as provided by the Bank's By-Laws, Manual of Corporate Governance, and relevant rules and regulations. In the evaluation of nominees, the Committee shall consider the benefits of a diverse Board for competitive advantage. A diverse Board makes use of differences in skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and should be balanced appropriately.</p> <p>The final list of qualified nominees shall be recommended to the Board of Directors for approval. The Board shall recommend to the stockholders the qualified nominees included in the final list for election during the annual meeting of shareholders.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual on Corporate Governance 2022 Issuance: (Nomination and Election Policy, Page 49; Shareholders' Rights, Page 104) 	

		https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Nomination and Election Policy, Page 48; Shareholders' Rights, Page 105) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
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.	COMPLIANT	Under the Manual of Corporate Governance, the purpose of the Nominations and Remuneration Committee is to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval. It is also tasked to assess the effectiveness of the Board's processes and procedures in the election and replacement of directors, and to establish a formal and transparent procedure for developing policy on remuneration of directors and officers to ensure that compensation is consistent with the Bank's culture, strategy and the business environment on which the Bank operates. Link/ Reference: 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Nominations and Remuneration Committee, Pages 71 to 72) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Nominations and Remuneration Committee, Pages 66 to 68) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	The Bank's Nomination and Election Policy in the Manual on Corporate Governance discusses the procedural guidelines being implemented by the Committee to ensure that qualifications of	

		<p>nominated directors are aligned with the strategic direction of the Bank. The Nominations and Remuneration Committee shall pre-screen the qualifications and prepare a final list of candidates. This will ensure that only those who possess all qualifications and none of the disqualifications may be elected to the Board. The Committee shall put in place screening policies and parameters that meet the minimum requirements as provided by the Bank's By-Laws, Manual of Corporate Governance, and relevant rules and regulations.</p> <p>In the evaluation of nominees, the Committee shall consider the benefits of a diverse Board for competitive advantage. A diverse Board makes use of differences in skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and should be balanced appropriately.</p> <p>Qualifications are thus viewed not just for competitive advantage but also in light of the future strategy of the Bank.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Nominations and Election Policy, Page 49) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: Nominations and Election Policy, Page 48) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	
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	COMPLIANT	The Bank sources its candidates/ nominees for Directorship via professional management associations such as Financial Executives Institute of the Philippines (FINEX), Institute of Corporate Directors	

<p>shareholder bodies) when searching for candidates to the board of directors.</p>		<p>(ICD), contacts of Senior Officers & Directors, and nominations received by the Corporate Secretary via email.</p> <p>Links/ References</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Succession Plan for Board of Directors, Page 90) https://www.securitybank.com/wp-content/uploads/2022/09/PSE-PDEX-Revised-Manual-on-Corporate-Governance-2022-F.pdf 2024 Issuance: (Succession Plan for Board of Directors, Page 90) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Selection Process, Page 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 2.7			
<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>COMPLIANT</p>	<p>Under the Bank's Manual of Corporate Governance, the Board is responsible for approving clear policies on the handling of any transaction with Directors, Officers, Shareholders and Related Interests (DOSRI) and other Related Parties, ensuring that there is effective compliance with existing laws, rules and regulations at all times, that these transactions are conducted on an arms' length basis and that no stakeholder is unduly disadvantaged.</p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>COMPLIANT</p>	<p>The Bank's Related Party Transactions Policy (RPT Policy) reiterates this responsibility of the Board to ensure that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. As such, the RPT Policy To this end, the Related Party Transactions Committee</p>	

(RPT Committee) was created to assist the Board in fulfilling their responsibilities over related party transactions, including but not limited to:

1. the evaluation on an ongoing basis of the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.
2. the evaluation, for purposes of endorsement to the Board where warranted, of all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) 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, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

The RPT Policy further provides for the minimum guidelines and requirements to be observed by the Bank, through the Board, in order to ensure effective conduct of robust due diligence and sound reporting and monitoring of transactions of the Bank with Related Parties, including the maintenance of a Related Party database, whistleblowing mechanisms, monitoring of regulatory limits and reporting processes.

Links/ References:

1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 12 and 25; Related Party Transactions Committee, Pages 83 to 86)

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 13, 25 to 26; Related Party Transactions Committee, Pages 77 to 81) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. Related Party Transaction Policy https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy - Revised-07112260-1.pdf</p> <p>3. The 2023 Integrated Report (Policy on Related Party Transactions, Pages 106 to 109) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>4. The RPT Committee Charter https://www.securitybank.com/about-us/corporate-governance/</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>COMPLIANT</p>	<p>The RPT Policy applies to all subsidiaries, affiliates and/or entities within the SBC Group to ensure effective corporate governance oversight by the Board over the entire Group.</p> <p>Given this scope, the review being conducted by the Related Party Transaction Committee is overarching and covers all material related party transactions of the SBC Group.</p> <p>Link/ Reference:</p> <p>1. Related Party Transaction Policy (II. Scope, Page 3)</p>	

		https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy - Revised-07112260-1.pdf 2. The RPT Committee Charter https://www.securitybank.com/about-us/corporate-governance/	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimis 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.	COMPLIANT	The RPT Policy sets the materiality threshold at PHP100 Million for credit related transactions and PHP50Million for non-credit transactions. The Board's approval is required for the following transactions: <ol style="list-style-type: none"> a. All material credit and non-credit related party transactions endorsed by the RPT Committee b. Any renewal or material changes in the terms and conditions of RPTs c. All DOSRI transactions regardless of amount as required under existing rules d. Write off of all DOSRI and material non-DOSRI exposure to related parties e. Breaches in internal limits for individual and aggregate exposure to related parties All material related party transactions shall be confirmed by a majority vote of the stockholders during the annual stockholders' meeting. These are reported to SEC and BSP as part of materiality threshold reporting requirements. The thresholds are also reviewed semi-annually and may be changed upon discretion of the Board as may be needed for proper risk management. To comply with SEC requirements, individual RP transaction amounting to 10% of the Bank's total asset either individually or in aggregate over a twelve (12)-month period with the same Related Party shall be assessed/ evaluated by a Board appointed external independent party to evaluate the fairness of the terms of the	

		<p>material RPTs. These transactions must be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. Related Party Transaction Policy (Pages 7 and 9) https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy - Revised-07112260-1.pdf 	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>COMPLIANT</p>	<p>The Bank's RPT Policy prescribes the review and approval process of the RPTs:</p> <ul style="list-style-type: none"> • The RPT Committee, of which two (2) of the three (3) members are independent directors (including the Committee Chairperson) reviews all material credit and non-credit transactions and, if merited, endorses the transactions for Board approval. • The Board of Directors shall approve all material credit and non-credit related party transactions endorsed by the RPT Committee, as well as other transactions prescribed in the RPT Policy. The vote of the independent directors may be considered as representing the minority and/or non-related party shareholders given that they do not represent the majority and/or related party shareholders. For individual RPTs amounting to 10% of the Bank's total asset either individually or in aggregate over a twelve (12)-month period with the same Related Party, these must be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified 	

		<p>by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.</p> <ul style="list-style-type: none"> • During the Annual Stockholders' Meeting, the material RPTs are presented for ratification by the shareholders, which voting would include non-related party shareholders. <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. Related Party Transaction Policy (Pages 7 and 9) https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy_-Revised-07112260-1.pdf 2. Minutes of the 2023 Annual Stockholders' Meeting https://www.securitybank.com/wp-content/uploads/2023/08/Annual-Stockholders-Meeting-2023-s79.pdf 3. Notice of 2024 Annual Stockholders' Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=f491a578c3695f7fabca0fa0c5b4e4d0 https://edge.pse.com.ph/openDiscViewer.do?edge_no=e057b0ff52af3cd0abca0fa0c5b4e4d0 <p>Also in:</p> <p>https://www.securitybank.com/asm/</p> <ol style="list-style-type: none"> 4. Minutes of the 2024 Annual Stockholder's' Meeting https://www.securitybank.com/wp-content/uploads/2024/05/Annual-Stockholders-Meeting-2024-GSA-JRRACPN.pdf 	
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>	<p>COMPLIANT</p>	<p>The Manual on Corporate Governance provides that the Board of Directors shall oversee the appointment/ selection of key 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.</p> <p>The appointment of the CEO and President, Executive Vice Presidents, Senior Vice Presidents, First Vice Presidents, and Vice Presidents, which includes the Chief Compliance Officer, Chief Risk Officer and Internal Audit Officer-in-Charge are confirmed during the Organizational Meeting of the Board of Directors.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 20) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 21) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Results of the 2023 Organizational Meeting of the Board of Directors (Section III and Annex A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=ee23371abf1a43879e4dc6f6c9b65995 	
<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>The Manual of Corporate Governance provides that the Board of Directors shall oversee the performance of Senior Management and Heads of control functions by regularly monitoring their actions and ensuring that these are consistent with the policies that it has approved. It shall also establish an effective performance management framework to ensure that the performance of</p>	

personnel, which includes Management, including the Chief Executive Officer, and the heads of control functions, is at par with the standards set by the Board/ senior management.

Specific to the Heads of Control Functions:

- the Board of Directors shall confirm the performance rating given by the President or Senior Management to the Chief Risk Officer (CRO)
- the Audit Committee reports to the Board the performance appraisal of the Chief Audit Executive as required by the Audit Committee Charter.
- the Corporate Governance Committee oversees the evaluation of the Chief Compliance Officer.
- On an annual basis the CEO, CRO, CCO and CAE report their respective accomplishments vis-à-vis their Key Result Areas (KRA) for the year to the Board and the respective Board Level committees.

Links/ References:

1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 20 to 21; Chief Risk Officer, Page 102; Audit Committee, Page 80)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 21; Chief Risk Officer, Pages 93 to 95; Audit Committee, Page 70)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. The Audit Committee Charter (Duties and Responsibilities, Internal Audit and Internal Audit Service Provider)

		https://www.securitybank.com/about-us/corporate-governance/ 3. The Corporate Governance Committee Charter (Duties and Responsibilities) https://www.securitybank.com/about-us/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	Under the Bank's Manual of Corporate Governance, the Board shall establish an effective performance management framework that will ensure that personnel's performance is at par with the standards set by the Board/senior management. Results of performance evaluation should be linked to other human resource activities such as training and development, remuneration, and succession planning. These should likewise form part of the assessment of the continuing fitness and propriety of personnel in carrying out their respective duties and responsibilities.	
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	<p>The assessment of continuing fitness and propriety of personnel should take into account factors that may affect the performance of an individual. For instance, the financial circumstances of an employee who will be responsible for the custody of, or handling of cash-related transactions, shall be taken into consideration in the evaluation of his continuing qualification.</p> <p>The Bank implements a performance-based system where each officer is required to define their Key Result Areas (KRAs) for the year. Objectives and deliverables are specifically stated and conditions that warrant a specific rating are defined. Performance is assessed relative to the set KRAs through performance appraisal rating system at the end of the year. The performance appraisal process ensures that the KRAs stem from or are aligned with the Bank's overall objectives.</p>	

		<p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance:(Specific Duties and Responsibilities of the Board of Directors, Pages 21) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 22) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Annual Performance Evaluation, Pages 50 to 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 2.10			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>The Manual of Corporate Governance states that the Board is ultimately responsible for business and risk strategy, organization, financial soundness and governance, which includes approving and overseeing the implementation of the Bank's internal control systems.</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>COMPLIANT</p>	<p>The Bank's Internal control system is a process designed and effected by the Board of Directors and Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operation; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations and the organization's policies and procedures. The internal control system shall include oversight on the implementation of the key control functions, such as risk management, compliance and internal audit, and reviewing the corporation's human resource policies, conflict of interest situations, and compensation program for employees and management</p>	

succession plan. The Board, through the Audit Committee, monitors and evaluates the adequacy, effectiveness and efficiency of the Bank's internal control system, including financial reporting process, information technology, governance and management of risks.

The Bank's internal control system includes a mechanism for identifying, reviewing and managing conflict of interest. Under the Bank's Code of Business Conduct and Ethics, employees are not allowed to pursue any personal or professional venture that may give rise to a conflict between their own interest and that of the Bank. The overall governing principle is that employees must avoid situations where their personal interest may conflict or appear to conflict with the interests of the Bank or its customers. They are prohibited from directly or indirectly engaging in any conduct or activity that may directly or indirectly be construed as inconsistent or incompatible with the Bank's business. Also, the Bank has an existing policy that identifies potential conflict of interest situations and the procedures that need to be undertaken. These include, but are not limited to, making the appropriate disclosures, voluntary abstention from decision-making where circumstances require, using third parties as independent reviewers and implementing the Chinese Wall policy and Code of Conduct.

Links/ References:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Governance System, Pages 3 to 6)
<https://www.securitybank.com/wp-content/uploads/2022/09/PSE-PDEX-Revised-Manual-on-Corporate-Governance-2022-F.pdf>
2024 Issuance: (Governance System, Pages 3 to 5)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. The 2023 Integrated Report (Corporate Governance – Core Principles and Accountability and Audit, Page 81; Audit

		<p>Committee, Page 87; Conflict of Interest Policy, Pages 111 to 112) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>3. The Audit Committee Charter (Purpose; Duties and Responsibilities – Internal Control) https://www.securitybank.com/about-us/corporate-governance/</p> <p>4. Code of Business Conduct and Ethics https://www.securitybank.com/about-us/code-business-conduct-ethics/</p>	
<p>3. Board approves the Internal Audit Charter.</p>	<p>COMPLIANT</p>	<p>Under the Manual of Corporate Governance, the Board approves, following the review by the Chief Audit Executive and through the recommendation of the Audit Committee, the Internal Audit (IA) charter, which formally defines the role of Internal Audit and the audit plan, as well as oversees the implementation of the IA Charter.</p> <p>The Internal Audit Charter was last reviewed and approved by the Audit Committee on 18 August 2022 and confirmed by the Board in its meeting last 30 August 2022.</p> <p>The Audit Committee also confirmed in the Audit Committee Report that Internal Audit’s strategic 4-year plan and annual audit plan were discussed and approved, having been developed using a risk-based approach to assess the adequacy of the bank’s internal control, risk management and governance processes. The Audit Committee monitored the performance relative to the approved audit plans.</p> <p>Links/ References:</p> <p>1. The Bank’s Manual of Corporate Governance 2022 Issuance: (Chief Audit Executive, Page 99)</p>	

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Chief Audit Executive, Page 91)</p> <p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Audit Committee Report, Page 67)</p> <p>https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
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	<p>Under the Manual of Corporate Governance, the Board of Directors is responsible for approving the Bank's risk governance framework and overseeing management's implementation thereof.</p> <p>Through the Risk Oversight Committee (ROC), it shall develop and oversee the implementation of a formal enterprise risk management plan which contains (1) common language or registers of risks; (2) well-defined risk management goals, objectives and oversight; (3) uniform processes of assessing risks and developing strategies to manage prioritized risks; (4) designing and implementing risk management strategies and (5) continuing assessment to improve risk strategies, processes and measures. The ROC evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.</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	<p>The ROC's execution and operational arm is primarily the Risk Management Group (RMG) headed by the Chief Risk Officer (CRO) who is independent from executive functions and business line responsibilities, operations and revenue generating functions. RMG's activities assist the Board of Directors, through the ROC, in fulfilling its risk management responsibilities through the following fundamental tasks:</p>	

		<ul style="list-style-type: none"> • Development and review of risk appetite/ limits and policies; • Assessment, measurement, monitoring and reporting of the Group's risk-taking and risk management activities, including risk limit utilization and performance; • Provision of subject matter expertise in business, product and project developments and other strategic decision-making activities; • Elevation of issues and findings to Senior Management and the ROC. <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance:(Specific Duties and Responsibilities of the Board of Directors, Page 13; Risk Oversight Committee – Authority and Responsibilities, Page 74) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance:(Specific Duties and Responsibilities of the Board of Directors, Page 14; Risk Oversight Committee – Authority and Responsibilities, Page 68) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Risk Management, Pages 94 to 97) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
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	The Bank's Manual of Corporate Governance serves as the Board Charter inasmuch as it already articulates the roles, duties and responsibilities, and accountabilities of the directors to guide them in carrying out their fiduciary duties and discharge their functions.	

2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	The duties and responsibilities of the Board of Directors as a body and individually are described and explained in the Manual.	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	<p>The Manual is posted on the Bank's website.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Introduction, Page 2; General Responsibility of the Board of Directors, Page 9; Specific Duties and Responsibilities of the Board of Directors; Pages 11 to 34; Responsibilities of a Director/ Board Member, Pages 37 to 39) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Introduction, Page 1; General Responsibility of the Board of Directors, Page 9; Specific Duties and Responsibilities of the Board of Directors; Pages 12 to 34; Responsibilities of a Director, Pages 51 to 53) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	<p>As a publicly listed company, the Bank strictly observes the prohibition on insider trading under Section 27 of the Securities Regulation Code (SRC).</p> <p>As such, the Bank's Personal Investment Policy (PIP) sets down the following principles when making investments for their personal or family accounts:</p> <ul style="list-style-type: none"> • The transaction must be based solely on publicly available information. • The transaction shall not be in conflict with the activities of the SBC Group. 	

		<ul style="list-style-type: none"> The transaction must be above board and must be generally oriented towards a philosophy of investment as distinguished from short term or speculative trading, <p>Directors, Officers and Personnel (DOP) whose functions involve participation in research, advisory, recommendation or decision-making in investment activities for the account of SBC Group or their customers are considered as Covered Persons and are required to obtain the necessary approvals prior to executing specific personal transactions. Certain transactions may be absolutely prohibited as specified in the policy.</p> <p>A copy of the Bank's Personal Investment Policy may be provided upon request.</p> <p>The Bank also has an Insider trading Policy specific to Security Bank shares (SECB shares) which sets down the requirements when a Director or Officer with the rank of Senior Vice President and up wishes to trade SECB shares, in addition to the requirements under the PIP. The requirements include prior notification to the Office of the Corporate Secretary (OCS) of the intention to trade and submission of the necessary SEC Form within three business days from the transaction, for subsequent filing of the OCS with the SEC.</p> <p>Link/ References:</p> <ol style="list-style-type: none"> Insider Trading Policy – Policy on Trading on SECB Shares https://www.securitybank.com/about-us/company-policies/ 	
Optional: Principle 2			
<ol style="list-style-type: none"> Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates. 	COMPLIANT	<p>The Bank's Policy on Related Party Transactions ensures that all transactions with its Directors, Officers, Stockholders and Related Interests (DOSRI) as well as Related Parties (RP) are conducted on an arm's length basis, in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties</p>	

		<p>under similar circumstances. All credit transactions with a related party that crosses the materiality threshold are reviewed by the Related Party Transactions Committee and endorsed to the Board of Directors for approval. The price discovery mechanisms used and the results obtained should also be disclosed in the proposal. This may include acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale. In order to avoid conflict of interest, directors are expected to disclose if they have any interest in a transaction. They should also abstain from the deliberation and approval of the related party transaction.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. Policy on Related Party Transactions https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy - Revised-07112260-1.pdf 	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>COMPLIANT</p>	<p>The Manual of Corporate Governance states that, pursuant to the Board's ultimate responsibility for the Bank's business and risk strategy, organization, financial soundness and governance, the Board should approve and monitor the overall business strategy of the Bank, thereby taking into account the Bank's long-term financial interests, its exposure to risks and its ability to manage risk effectively.</p> <p>Specifically, these include:</p> <ol style="list-style-type: none"> 1. Defining the Bank's corporate culture and values and conducting bank affairs with integrity; 2. Approving the Bank's objectives and strategies and overseeing management's implementation thereof; 3. Approving the Bank's risk governance framework and overseeing management's implementation thereof; 4. Overseeing the appointment/ selection of key members of Senior Management and heads of control functions and approve a sound remuneration and other incentives policy for personnel; 	

5. Approving and overseeing the implementation of the Bank's corporate governance framework;
6. Ensuring proper communication with shareholders;
7. Effectively utilizing the work conducted by internal audit, risk management and compliance functions and the external auditors;
8. Performing independent oversight over controls and system of checks and balances to ensure high quality of the external audit function in relation to the audited financial statements of the Bank;
9. Promoting high ethical and integrity standards; establishing appropriate culture that emphasizes, demonstrates and promotes the importance of internal control; and designing and implementing processes for the prevention and detection of fraud;
10. Exercising overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight over entities in the group.
11. Ensuring an effective governance process is in place in handling interlocking positions of directors and officers in entities within the SBC Group and/or other external entities;
12. Promoting shareholders' rights.

Key decisions of the BOD are disclosed in PSE Edge within 10 minutes after approval of the BOD.

Links/ References:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Governance System, Page 3; Specific Duties and Responsibilities of the Board of Directors, Pages 11 to 34)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Governance System, Page 3; Specific Duties and Responsibilities of the Board of Directors, Pages 12 to 34)

		https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
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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>To aid the Board in complying with the principles of good corporate governance, the Board constituted the following Board Committees:</p> <ul style="list-style-type: none"> • Executive Committee: Exercises the authority of the Board of Directors delegated to it by the Board and as may be allowed by law during intervals between meetings of the Board of Directors • Corporate Governance Committee: Assists the Board in approving and overseeing the implementation of the corporate governance framework and is responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines • Nominations and Remuneration Committee: (1) Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval; (2) Assesses the effectiveness of the Board's processes and procedures in the election and replacement of directors; and(3) Establishes a formal and transparent procedure for developing policy on remuneration of directors and officers to ensure that compensation is consistent with the Bank's culture, strategy and the business environment in which the Bank operates. • Risk Oversight Committee: Provides oversight of the Bank's exposure to financial and non-financial risks • Audit Committee: Reviews the internal control and risk management systems, processes for financial control, internal and external audits, and compliance with laws and regulations • Related Party Transaction Committee: Ensures that related parties are handled in a sound and prudent manner, with integrity and 	
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		<p>in compliance with applicable laws and regulations to protect the interest of depositors and stakeholders</p> <ul style="list-style-type: none"> • Senior Credit Committee: As the highest credit decision-making body, reviews and approves proposals and transactions related to credit and works closely with the Risk Management Group in managing the overall credit risk of the Bank • Restructuring Committee: Approves remedial and/or recovery strategies of the Bank for identified problem loan accounts • Trust Committee: Provides oversight on proper management and administration of the Trust and other fiduciary business of the Bank, including its investment activities • Transformation and Technology Committee: Provides oversight of the development and implementation of strategy, transformation, innovation and information technology initiatives of the Bank and its subsidiaries and affiliates, in support of the Group's vision, mission and strategic objectives. <p>The Board of Directors, in its meeting held on April 25, 2023, approved the organization and appointment of the Board Committee Members.</p> <p>Links/ References:</p> <p>List of Board Committees and their Responsibilities</p> <ul style="list-style-type: none"> • The Bank's Manual of Corporate Governance 2022 Issuance:(Organizational Structure of the Board and Board Committees, Page 69; Board Committees, Pages 70 to 87) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf • 2024 Issuance:(Organizational Structure of the Board and Board Committees, Page 84; Board Committees, Pages 64 to 83) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	
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		<ul style="list-style-type: none"> Board Committees https://www.securitybank.com/about-us/corporate-governance/ The 2023 Integrated Report (Board Committees, Pages 97 to 91; Table of Organization, Page 92) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf <p>Organization and Appointment of Board Committee Members</p> <ul style="list-style-type: none"> Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995 	
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>	COMPLIANT	<p>The Audit Committee is responsible for monitoring and evaluating the adequacy, effectiveness and efficiency of the Bank's internal control system including information technology, security and controls, integrity of financial reporting and security of physical and information assets; governance and management of risks, internal and external audit processes, and compliance with laws and regulations, internal policies and its own code of business conduct.</p> <p>With respect to external auditors, the Audit Committee is responsible for:</p> <ol style="list-style-type: none"> 1. Recommending to the Board the appointment, re-appointment, removal of auditors, as well as audit fees, 2. Performing oversight functions over the External Auditors, ensuring their independence and that they are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. 3. Overseeing the resolution of disagreements, if any, between management and the external auditors. 	

4. Reviewing the performance of the external auditors at least annually including technical competence, integrity, independence, objectivity and overall effectiveness of the external audit process.
5. Discussing with the external auditors the nature, proposed audit scope, approach and expenses of the audit, including coordination of audit effort with internal audit.
6. Ensuring that external auditors, including the engagement and quality control partners of the audit firm are rotated in accordance with the relevant provisions of the Code of Ethics for Professional Accountants in the Philippines as adopted by the Philippine Board of Accountancy.
7. Evaluating and determining the non-audit work, if any, of the External Auditor, and periodically reviewing the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the bank's overall consultancy expenses; Disallowing any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence and objectivity.

Links/ References:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Audit Committee, Pages 76 to 82)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Audit Committee, Pages 76 to 82)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. Audit Committee Charter
<https://www.securitybank.com/about-us/corporate-governance/>
3. The 2023 Integrated Report (Audit Committee Report, Pages 67)

		https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	<p>The Audit Committee shall be composed of at least three (3) members of the Board who are non-executive directors, two (2) of whom shall be independent directors, including the Chairman, preferably with accounting, auditing and finance expertise or experience. The Chief Executive Officer, Chief Financial Officer, and/or Treasurer, or officers holding equivalent positions shall not be appointed as members of the Committee. The Chairman should not be the chairman of the Board or of any other committees.</p> <p>In 2023, the Audit Committee was composed of three (3) non-executive directors, with 2 of the three members (including the Chairman) being Independent Directors: Chairman: Gerard H. Brimo (Independent Director) Vice Chairman: Jose Perpetuo M. Lotilla (Independent Director) Member: Cirilo P. Noel</p> <p>Links/ References:</p> <p>Audit Committee Membership</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Audit Committee – Membership, Pages 76 to 77) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Audit Committee – Membership, Page 70 to 71) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Audit Committee Charter 	

		<p>https://www.securitybank.com/about-us/corporate-governance/</p> <p>3. The 2023 Integrated Report (Audit Committee, Page 52) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>Directors' Profiles</p> <p>1. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>2. The Bank's Corporate Website (The Board of Directors) https://www.securitybank.com/about-us/leaders/board-of-directors/</p> <p>Appointment of Audit Committee members</p> <p>1. Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995</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>The members of the Audit Committee have the relevant background/ knowledge, skills and experience in the area of accounting, auditing and finance.</p> <p>Links/ References:</p> <p>Directors' Profiles</p> <p>1. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	

		<p>2. The Bank's Corporate Website (The Board of Directors) https://www.securitybank.com/about-us/leaders/board-of-directors/</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	COMPLIANT	<p>The Audit Committee Chairman is Mr. Gerard H. Brimo. He is not the Chairman of the Board nor a chairman of any other Board Committee.</p> <p>Links/ References:</p> <p>Audit Committee members</p> <p>1. The 2023 Integrated Report (Audit Committee, Page 52) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>2. Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995</p>	
Supplement to Recommendation 3.2			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	COMPLIANT	<p>The Audit Committee is tasked to evaluate and determine the non-audit work, if any, of the external auditor and periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the bank's overall consultancy expenses. The Committee should disallow any non-audit work that will conflict with his duties as an external auditor or may pose threat to his independence.</p> <p>Links/ References:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Audit Committee – External Audit, Page 82) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p>	

		2024 Issuance: (Audit Committee – External Audit, Page 76) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	External Auditor requested the Audit Committee for an executive session with the committee members. The executive session was conducted last February 21, 2024.	
Optional: Recommendation 3.2			
1. Audit Committee meets at least four times during the year.	COMPLIANT	In 2023, the Audit Committee had seven (7) meetings, with 94% attendance on all meetings. Link/ Reference: 1. The 2023 Integrated Report (Audit Committee Report, Page 67) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	The Audit Committee reviews and approves the appointment, re-appointment, replacement, or dismissal of the Chief Audit Executive (CAE) and key internal auditors i.e., Department Heads. Links/ References: 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Audit Committee – Internal Audit and Internal Audit Service Provider; Page 80) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Audit Committee – Internal Audit and Internal Audit Service Provider; Page 74)	

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. Audit Committee Charter https://www.securitybank.com/about-us/corporate-governance/</p>	
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>	<p>COMPLIANT</p>	<p>The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities including approving and overseeing the implementation of the corporate governance framework. The Committee shall be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines.</p> <p>Pursuant to this mandate, it shall:</p> <ul style="list-style-type: none"> • Be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines • Oversee the periodic performance evaluation of the Board and its committees. • Decide on the manner by which the Board's performance may be evaluated, with the objective performance criteria approved by the Board. Performance indicators shall address how the Board has enhanced long-term shareholders' value. • Oversee the management of the Bank's compliance function, ensuring that the Bank complies to all applicable laws, regulations, codes of conduct and standards of good practice • Recommend continuing education program for directors • Adopt internal guidelines that may be required in the exercise of its functions, including guidelines that address the competing time commitments for directors with multiple board seats • Ensure that the board structure promotes efficiency, critical discussion of issues such as values, conduct and behaviours 	

		<p>and thorough review of matters and regularly review the Board's structure, size and composition including board level committees</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Corporate Governance Committee – Authority and Responsibilities, Page 71) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Corporate Governance Committee – Authority and Responsibilities, Pages 64 to 66) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Corporate Governance Committee Charter https://www.securitybank.com/about-us/corporate-governance/ 	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>COMPLIANT</p>	<p>The Corporate Governance Committee Charter provides that it shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, the majority of whom shall be independent directors including the Chairperson. This is in compliance with MORB Section 133 which requires membership of the Corporate Governance Committee of at least (3) members, who shall all be non-executive Directors, the majority of whom shall be independent directors, including the chairperson.</p> <p>In 2023, the members of the Corporate Governance Committee were as follows:</p> <p>Chairman: Napoleon L. Nazareno (Independent) Vice Chairman: Cirilo P. Noel (Non-Executive) Members: Jose Perpetuo M Lotilla (Independent) Nobuya Kawasaki (Non- Executive)</p>	

		<p style="text-align: center;">Gerard H. Brimo (Independent)</p> <p>Links/ References:</p> <p>Corporate Governance Committee Membership</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Corporate Governance Committee – Membership, Page 70) https://www.securitybank.com/wp-content/uploads/2022/09/PSE-PDEX-Revised-Manual-on-Corporate-Governance-2022-F.pdf 2024 Issuance: (Corporate Governance Committee – Membership, Page 64) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Corporate Governance Committee Charter https://www.securitybank.com/about-us/corporate-governance/ 3. The 2023 Integrated Report (Corporate Governance Committee, Page 52) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf <p>Directors' Profiles</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. The Bank's Corporate Website (The Board of Directors) https://www.securitybank.com/about-us/leaders/board-of-directors/ 	
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		<p>Appointment of Corporate Governance Committee members</p> <ol style="list-style-type: none"> Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995 	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	<p>The Chairman of the Corporate Governance Committee is Mr. Napoleon Nazareno, an independent director.</p> <p>Links/ References:</p> <p>Corporate Governance members</p> <ol style="list-style-type: none"> The 2023 Integrated Report (Corporate Governance Committee, Page 52) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995 	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meets at least twice during the year.	COMPLIANT	<p>In 2023, the Corporate Governance Committee held twelve (12) meetings.</p> <p>Link/ References:</p> <ol style="list-style-type: none"> The 2023 Integrated Report (Corporate Governance Committee, Page 52) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	

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>The Risk Oversight Committee (ROC) shall be responsible for the development, approval and oversight of the risk management framework and program of the Bank and its Subsidiaries, pursuant to its Charter and the Manual of Corporate Governance.</p> <p>Pursuant to this mandate, it is tasked to:</p> <ol style="list-style-type: none"> 1. Develop a formal enterprise risk management plan 2. Oversee the implementation of the enterprise risk management plan 3. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. 4. Advise the Board on its risk appetite levels and risk tolerance limits. 5. Review at least annually the Bank and its Subsidiaries' risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Bank and its Subsidiaries. 6. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence 7. Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Bank and its Subsidiaries. 8. Report to the Board on a regular basis, or as deemed necessary, the Bank and its Subsidiaries' material risk exposures, the actions taken to reduce the risks and recommends further action or plans as necessary. 9. Review and when necessary, refine its Charter annually to ensure relevance and adequacy. <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Risk Oversight Committee, Pages 73 to 76) 	

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Risk Oversight Committee, Pages 68 to 70)</p> <p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. Risk Oversight Committee Charter https://www.securitybank.com/about-us/corporate-governance/</p>	
<p>2. BROCC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>The Risk Oversight Committee shall be composed of at least three (3) members of the Board of Directors, the majority of whom shall be independent directors.</p> <p>During the April 25, 2023 Board Organizational Meeting, the following were appointed to the ROC: Chairman: Enrico S. Cruz (Independent) Vice Chairman: Esther Wileen S. Go (Independent) Members: Napoleon L. Nazareno (Independent) Jikyeong Kang (Independent) Alfonso L. Salcedo, Jr. Juichi Umeno Cirilo P. Noel</p> <p>Links/ References:</p> <p>Risk Oversight Committee Membership</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Risk Oversight Committee – Membership, Page 73) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p>	

		<p>2024 Issuance: (Risk Oversight Committee – Membership, Page 68) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. Risk Oversight Committee Charter https://www.securitybank.com/about-us/corporate-governance/</p> <p>3. The 2023 Integrated Report (Risk Oversight Committee, Pages 53 to 54) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>Directors' Profiles</p> <p>1. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>2. The Board of Directors as posted on the bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/</p> <p>Appointment of Risk Oversight Committee members</p> <p>1. Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995</p>	
<p>3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Director Cruz is not the Chairman of the Board nor a Chairman in any other committee.</p>	

		<p>Links/ References:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Board Committees, Pages 52 to 55; Board Profile, Page 39) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995 	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	<p>Among the members of the ROC, three (3) are professional bankers (Enrico S. Cruz, Alfonso L. Salcedo, Jr. and Juichi Umeno) who have knowledge and experience on Risk and Risk Management of Financial Institutions.</p> <p>Link/ Reference:</p> <p>Directors' Profiles</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. The Board of Directors as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/ 	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	The Related Party Transactions Committee shall assist the Board of Directors ("Board") in fulfilling its oversight responsibilities in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable	

		<p>laws and regulations to protect the interest of depositors, creditors and stakeholders. This includes, among others, the adoption and proper implementation of a group-wide RPT policy, encompassing all entities with the SBC Group, as well as the establishment of 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>Links/ References:</p> <ol style="list-style-type: none"> 1. The Board's Manual of Corporate Governance 2022 Issuance: (Related Party Transactions Committee. Pages 83 to 86) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Related Party Transactions Committee. Pages 77 to 81) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. RPT Committee Charter https://www.securitybank.com/about-us/corporate-governance/ 3. Policy on Related Party Transactions https://www.securitybank.com/about-us/company-policies/ 	
<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>The RPT Committee shall be composed of at least three (3) members of the Board, two of whom shall be independent directors, including the chairperson, and one non-executive director.</p> <p>During the April 25, 2023 Board Organizational Meeting, the following were appointed to the RPT Committee: Chairman: Jose Perpetuo M. Lotilla (Independent)</p>	

Vice Chairman: Gerard H. Brimo (Independent)
Member: Diana P. Aguilar (Non-Executive Director)

Links/ References:

RPT Committee Membership

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Related Party Transactions Committee –
Composition, Page 84)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Related Party Transactions Committee –
Composition, Pages 78 to 79)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. RPT Committee Charter
<https://www.securitybank.com/about-us/corporate-governance/>
3. The 2023 Integrated Report (Related Party Transactions
Committee, Page 53)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>

Directors' Profiles

1. The 2023 Integrated Report (Board of Directors' Profiles,
Pages 38 to 40)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>
2. The Board of Directors as posted on the Bank's Corporate
Website

		https://www.securitybank.com/about-us/leaders/board-of-directors/ Appointment of RPT Committee members 1. Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995	
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	All Committees have their own respective Charters containing all the required information on their purpose, membership, roles and responsibilities and other relevant information. The charters are reviewed annually and are posted on the Bank's Corporate Website. All Committee charters have provisions on self-assessment. The Corporate Governance Committee oversees the periodic performance evaluations of the Committees, consolidates the results thereof and presents these to the Board. Links/ References: 1. Board Committee Charters posted on the Bank's corporate Website https://www.securitybank.com/about-us/corporate-governance/	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Links/ References: 1. Board Committee Charters posted on the Bank's corporate Website https://www.securitybank.com/about-us/corporate-governance/	
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	The Bank's various Board level Committee charters are uploaded in the corporate website. Link/ Reference: 1. Board Committee Charters posted on the Bank's corporate Website https://www.securitybank.com/about-us/corporate-governance/	

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

<p>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.</p>	<p>The Board shall hold regular and special meetings in accordance with the By-Laws. <i>Unless otherwise stated in the By-Laws, a quorum at any meeting shall consist of a majority of the entire membership of the Board and a majority of such quorum shall decide every question or matter duly submitted at such meeting.</i></p> <p><i>a. Full board of directors' meetings</i> The meetings of the board of directors may be conducted through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein.</p> <p><i>b. Board level committee meetings</i></p> <p>Board-level committees shall meet as prescribed in their respective charters. Participation of committee members may likewise be in person or through modern technologies. 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 directors.</p> <p>In 2023, the Board actively participated in Board Meetings and Board-level committee meetings either in person or through teleconferencing/ video conferencing.</p> <p>Links/ References:</p> <p>1. The Bank's Manual of Corporate Governance 2022 issuance: (Conduct of Board Meetings, Pages 43 to 44) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p>	
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		<p>2024 Issuance: (Conduct of Board Meetings, Pages 36 to 38) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Board Meeting Attendance, Page 52; Board-level Committees attendance, Pages 52 to 55) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>A detailed agenda, and to the extent feasible, supporting documents and proposed resolutions, will be provided in advance to the Directors days before the date of Board and Committee meetings. The Board members are expected to review these materials in advance of the meeting.</p> <p>The agenda and meeting materials are either uploaded in the Nasdaq Boardvantage System that is accessible to all directors or sent via email. On a usual basis, directors ask questions based on those materials. Questions and related responses/ discussions are documented in the minutes of the meetings.</p> <p>Link/ Reference:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Operations of the Board - Agenda Items, Pages 44 to 45) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Agenda Items, Pages 37 to 38) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</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>The minutes of the Board and Committee meetings record the discussions that transpire between the members on concerns, proposals and initiatives that are presented as part of the agenda. Directors' questions and clarifications during Board and Committee meetings are also duly documented in the minutes.</p> <p>The Minutes are provided to the Board and Committee members for validation.</p>	
Recommendation 4.2			
<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>The Policy on Multiple Board Seats provides that the Board shall consider the number of directorships that its members can hold in other corporations. The Nominations and Remuneration Committee shall consider the following guidelines in addressing the competing time commitment of a director with multiple board seats:</p> <ul style="list-style-type: none"> • The nature of the business of the corporations which he is a director; • Age of the director; • Number of directorships/active memberships and officerships in other corporations or organizations; and • Possible conflict of interest. <p>The optimum number shall be related to the capacity of a director to perform his duties and responsibilities diligently and efficiently.</p> <p>The Chief Executive Officer and other Executive Directors shall be covered by a lower indicative limit of not more than five (5) memberships in other publicly listed companies. This limit shall likewise apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. Should this number be breached, the same should be approved by the Nominations and Remuneration Committee and confirmed by the Board of Directors. In any case, the capacity of the directors to perform their duties and responsibilities diligently and efficiently to the boards they serve should not be compromised. In applying this provision to concurrent directorship in entities within a conglomerate,</p>	

		<p>each entity where the nonexecutive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement.</p> <p>Each director has also been assessed based on this criterion in the annual performance assessment. Performance evaluations were presented to the Nominations and Remuneration Committee in February 2023.</p> <p>Links/ References:</p> <p>Policy on Multiple Board Seats</p> <ol style="list-style-type: none"> The Bank's Manual of Corporate Governance 2022 Issuance: (Multiple Board Seats, Pages 46 to 47) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Interlocking Directorships, Pages 46 to 47) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf <p>Directors' Profiles</p> <ol style="list-style-type: none"> The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 4.3			
<ol style="list-style-type: none"> The directors notify the company's board before accepting a directorship in another company. 	COMPLIANT	<p>The Directors are required to notify the Board before accepting a directorship in another company. The Board, through the Nominations and Remuneration Committee, shall assess the Director's present responsibilities and commitment to assess if the director can still adequately perform his duties and responsibilities to the Bank.</p>	

		<p>Link/ Reference:</p> <p>Policy on Multiple Board Seats</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Multiple Board Seats, Pages 46 to 47) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Interlocking Directorships, Pages 46 to 47) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
Optional: Principle 4			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>	COMPLIANT	<p>The Executive Directors are:</p> <p>(1) Sanjiv Vohra (2) Juichi Umeno (3) Daniel Dy</p> <p>All three (3) executive directors do not hold any Board seat in listed companies outside of the Group.</p> <p>Link/ Reference:</p> <p>Directors' Profiles</p> <p>1. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	COMPLIANT	<p>The schedule of the Board meetings for the year is part of the agenda of the April Board Meeting immediately following the election of a new Board.</p> <p>This is consistent with the provision in the Bank's By-laws which provides that the Board of Directors shall hold its regular meeting</p>	

		<p>once a month, with or without notice, and unless otherwise determined by the Board, such meeting shall be held on the last Tuesday of each month the head office of the Bank provided, however, that all regular meetings shall be held only within the jurisdiction of the Philippines. Should the date appointed for the regular meeting fall on a legal holiday, such meeting shall be held at the same time on the next business day.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's By-Laws (Article V, Section 4) https://www.securitybank.com/wp-content/uploads/2021/11/Security-Bank-By-Laws.pdf 2. The 2023 Integrated Report (Board Meetings, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
3. Board of directors meet at least six times during the year.	COMPLIANT	<p>The Board of Directors held a total of thirteen (13) meetings in 2023.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Board Meetings, Page 51; Board Meeting Attendance, Page 52) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NON-COMPLIANT		<p>Under Article V, Section 6 of the By-Laws, except as otherwise may be provided, a quorum at any meeting, regular or special, shall consist of a majority of the entire membership of the Board and a majority of such quorum shall decide every question or</p>

			<p>matter duly submitted to the Board at such meeting. This is likewise reflected in the Bank's Manual of Corporate Governance.</p> <p>This quorum is still consistent with the Revised Corporation Code which provides:</p> <p>Section 52. Regular and Special Meetings of Directors or Trustees; Quorum. - Unless the articles of incorporation or the bylaws provides for a greater majority, a majority of the directors or trustees as stated in the articles of incorporation shall constitute a quorum to transact corporate business, and every decision reached by at least a majority of the directors or trustees constituting a quorum, except for the election of officers which shall require the vote of a majority of all the members of the board, shall be valid as a corporate act. xxx</p> <p>Moreover, the Bank complies with any specific voting requirement that may be required under the Corporation Code for voting decision for certain types of corporate transactions. An example of this is the RPT Policy which states that all individual Material Related</p>
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			<p>Party Transactions as prescribed by SEC shall be approved by at least two-thirds (2/3) vote of the board of directors, with at least a majority of the independent directors voting to approve the material RPT.</p> <p>Links/ References:</p> <ol style="list-style-type: none">1. The Bank's By-laws https://www.securitybank.com/wp-content/uploads/2021/11/Security-Bank-By-Laws.pdf2. The Bank's Manual of Corporate Governance 2022 Issuance: (Conduct of Board Meetings, Page 43) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Conduct of Board Meetings, Pages 36 to 38) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf
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			3. Policy on Related Party Transactions https://www.securitybank.com/about-us/company-policies/
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>COMPLIANT</p>	<p>The Bank's Board has fifteen (15) members, with six (6) being independent directors, namely:</p> <ol style="list-style-type: none"> 1. Gerard H. Brimo 2. Esther Wileen S. Go 3. Enrico S. Cruz 4. Dr. Jikyeong Kang 5. Jose Perpetuo M. Lotilla 6. Napoleon L. Nazareno <p>The independent directors thus comprise 40%, or more than 1/3 of the Board.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Board of Directors, Page 37; Board of Directors' Profiles, Pages 38 to 40; Composition, Page 49) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. Results of the 2023 Annual Stockholders' Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=ee23371abf1a43879e4dc6f6c9b65995 <p>Also in:</p>	
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		https://www.securitybank.com/wp-content/uploads/2023/08/Annual-Stockholders-Meeting-2023-s79.pdf	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	<p>Independent directors possess all the qualifications and none of the disqualifications to hold the positions as certified by them in the Bank's Definitive Information Statement to support their nomination to the Board in 2023.</p> <p>Link/ References</p> <ol style="list-style-type: none"> 1. The 2023 Definitive Information Statement (Certification of Independent Director, Pages 10 to 15) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995 <p>Also in:</p> <p>https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <ol style="list-style-type: none"> 2. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	<p>The Bank is not aware of the existence of any shareholder agreement that constrains a director's ability to vote. The Manual on Corporate Governance expects Directors to actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of the board.</p> <p>Link/ Refence:</p>	

		<p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Responsibilities of a Director/ Board Member, Page 38) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Responsibilities of a Director/ Board Member, Page 62) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
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Recommendation 5.3

<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>Under the Manual of Corporate Governance, the maximum term of an Independent Director is nine (9) years.</p> <p>All Independent Directors are within the nine (9) year period, with the reckoning date at 2012 as per SEC Circular dated March 9, 2017.</p> <p>The start of the term as Independent Directors are as follows.</p> <table border="1"> <thead> <tr> <th>Independent Director</th> <th>Start of Term</th> </tr> </thead> <tbody> <tr> <td>Jose Perpetuo M. Lotilla</td> <td>2021</td> </tr> <tr> <td>Esther Wileen S. Go</td> <td>2021</td> </tr> <tr> <td>Gerard H. Brimo</td> <td>2019</td> </tr> <tr> <td>Enrico S. Cruz</td> <td>2019</td> </tr> <tr> <td>Napoleon L. Nazareno Jr.</td> <td>2017</td> </tr> <tr> <td>Jikyeong Kang</td> <td>2017</td> </tr> </tbody> </table> <p>Links/ References:</p> <p>1. The 2023 Integrated Report (Independent Directors, Pages 39 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	Independent Director	Start of Term	Jose Perpetuo M. Lotilla	2021	Esther Wileen S. Go	2021	Gerard H. Brimo	2019	Enrico S. Cruz	2019	Napoleon L. Nazareno Jr.	2017	Jikyeong Kang	2017	
Independent Director	Start of Term																
Jose Perpetuo M. Lotilla	2021																
Esther Wileen S. Go	2021																
Gerard H. Brimo	2019																
Enrico S. Cruz	2019																
Napoleon L. Nazareno Jr.	2017																
Jikyeong Kang	2017																

		<p>2. The Bank's Manual of Corporate Governance 2022 Issuance: (Term Limit of Independent Directors, Page 52) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Independent Director, Page 44; Disqualification, Suspension or Removal of a Director, Page 57) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
<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>The Bank's Manual of Corporate Governance provides that after the maximum cumulative nine-year term of an independent director, he shall be perpetually barred from re-election as such, but may continue to qualify as a non-independent director. Regulatory requests from the nine-year exemption shall not be allowed.</p> <p>Link/ Reference:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Term Limit of Independent Directors, Page 52) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Independent Director, Page 44; Disqualification, Suspension or Removal of a Director, Page 57) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	

<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>All Directors are still within the nine (9) year limit from effectivity of Independent Directors term limit in 2012 as per SEC Circular No. 4 dated March 9, 2017.</p> <table border="1" data-bbox="1008 326 1860 578"> <thead> <tr> <th>Independent Director</th> <th>Start of Term</th> <th>No. of Years as ID</th> </tr> </thead> <tbody> <tr> <td>Jose Perpetuo M. Lotilla</td> <td>2021</td> <td>3 years</td> </tr> <tr> <td>Esther Wileen S. Go</td> <td>2021</td> <td>3 years</td> </tr> <tr> <td>Gerard H. Brimo</td> <td>2019</td> <td>5 years</td> </tr> <tr> <td>Enrico S. Cruz</td> <td>2019</td> <td>5 years</td> </tr> <tr> <td>Napoleon L. Nazareno Jr.</td> <td>2017</td> <td>7 years</td> </tr> <tr> <td>Jikyeong Kang</td> <td>2017</td> <td>7 years</td> </tr> </tbody> </table> <p>Moreover, the Manual of Corporate Governance expressly bars any extension from the nine-year term limit as independent director. He may continue to qualify only as a regular director of the Bank.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Independent Directors, Pages 39 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. The Bank's Manual of Corporate Governance 2022 Issuance: (Term Limit of Independent Directors, Page 52) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Independent Director, Page 44; Disqualification, Suspension or Removal of a Director, Page 57) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	Independent Director	Start of Term	No. of Years as ID	Jose Perpetuo M. Lotilla	2021	3 years	Esther Wileen S. Go	2021	3 years	Gerard H. Brimo	2019	5 years	Enrico S. Cruz	2019	5 years	Napoleon L. Nazareno Jr.	2017	7 years	Jikyeong Kang	2017	7 years	
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Enrico S. Cruz	2019	5 years																						
Napoleon L. Nazareno Jr.	2017	7 years																						
Jikyeong Kang	2017	7 years																						

Recommendation 5.4			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	COMPLIANT	<p>The Manual of Corporate Governance provides that the role of the Chairman of the Board and the Chief Executive Officer (CEO) shall be kept separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.</p> <p>The Interim Chairman of the Board is Mr. Cirilo P. Noel and the President and CEO is Mr. Sanjiv Vohra.</p> <p>Links/ References:</p> <p>Separation of Roles</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Chairman of the Board of Directors, Page 39) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (The Chairman of the Board, Page 35; Chief Executive Officer/ President, Page 85) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Separation of Roles, Page 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf <p>Identity and Profile of the Chairman of the Board and the Chief Executive Officer</p> <ol style="list-style-type: none"> 1. Board of Directors profiles as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/ 	

		<p>2. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 and 39) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>The Manual of Corporate Governance separately lists the Duties and Responsibilities of the Chairman of the Board and the Chief Executive Officer, to wit:</p> <p>Duties and Responsibilities of the Chairman of the Board</p> <p><i>The Chairman of the Board shall:</i></p> <ol style="list-style-type: none"> 1. Provide leadership in the Board of Directors. <i>The Chairperson of the Board shall ensure effective functioning of the Board, including maintaining a relationship of trust with board members.</i> 2. Ensure that the Board takes an informed decision. <i>The Chairperson of the Board shall ensure a sound decision making process and he should encourage and promote critical discussions and ensure that dissenting views can be expressed and discussed within the decision-making process.</i> 3. Ensure that meetings of the Board are held in accordance with the By-laws or as the Chair may deem necessary; 4. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the Directors; 5. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations; 6. Maintain open and timely lines of communication and information between the Board and Management. 7. Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions; 	

8. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
9. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
10. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
11. Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.

Deliverables of the Chairman of the Board

- 1) Lead in setting the long-term strategy and updating the mission and vision statements of the institution;
- 2) Compliance of members to assignments on meetings per agenda, in accordance with By-laws and regulatory requirements;
- 3) Lead in compliance with the principles of good governance;
- 4) Lead in maintaining good corporate citizenship.

Duties and Responsibilities of the Chief Executive Officer (CEO)/President

As stated in the Bank's By-Laws, the President, subject to the control of the Board of Directors shall be the Chief Executive Officer of the Bank. As such, he shall have direct and immediate charge of the business, affairs and property of the Bank, with the following roles accountabilities:

Roles:

1. Lead, in conjunction with the Board, the development and execution of the institution's long-term strategy with a view to creating shareholder value;
2. Determine the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
3. Be ultimately responsible for all day-to-day management decisions and for implementing the institution's long- and short-term plans, in accordance with its strategy;

	<p>4. Act as a direct liaison between the Board and Management of the institution and communicate to the Board on behalf of Management; Provides the Board with timely information and interfaces between the Board and the employees;</p> <p>5. Effectively communicate, on behalf of the institution, to shareholders, employees, Government authorities, other stakeholders and the public;</p> <p>6. Set the tone of good governance from the top;</p> <p>7. Have a good working knowledge of the corporation's industry and market and keep up-to-date with its core business purpose;</p> <p>8. Oversee the operations of the corporation and manage human and financial resources in accordance with the strategic plan; and</p> <p>9. Build the corporate culture and motivates the employees of the corporation.</p> <p>Accountabilities:</p> <p>To the Board of Directors:</p> <p>1) Ensure that the institution maintains high standards of corporate governance, corporate citizenship and social responsibility wherever it does business;</p> <p>2) Properly advise and provide sufficient information to enable the Directors to make appropriate judgments and decisions;</p> <p>3) Ensure the integrity of all public disclosure by the institution</p> <p>To Management and Employees:</p> <p>1. Ensure proper dissemination of adequate information of all material undertakings and activities of the institution and all material external factors affecting it.</p> <p>2. Direct, evaluate and guide the work of the key officers of the corporation.</p> <p>To the Government:</p> <p>Ensure the institution's compliance with all laws, rules and regulation.</p> <p>Link/ Reference:</p> <p>1. The Bank's Manual of Corporate Governance</p>	
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		<p>2022 Issuance:(Duties and Responsibilities of the Chairman of the Board, Pages 39 to 40; Deliverables of the Chairman of the Board, Pages 40 to 41; Duties and Responsibilities of the Chief Executive Officer (CEO)/ President, Pages 67 to 68; Deliverables of the Chief Executive Officer, Page 68) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Duties and Responsibilities of the Chairman of the Board, Page 35; Deliverables of the Chairman of the Board, Pages 35 to 36; Duties and Responsibilities of the Chief Executive Officer (CEO)/ President, Pages 85 to 86; Deliverables of the Chief Executive Officer, Pages 86 to 87) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
Recommendation 5.5			
<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>Mr. Napoleon Nazareno has been the Lead Independent Director since October 2018 and this was reconfirmed during the 2023 Organizational Board meeting. His duties and responsibilities are in the Bank's Manual of Corporate Governance.</p> <p>Links/ References:</p> <p>Appointment as Lead Independent Director</p> <ol style="list-style-type: none"> Results of the 2023 Organizational Meeting of the Board of Directors https://edge.pse.com.ph/openDiscViewer.do?edge_no=3019a6d60d796a8d9e4dc6f6c9b65995 <p>Duties and Responsibilities:</p> <ol style="list-style-type: none"> The Bank's Manual of Corporate Governance 2022 Issuance: (Lead Independent Director, Pages 36 to 37) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 	

		2024 Issuance: (Lead Independent Director, Pages 36) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	<p>Any director of the Bank who has an interest in the transaction is expected to disclose the same and recuse himself from participating in the deliberations or approving the transaction.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Responsibilities of a Director/ Board Member, Pages 37 to 38; Conduct of Board Meetings, Page 44; Code of Business Ethics for Members of the Board of Directors, Annex 1, Page 115) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Responsibilities of a Director/ Board Member, Pages 52; Conduct of Board Meetings/ Abstention of Deliberations, Page 37; Code of Business Ethics for Members of the Board of Directors, Annex 1, Pages 116 to 117) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Code of Business Ethics for Members of the Board of Directors https://www.securitybank.com/about-us/code-of-business-ethics-for-members-of-the-board-of-directors/ 	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal	COMPLIANT	The non-executive directors are expected to conduct periodic meetings with the external auditor and heads of internal audit, compliance and risk functions, without any executive directors	

audit, compliance and risk functions, without any executive present.		present to ensure that proper checks and balances are in place within the corporation.	
2. The meetings are chaired by the lead independent director.	COMPLIANT	<p>The Non-Executive Directors' (NED) meeting was held on March 28 and 26 September 2023. The heads of the three control units of the Bank (CAE, CCO and CRO) as well as the External Auditor were also in attendance. The meeting was chaired by Lead Independent Director Napoleon Nazareno as indicated in the minutes of the meeting. None of the Executive Directors were present in the meeting.</p> <p>The NED meeting agenda included reports from the three control units of the Bank (CAE, CCO and CRO), as well as the report of the External Auditor.</p> <p>Link/ Reference:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Meeting of Non-executive Directors, Page 44) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Meeting of Non-executive Directors, Page 37) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	<p>None of the directors has been a former CEO of the company in the past two years. Mr. Alfonso L. Salcedo, Jr, was President and Chief Executive Officer of the Bank from April 28, 2015 to June 30, 2019. The incumbent CEO, Mr. Vohra has been holding the role since 1 July 2019.</p> <p>Links/ References:</p>	

		<ol style="list-style-type: none"> 1. Board of Directors' profiles as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/ 2. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
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Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	<p>The board of directors assess on an annual basis its performance and effectiveness as a body, as well as its various board-level committees, the Chairman, the Chief Executive Officer, the Corporate Secretary, and the individual directors. Management-level committees, in the same vein, also perform a self- assessment. The results thereof are reported to the Board through the Corporate Governance Committee (for the Board as a body, the Chairman and the Board-level Committees) and Nominations and Remuneration Committee (for the individual directors and the Chief Executive Officer). The results of the assessment of the individual directors and the Chief Executive Officer are taken into account in their re-appointment.</p> <p>Copies of the self-assessment are with the Corporate Governance department of the Compliance Group and available for viewing by the SEC.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 24; Annual Performance Evaluation, 	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		

		<p>Page 45; Processes Adopted in the Re-Appointment of Directors; Page 54) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 25; Annual Performance Evaluation, Page 40) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Annual Performance Evaluation, Page 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>5. Every three years, the assessments are supported by an external facilitator.</p>	<p>COMPLIANT</p>	<p>Every three years, the assessment of performance is to be supported by an external facilitator, who can be any independent third party such as, but not limited to, a consulting firm, academic institution, or professional organization.</p> <p>Reyes Tacandong, an independent consulting firm was engaged as an external facilitator in February 2019 to assess 2018 Board performance. R.G. Manabat & Co. (KPMG) was engaged in December 2021 to facilitate the assessment of the 2021 performance of the Board (individual and as a body) Board-level committees, Chairman, CEO and Corporate Secretary.</p> <p>The copy of the official report of R.G. Manabat & Co. may be made available upon request.</p> <p>Links/ References:</p> <p>1. The Bank's Manual of Corporate Governance</p>	

		<p>2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 24) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 25) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Annual Performance Evaluation, Page 84) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	The Board of Directors shall establish a system of checks and balances which applies in the first instance to the Board itself. Among the members of the Board, an effective system of checks and balances must exist. The system shall also provide a mechanism for effective check and control by the Board over the Chief Executive Officer and key managers and by the latter over the line officers of the Bank. Checks and balances in the Board shall be enhanced by appointing a chairperson who is a non-executive, whenever possible. As aforementioned, the Board of Directors shall assess at least annually its performance and effectiveness as a body, as well as its various committees, the Chairman, the Chief Executive Officer, the individual directors, and the Bank itself, which may be facilitated by the Nominations and Remuneration Committee or external facilitators. The composition of the Board shall also be reviewed regularly with the end in view of having a balanced membership. Towards this end, a system and procedure for evaluation shall be adopted which shall include, but not limited to, the setting of benchmark and peer group analysis.	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		

Every three years, the assessment of performance of the Chairman, individual members of the Board and BOD-level committees should be supported by an external facilitator, who can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.

Alternatively the Bank allows feedback mechanism via the Investor Relations Officer, from its shareholders. The Investor Relations Office provides an avenue to receive feedback, complaints and queries from shareholders. It also assures their active participation with regard to activities and policies of the Bank. Further, it ensures all information regarding the activities of the Bank are properly and timely communicated to shareholders. The Investor Relations Officer shall be present at every shareholders' meeting.

The contact number of the Investor Relations office is (632) 888-7221 and email address is InvestorRelationsOffice@securitybank.com.ph

Shareholders can give feedback via:

- Investor Relations Office
- Office of the Corporate Secretary

Links/ References:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 24; Investor Relations Office, Page 108)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 25; Investor Relations Office, Page 109)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>

		<p>2. The 2023 Integrated Report (Contact Us – For Investor Relations, Page 169) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>3. Investor Assistance Page on the Bank's Corporate Website https://www.securitybank.com/about-us/investor-relations/shareholder-information/investor-assistance/</p>	
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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

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.	COMPLIANT	Pursuant to its responsibility to define the Bank's corporate culture and values and conduct the bank's affairs with integrity, the Board established a code of conduct and ethical standards, which articulates acceptable and unacceptable activities, transactions and behaviours 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.	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The Code is disseminated to the new directors as part of their Orientation Program, and to new hires during the New Hires Orientation. As the Codes are posted on the Bank's website, these may be accessed at any time by all the Directors and employees.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	<p>Links/ References:</p> <p>1. Code of Business Conduct and Ethics https://www.securitybank.com/about-us/code-business-conduct-ethics/</p> <p>2. Code of Business Ethics for Members of the Board of Directors https://www.securitybank.com/about-us/code-of-business-ethics-for-members-of-the-board-of-directors/</p>	

		<p>3. The Bank's Manual of Corporate Governance 2022 Issuance:(Annex 1 – Code of Business Ethics for Members of the Board of Directors, Page 113 to 118) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance:(Annex 1 – Code of Business Ethics for Members of the Board of Directors, Page 115 to 119) https5://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
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>Pursuant to its responsibility to prevent the use of facilities of the Bank in the furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption, the Board has a governance policy on money laundering, fraud and corruption which provides that neither the Bank nor any third party acting on the Bank's behalf shall offer, promise, authorize or pay anything of significant value to any "government official" or any other person or entity including those in the private or commercial sector, where it is intended to induce the recipient to misuse his or her position or to obtain an improper "business advantage."</p> <p>No Bank employee shall request or accept a bribe. No gift of cash or any cash equivalent is ever permitted to be given to or for the benefit of any third party, or requested or accepted by any Bank employee, unless specifically authorized by the Bank's policy.</p> <p>Links/ References:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 12; Board Duties to Stakeholders, Page 109; Governance Policy on Money Laundering, Fraud and Corruption, Page 109 to 110)</p>	

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 13 to 14; Board Duties to Stakeholders, Page 110; Governance Policy on Money Laundering, Fraud and Corruption, Pages 110 to 111) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Anti-bribery and Corruption, Page 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
Recommendation 7.2			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>COMPLIANT</p>	<p>The Code of Business Conduct and Ethics applies at all times to all employees regardless of rank, position and employment status. At onboarding, employees are required to acknowledge that they have read and understood the Code.</p> <p>The Integrity Committee is the management committee that handles cases of employees suspected to have violated the internal policy of the Bank and/or possible commitment of fraud. It reports to the Corporate Governance Committee.</p> <p>A summary of cases raised to the Committee are reported to the Corporate Governance Committee on a quarterly basis. The Integrity Committee is substantiated by controls such as Risk Control Self-Assessment, Internal Audit Reports and Compliance Testing Report.</p> <p>Links/ References:</p> <p>1. Code of Business Conduct and Ethics</p>	

		<p>https://www.securitybank.com/about-us/code-business-conduct-ethics/</p> <p>2. Code of Business Ethics for Members of the Board of Directors https://www.securitybank.com/about-us/code-of-business-ethics-for-members-of-the-board-of-directors/</p>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<p>The Board, through its Corporate Governance, Risk Oversight and Audit Committees, is able to monitor compliance to bank policies by proper testing and reporting by Compliance, Risk, and Audit functions.</p> <p>Links/ References:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Board Committees – Corporate Governance Committee, Risk Oversight Committee, Audit Committee, Pages 70 to 83; Chief Compliance Officer, Pages 88 to 89 Internal Control System and Risk Management Framework, Pages 98 to 104) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Board Committees – Corporate Governance Committee, Risk Oversight Committee, Audit Committee, Pages 64 to 77; Chief Compliance Officer, Pages 89 to 90 Internal Control System and Risk Management Framework, Pages 90 to 95) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	

Disclosure and Transparency

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

Recommendation 8.1

<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>Among the Bank's standards of corporate governance is Disclosure and Transparency. As such, it is committed to publicly and timely disclosing all material information which could adversely affect its viability or the interests of its stockholders and other stakeholders. Required reports or disclosures shall be prepared and submitted to the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP) and the Philippine Stock Exchange (PSE), as the case may be, in accordance with existing regulations, by the responsible department/officer or through the Bank's Chief Compliance Officer.</p> <p>All disclosures are posted in the company website.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Disclosure and Transparency, Pages 7 to 8; Disclosure and Transparency – Reportorial or Disclosure System of the Bank's Corporate Governance Policies and Policy Statement on Disclosure of Non-Financial Information, Page 92) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Disclosure and Transparency, Pages 7 to 8; Disclosure and Transparency – Reportorial or Disclosure System of the Bank's Corporate Governance Policies and Policy Statement on Disclosure of Non-Financial Information, Page 99) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Disclosures in the Corporate Website https://www.securitybank.com/about-us/#disclosures 	
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<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>COMPLIANT</p>	<p>The 2023 AFS was uploaded and disclosed in the PSE Edge last 29 February 2024 and through the Bank Corporate website thereafter. Quarterly reports are likewise submitted to the PSE and SEC and published in the Bank's Corporate Website.</p> <p>Links/ References</p> <ol style="list-style-type: none"> 1. Audited Financial Statements as of 31 December 2023 as posted on PSE Edge https://edge.pse.com.ph/openDiscViewer.do?edge_no=3dea3636f65b194eabca0fa0c5b4e4d0 2. Audited Financial Statements as of 31 December 2023 as posted on the Bank's Corporate Website https://www.securitybank.com/wp-content/uploads/2024/02/Audited-Financials-2023.pdf 3. Quarterly Reports filed with the SEC and PSE and posted on PSE Edge https://edge.pse.com.ph/openDiscViewer.do?edge_no=22a139dbe1dea569abca0fa0c5b4e4d0 https://edge.pse.com.ph/openDiscViewer.do?edge_no=01777ef521b855ef9e4dc6f6c9b65995 https://edge.pse.com.ph/openDiscViewer.do?edge_no=3a3611f87d725c909e4dc6f6c9b65995 https://edge.pse.com.ph/openDiscViewer.do?edge_no=d1a0237ac4559bda9e4dc6f6c9b65995 https://edge.pse.com.ph/openDiscViewer.do?edge_no=ef5e5620e8baeab09e4dc6f6c9b65995 4. Quarterly Reports filed with the SEC and PPSE and posted on the Bank's Corporate Website 	
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		<p>https://www.securitybank.com/wp-content/uploads/2023/11/SBC-SEC-17-Q-September.pdf</p> <p>https://www.securitybank.com/wp-content/uploads/2023/08/SBC-SEC-17-Q-june.pdf</p> <p>https://www.securitybank.com/wp-content/uploads/2023/05/SBC-SEC-17-Q-March.pdf</p>	
<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>The following are disclosed in the Integrated Report:</p> <p>1. Principal risks to minority shareholders associated with the identity of the company's controlling shareholders</p> <p><i>"The duty to care requires board members to act on a fully informed basis, in good faith, with due diligence and care. In exercising the duty of loyalty, board members should act in the interest of the Bank and all its shareholders and not those of the controlling company of the group or any other stakeholders."</i></p> <p>Link/ Reference:</p> <p>The 2023 Integrated Report (Duties and Responsibilities, Page 49) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>2. Cross-holdings among company affiliates</p> <p>The conglomerate structure of SBC Group shows that the Bank owns 100% of affiliates and none vice versa. None of the Bank's subsidiaries or affiliates has any cross holding either to the Bank or in any of the subsidiaries and/or affiliates.</p> <p>Link/ Reference:</p>	

		<p>The 2023 Integrated Report (Map Showing Relationships between and among Parent, Subsidiaries and Joint Ventures, Page 57) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>3. The Bank's controlling shareholders</p> <p>Link/ Reference:</p> <p>The 2023 Integrated Report (Security Ownership of Certain Record and Beneficial Owners, Page 55) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>4. No imbalances between the controlling shareholders' voting power and overall equity position in the company.</p> <p>Link/ Reference:</p> <p>2024 Definitive Information Statement (B. Control and Compensation Information, Pages 18 to 19 of the document/ Pages 2 to 3 of the Information Statement) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p>	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company	COMPLIANT	The Bank's Policy on Trading of SECB shares and Personal Investment Policy requires directors and officers (SVP and up) to: (1) Notify the	

any dealings in the company's shares within three business days.		Board through the Office of the Corporate Secretary (OCS) of his intention to deal in SECB shares at least one (1) day prior to trading;	
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>and (2) Submit the necessary disclosure form to the OCS within three (3) business days from trading.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. Policy on Trading in SECB Shares https://www.securitybank.com/about-us/company-policies/ 2. The 2023 Integrated Report (Personal Investment Policy, Page 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	

Supplement to Recommendation 8.2

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).	COMPLIANT	<p>Shareholdings of Directors, Management and top 100 shareholders is disclosed in the Bank's Definitive Information Statement.</p> <p>Disclosures are made on PSE Edge portal whenever there is a relevant transaction.</p> <p>Link/ Reference:</p> <p>2024 Definitive Information Statement (B. Control and Compensation Information, Pages 18 to 19 of the document/ Pages 2 to 3 of the Information Statement) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p>	
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Recommendation 8.3

<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>The profiles of the Board of Directors are published in the corporate website and in the 2023 Integrated Report.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. Board of Directors' profiles as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/leaders/board-of-directors/ 2. The 2023 Integrated Report (Board of Directors' Profiles, Pages 38 to 40; Directors' Snapshot, Page 50) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 3. 2024 Definitive Information Statement (Annex A, Board of Directors) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <ol style="list-style-type: none"> 4. 2023 Definitive Information Statement (Annex A, Board of Directors) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995 <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <ol style="list-style-type: none"> 5. Public Ownership Report as posted on PSE Edge 	
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2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	<p>The profiles of key executives are published in the annual report and included in the Definitive Information Statement.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Board of Advisors' Profile, Page 41; Executive and Senior Management's profile, Pages 43 to 47) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. 2024 Definitive Information Statement (Annex A Key Officers) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <ol style="list-style-type: none"> 3. 2023 Definitive Information Statement (Annex A, Key Officers) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995 <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p>	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	The Board, through the Nominations and Remuneration Committee implements and approves the remuneration policy for key officers and board members that is aligned with the long-term interests of the Bank including the overall business and risk strategy.	

<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>Its components include fixed remuneration, performance-based bonus, regular bonuses, incentives and other benefits. The Nominations and Remuneration Committee determines appropriate remuneration based on specific financial and non-financial metrics to measure performance and set specific provisions for employees with significant influence on the overall risk profile of the corporation.</p> <p>Key considerations in determining proper compensation:</p> <ul style="list-style-type: none"> a. The level of remuneration is commensurate to the responsibilities of the role; b. No director shall participate in deciding his own remuneration; c. Remuneration pay-out schedules shall be sensitive to risk outcomes over a multi-year horizon d. Remuneration of employees assigned in control functions such as Audit, Risk and Compliance, shall be determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives. <p>The directors receive fees and bonuses, while the executive directors receive salaries, bonuses and other usual bank benefits as approved by the Board of Directors commensurate with their attendance and individual contributions in meetings of the Board and committees. Executive directors are entitled to fixed compensation and performance-based bonuses plus fees for attendance at meetings. Non-executive directors receive performance-based bonuses and fees for attendance in meetings of the Board and its committees. The directors have no other compensation plan or arrangement with the Bank. No warrants or options are held by them.</p> <p>The executive officers receive salaries, bonuses and other usual bank benefits. Aside from these, they have no other compensation plan or arrangement with the Bank and do not hold warrants or options. The Remuneration Program for Senior Management is equitable and commensurate to the responsibilities of each officer, competitive</p>	
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		<p>amongst industry peers and aligned to the long-term interests of the Bank, including overall business and risk strategy.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Policy Statement on Remuneration, Page 47) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Remuneration Policy for Directors and Key Officers, Pages 53 to 55) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Remuneration, Pages 84 to 85) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 3. 2024 Definitive Information Statement (Item 6, Compensation of Directors/ Executive Officers) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf 	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>	<p><i>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</i></p>	<p>The remuneration of directors and the top five (5) executives are disclosed on an aggregate basis in the Definitive Information Statement and the Integrated Report to protect the privacy</p>

			<p>and security of the Bank's Directors and Executives.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. 2024 Definitive Information Statement (Item 6. Compensation of Directors/ Executive Officers) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in:</p> <p>https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <ol style="list-style-type: none"> 2. The 2023 Integrated Report (Remuneration, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf
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Recommendation 8.5

1. Company discloses its policies governing Related Party Transactions (RPTs) and other	COMPLIANT	The Manual on Corporate Governance establishes the creation of the Related Party Transactions Committee and describes its	
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<p>unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>		<p>functions, roles and responsibilities, and authority, which is mainly to ensure that transactions with related parties across the SBC Group are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of depositors and stakeholders.</p> <p>In case of conflict with regards to a related party transaction, a Director should abstain from participating in the deliberation of related party transactions, self-dealings or any transactions or matters on which he has material interest is a fundamental principle to be observed to ensure that the Board is acting in the best interest of the Bank and the shareholders.</p> <p>The Policy on Related Party Transactions is available on the Bank's Corporate Website.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Related Party Transactions Committee, Pages 83 to 86) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: Related Party Transactions Committee, Pages 77 to 80) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Policy on Related Party Transactions https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy - Revised-07112260-1.pdf 	
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<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>COMPLIANT</p>	<p>A summary of material related party transactions as of 31 December 2023 is disclosed in the 2023 Integrated Report. A quarterly report on material related party transactions is also filed with the Bangko Sentral ng Pilipinas (BSP).</p> <p>Upon request, the list of material RPTs reviewed by the RPT Committee in 2023 may be provided for viewing.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 2024 Definitive Information Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in:</p> <p>https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <ol style="list-style-type: none"> The 2023 Integrated Report (Material RPT for confirmation of majority stockholders, Pages 65; Note 31 of the Audited Financial Statements, Page 139) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
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>The Directors disclosed information of their consanguinity or affinity of up to 1st degree through the biographical data submitted to the Bangko Sentral ng Pilipinas (BSP) through the Office of the Corporate Secretary.</p> <p>In addition, the Code of Business Ethics for Members of the Board of Directors mandate the disclosure of any conflict of interest, as follows:</p> <p><i>Promptly and fully disclose to the Chairman of the Board, the Chairman of the Corporate Governance Committee or the Corporate Secretary, any conflict of interest, whether of an actual or</i></p>	

		<p><i>potential nature, ad whether involving his personal (including family or close personal friends) or business affairs;</i></p> <p><i>Ensure appropriate disclosures to the Company Secretary on details of outside employment, business interests or interests of any of family members which may be in conflict or potential conflict with businesses of the Security Bank Group.</i></p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Annex 1 - Code of Business Ethics for Members of the Board of Directors, Pages 113 to 118) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Annex 1 - Code of Business Ethics for Members of the Board of Directors, Pages 115 to 119) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Code of Business Ethics for Board of Directors https://www.securitybank.com/about-us/code-of-business-ethics-for-members-of-the-board-of-directors/ 	
Optional : Recommendation 8.5			
<ol style="list-style-type: none"> 1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length. 	COMPLIANT	<p>The Bank recognizes that related party transactions (RPT) may give rise to conflict of interest. Thus, the Board has established an overarching policy that will ensure the effective conduct of robust due diligence and sound reporting and monitoring of transactions of the Bank with it Related Parties (RPs).</p> <p>The Board likewise constituted the RPT Committee to assist in the implementation of the RPT Policy and to review all Related Party Transactions of the Group. The Committee ensures that transactions with related parties and directors, officers, stockholders, and their</p>	

Related Interests (DOSRI) are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders.

In carrying out its function, the Committee evaluates, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all RPs are continuously identified, RPs are monitored and subsequent changes in relationship are captured. On a monthly basis, management through the Committee Secretariat, submits RPT proposals that breach the defined threshold amount of the Bank. The Committee evaluates the proposals to ensure that these are not under unfavorable economic terms, taking into consideration at a minimum the charge price/interest, commission to be earned, fees, tenor and collateral.

The proposals, after thorough evaluation, will be endorsed to the Board for final approval before the transactions can be entered into by the units submitting the proposals.

The Bank's RPT Policy is posted on the Bank's Corporate website and is discussed in the 2023 Integrated Report.

Links/ References:

1. Policy on Related Party Transactions
<https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy - Revised-07112260-1.pdf>
2. The 2023 Integrated Report (Policy on Related Party Transactions, Pages 64 to 65)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>

<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	<p>COMPLIANT</p>	<p>The Policy on Acquisition/ Sale of Significant/ Material Assets provides the Bank should make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. The disclosure should include the rationale, effect on operations and approval at board meetings with independent directors present to establish transparency and independence of the transaction.</p> <p>These are timely disclosed in accordance with PSE and SEC rules on disclosures. Material acquisitions or disposals are included in the Definitive Information Statement. Disclosures are likewise posted on the Bank's Corporate website.</p> <p>Links/ References:</p> <p>Policy</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporation Governance 2022 Issuance: (Policy on Acquisition/ Sale of Significant/ Material Assets, Page 93) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Policy on Acquisition/ Sale of Significant/ Material Assets, Page 100) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf <p>Disclosures</p> <ol style="list-style-type: none"> 1. SEC Filings as posted on the Bank's Corporate Website https://www.securitybank.com/about-us/investor-relations/sec-filings/ 	
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<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>COMPLIANT</p>	<p>The Policy on Acquisition/ Sale of Significant/ Material Assets also provides that an independent party should be appointed to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> <p>In 2023, the Bank did not have any transactions that warranted external third party evaluation of fairness of transaction prices.</p> <p>Proposals for acquiring/ disposal of assets make use of a price discovery mechanism and result of such is disclosed in the proposal. The mechanism may include any of the following:</p> <ol style="list-style-type: none"> 1. External expert 2. Opening the transaction to a bidding process 3. Publication of available property for sale. <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporation Governance 2022 Issuance: (Policy on Acquisition/ Sale of Significant/ Material Assets, Page 93) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Policy on Acquisition/ Sale of Significant/ Material Assets, Page 100) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	

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	The Bank has no existing shareholders' agreements and other agreements that may impact on the operations of the company.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	The Bank's Manual of Corporate Governance provides the corporate governance framework and sets the platform for corporate governance policies and practices that are in place in the Bank and to which both the Board collectively and the Directors individually are committed to consistently implement.	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	The revised Manual in 2022 was submitted to SEC and PSE via EDGE last 15 and 16 September 2022 respectively. In 2024, this was submitted to SEC and PSE via EDGE last 12 March 2024.	
3. Company's MCG is posted on its company website.	COMPLIANT	<p>The updated manual is uploaded in the Bank's Corporate website.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance submitted to PSE 2022 Issuance: https://edge.pse.com.ph/openDiscViewer.do?edge_no=3c0b0040b41b8cb43470cea4b051ca8f 2024 Issuance: https://edge.pse.com.ph/openDiscViewer.do?edge_no=ed36d890b7da7af9abca0fa0c5b4e4d0 2. The Bank's Manual of Corporate Governance posted on the Bank's Corporate Website 	

		https://www.securitybank.com/manualoncorporategovernance/	
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	<p>The revised Manual in 2022 was submitted to SEC and PSE via EDGE last 15 and 16 September 2022 respectively. The revised Manual for 2024 was submitted to SEC and PSE via EDGE last 12 March 2024.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> The Bank's Manual of Corporate Governance submitted to PSE 2022 Issuance: https://edge.pse.com.ph/openDiscViewer.do?edge_no=3c0b0040b41b8cb43470cea4b051ca8f 2024 Issuance: https://edge.pse.com.ph/openDiscViewer.do?edge_no=ed36d890b7da7af9abca0fa0c5b4e4d0 	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	<p>Corporate Objective is on page 2 under Corporate Information— Vision and Mission, Values of the 2023 Integrated Report.</p> <p>https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
b. Financial performance indicators	COMPLIANT	<p>Financial Performance Indicators is on page 8 - 2023 Financial Highlights of the 2023 Integrated Report.</p> <p>https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
c. Non-financial performance indicators	COMPLIANT	<p>Non-Financial Performance Indicators is discussed in pages 6 to 34 of the 2023 Integrated Report.</p>	

		https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
d. Dividend Policy	COMPLIANT	Dividend Policy is in Page 51 of the 2023 Integrated Report https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT	Biographical data of the Directors are found in pages 38 to 40 of The 2023 Integrated Report. https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT	Attendance details in Board and Board-level Committee meetings are in pages 52 to 55 of the 2023 Integrated Report. https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
g. Total remuneration of each member of the board of directors	NON-COMPLIANT		<p>The remuneration of directors and the top five (5) executives are disclosed on an aggregate basis in the Definitive Information Statement and the Integrated Report to protect the privacy and security of the Bank's Directors and Executives.</p> <p>Links/ References:</p> <p>1. 2024 Definitive Information Statement (Item 6. Compensation of Directors/ Executive Officers) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p>

			<p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <p>2. The 2023 Integrated Report (Remuneration, Page 51) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.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 the reason for each such issue.	COMPLIANT	<p>Security Bank Corporation (SBC) consistently adheres to good corporate governance principles of fairness, accountability and transparency in all its dealings, ensuring a high degree of integrity in the conduct of all its affairs.</p> <p>The Bank is substantially compliant with the SEC Code of Corporate Governance and in accordance with the requirements of the SEC Code, and where applicable, properly explains where existing practices vary with proposed best practices under the Code.</p> <p>Please refer to Page 49 of the 2023 Integrated Report https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</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.	COMPLIANT	<p>Please refer to page 67 of the 2023 Integrated Report which covers the Audit Committee Report. https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</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.	COMPLIANT	Please refer to page 67 of the 2023 Integrated Report which covers the Audit Committee Report. https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	Pages 57 to 63 of the 2023 Integrated Report discussed the various risks that the Bank is exposed to. https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	

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

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	<p>The Audit Committee is responsible for exercising oversight over the external audit function and external auditor's qualifications, independence and performance. Pursuant to this, it reviews the appointment, re-appointment or discharge of auditors, as well as audit fees, prior to endorsement to BOD for approval.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Audit Committee, Pages 76 and 82) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Audit Committee, Pages 70 and 76) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Audit Committee Charter 	
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		https://www.securitybank.com/about-us/corporate-governance/	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	<p>Shareholders representing 100% or the 1,394,314,831 shares in the 2023 ASM voted to ratify all acts of the Board of Directors, the Different Board and Management Committees, Officers and Agents of the Bank which includes the appointment of the Bank's External Auditor.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> Minutes of the Annual Stockholders' Meeting 2024 https://www.securitybank.com/wp-content/uploads/2024/05/Annual-Stockholders-Meeting-2024-GSA-JRRACPN.pdf Minutes of the Annual Stockholders' Meeting 2023 https://www.securitybank.com/wp-content/uploads/2023/08/Annual-Stockholders-Meeting-2023-s79.pdf 	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	<p>There was no change in the Company's external auditors from the previous year.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> The 2023 Integrated Report (Audit Committee Report, Page 67) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	The Audit Committee ensures the rotation of the lead audit partner every five (5) years.	

Year	Lead Audit Partner	Position	CPA Certificate No.
2010- 2013	Josephine Adrienne A. Abarca	SGV Partner	92126
2014-2018	Aris C. Malantic	SGV Partner	90190
2019	Vicky Lee Salas	SGV Partner	86838
2020-2023	Juan Carlo B. Maminta	SGV Partner	11526

Link/ Reference:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Audit Committee – Operations – External Audit, Page 82)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Audit Committee – Operations – External Audit, Page 76)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>

Recommendation 9.2

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ol style="list-style-type: none"> assessing the integrity and independence of external auditors; exercising effective oversight to review and monitor the external auditor's independence and objectivity; and exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant 	<p>COMPLIANT</p>	<p>Among the duties and responsibilities of the Audit Committee are the following:</p> <ol style="list-style-type: none"> 1. Recommend to the Board the appointment, re-appointment, removal and fees of the external auditor, duly accredited by the Securities and Exchange Commission. 2. Perform oversight functions over the external auditor, ensuring their independence and that they are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. 	
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<p>Philippine professional and regulatory requirements.</p>		<ol style="list-style-type: none"> 3. Oversee the resolution of disagreements, if any, between management and the external auditors. 4. Review the performance of the external auditors at least annually including technical competence, integrity, independence, objectivity and overall effectiveness of the external audit process. 5. Discuss with the external auditors the nature, proposed audit scope, approach and expenses of the audit, including coordination of audit effort with internal audit. 6. Ensure that external auditors, including the engagement and quality control partners of the audit firm are rotated in accordance with the relevant provisions of the Code of Ethics for Professional Accountants in the Philippines as adopted by the Philippine Board of Accountancy. 7. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the bank's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose threat to his independence. The non-audit work, if allowed, should be disclosed in the bank's Annual Report and Annual Corporate Governance Report. <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Audit Committee – Operations – External Audit, Page 82) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 	
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		2024 Issuance: (Audit Committee – Operations – External Audit, Page 76) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	In the Charter of the Audit Committee, the duties and responsibilities of the committee, among others included review of the performance of the external auditors at least annually including technical competence, integrity, independence, objectivity and overall effectiveness of the external audit process. Link/ Reference: 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Audit Committee – Operations – External Audit, Page 82) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Audit Committee – Operations – External Audit, Page 76) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
Supplement to Recommendations 9.2			
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.	COMPLIANT	In the Charter of the Audit Committee, the duties and responsibilities of the committee, among others included review of the performance of the external auditors at least annually including technical competence, integrity, independence, objectivity and overall effectiveness of the external audit process. Link/ Reference:	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	1. The Bank's Manual of Corporate Governance	

		<p>2022 Issuance: (Audit Committee – Operations – External Audit, Page 82) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Audit Committee – Operations – External Audit, Page 76) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
Recommendation 9.3			
<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>	COMPLIANT	<p>Non-audit services performed by the external auditor in 2022 are disclosed in the Definitive Information Statement. No non-audit work was performed by the external auditor in 2023.</p> <p>Link/ Reference:</p> <p>1. 2024 Definitive Information Statement (Annex B - External Audit Fees and Services, Page 25) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</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>	COMPLIANT	<p>Part of the responsibility of the Audit Committee as indicated in the Audit Committee Charter is to evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the bank’s overall consultancy expenses. The Committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose threat to his independence.</p>	

		<p>Link/ Reference:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Audit Committee – Operations – External Audit, Page 82) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Audit Committee – Operations – External Audit, Page 76) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
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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>The Definitive Information Statement lists the fees paid for professional services rendered by the Group's external auditors, which will show that fees paid for non-audit services do not outweigh the fees paid for audit services:</p> <p>External Audit Fees and Services</p> <p>The aggregate fees billed for each of the last two fiscal years for professional services rendered by the Group's external auditors are summarized as follows:</p> <table border="1" data-bbox="1026 987 1892 1166"> <thead> <tr> <th rowspan="2">Nature of Services Rendered</th> <th colspan="2">Aggregate Fees (in millions)</th> </tr> <tr> <th>2023</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Regular Audit of the Group's Financial Statements</td> <td>₱13.13</td> <td>₱11.15</td> </tr> <tr> <td>Tax Fees</td> <td>–</td> <td>–</td> </tr> <tr> <td>Other Fees</td> <td>–</td> <td>9.33</td> </tr> <tr> <td>Total Fees</td> <td>₱13.13</td> <td>₱20.48</td> </tr> </tbody> </table> <p>The fees for the audit of the Group's annual financial statements are ₱13.13 million and ₱11.15 million for 2023 and 2022, respectively. In 2022, the Bank engaged the services of SyCip Gorres Velayo & Co (SGV) for digital forensics and fraud investigations, bank-wide third-party vulnerability assessment and penetration testing of the Bank's critical applications and infrastructure, advisory for business model assessment under PFRS 9 and corporate governance training with engagement fees of ₱3.8 million, ₱2.5 million, ₱0.5 million and ₱0.3 million, respectively. The Bank also engaged the services of SGV for sustainability linked product validation framework with the related engagement fees of ₱2.2 million in 2022.</p> <p>Links/ References:</p>	Nature of Services Rendered	Aggregate Fees (in millions)		2023	2022	Regular Audit of the Group's Financial Statements	₱13.13	₱11.15	Tax Fees	–	–	Other Fees	–	9.33	Total Fees	₱13.13	₱20.48	
Nature of Services Rendered	Aggregate Fees (in millions)																			
	2023	2022																		
Regular Audit of the Group's Financial Statements	₱13.13	₱11.15																		
Tax Fees	–	–																		
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		<p>2024 Definitive Information Statement (Annex B - External Audit Fees and Services, Page 25) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p>	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	<p>SGV and Co and the lead audit partner are also included in the list of accredited auditing firms and accredited external auditors posted in the SEC website.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> List of Accredited/ Selected External Auditors of BSP https://www.bsp.gov.ph/SitePages/FinancialStability/AuditFList.aspx List of Accredited/ Selected External Auditors of SEC https://www.sec.gov.ph/wp-content/uploads/2023/08/2023List_SEC-Accredited-Auditing-Firms-as-of-31-Jul-2023.pdf 	
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).	COMPLIANT	SGV was subjected to the SOAR Inspection Program last 1 to 12 August 2022.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information,	COMPLIANT	The 2023 Integrated Report discloses the sustainability initiatives of the bank.	

<p>with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>		<p>In 2020, in compliance with the requirements of the BSP, the Board approved an Environmental and Social Policy Framework which established the basis for the Bank's policies and the management of environmental and social issues. The framework served as a guide in creating the Environmental and Social Risk Management System (ESRMS) in 2021. The ESRMS is designed to identify, assess, and manage environmental and social risks associated with the Bank's operations. In 2023, the Board approved the Sustainable Finance Framework (SFF). This milestone underscores the Bank's commitment to sustainability and charts a clear path for deploying Sustainable Financing Instruments (SFIs) to fund eligible green, social and sustainable projects.</p> <p>Link/ Reference: 1. The 2023 Integrated Report (Our sustainability framework, Pages 11 to 34) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>Since 2013, the Bank has adopted the Global Reporting Initiative (GRI) Framework to ensure compliance with global standards in the disclosure of environmental, social and economic performance and impact of the organization.</p> <p>Link/ Reference: 1. The 2023 Integrated Report (GRI Content Index, Pages 154 to 159) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	

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>The Bank has various channels that ensures timely and accurate dissemination of public material and relevant information to its shareholders and other investors:</p> <p>1. Investor Relations Office</p> <p>The Bank's Investor Relations Office (IRO) is designed to ensure constant engagement with its stockholders. The Investor Relations Office provides an avenue to receive feedback, complaints and queries from shareholders it also assures their active participation with regard to activities and policies of the Bank. Further, it shall ensure all information regarding the activities of the Bank are properly and timely communicated to shareholders.</p> <p>The Bank IRO can be contacted through: Telephone : (632) 8888-7221 Email: InvestorRelationsOffice@securitybank.com.ph</p> <p>2. Office of the Corporate Secretary (OCS) Shareholders can contact the Office of the Corporate Secretary for queries related to governance, annual shareholders' meeting- including proxy statement and other corporate records. The OCS can be reached via: Telephone Nos.: (632) 8888-7335 or (632) 8888-7215 Email: CorporateGovernance@securitybank.com.ph</p> <p>3. Disclosures of material and relevant via the corporate website and PSE Edge</p> <p>Disclosures in the Bank's Corporate Website can be accessed through the following links:</p> <p>Financial Statements: https://www.securitybank.com/about-us/investor-relations/financial-statements/</p> <p>SEC Filings:</p>	
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<https://www.securitybank.com/about-us/investor-relations/sec-filings/>

Notice of the Meetings: <https://www.securitybank.com/about-us/investor-relations/notice-of-meetings/>

Minutes of the Meetings: <https://www.securitybank.com/about-us/investor-relations/minutes-of-meeting/>

Other Disclosures: <https://www.securitybank.com/about-us/investor-relations/public-disclosures/>

PSE Edge:

https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=32

4. Investor Presentation and Analyst Briefing

The Bank held Analyst briefings in 2023 to provide business updates that are relevant to analysts' and provide input for their research about latest changes among others updates on the Bank's initiatives and result of operations.

<https://www.securitybank.com/about-us/investor-relations/briefing-schedules/>

Investor Presentation for 2023 can be accessed via this link:

<https://www.securitybank.com/about-us/investor-relations/presentations/>

Analyst briefing materials for 2023 results can be accessed via this link:

<https://www.securitybank.com/about-us/investor-relations/presentations/>

5. Press releases

<https://www.securitybank.com/about-us/investor-relations/financial-information/press-releases/>

Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	COMPLIANT	Quarterly Financial Statements: https://www.securitybank.com/about-us/investor-relations/sec-filings/ 2023 Audited Financial Statement: https://www.securitybank.com/about-us/investor-relations/financial-statements/	
b. Materials provided in briefings to analysts and media	COMPLIANT	Materials Provided in briefings conducted in 2023 to analysts and media such as Investor Presentations, Analyst briefing materials and press releases https://www.securitybank.com/about-us/investor-relations/presentations/	
c. Downloadable annual report	COMPLIANT	Downloadable Annual Report: https://www.securitybank.com/about-us/investor-relations/financial-information/annual-reports/	
d. Notice of ASM and/or SSM	COMPLIANT	Notice of ASM and /or SSM: https://www.securitybank.com/about-us/investor-relations/notice-of-meetings/ https://www.securitybank.com/asm/	
e. Minutes of ASM and/or SSM	COMPLIANT	Minutes of ASM and/or SSM: https://www.securitybank.com/about-us/investor-relations/minutes-of-meeting/	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	Articles of Incorporation: https://www.securitybank.com/wp-content/uploads/2017/11/security-bank-amended-articles-of-incorporation-2017.pdf	

By-Laws: <https://www.securitybank.com/wp-content/uploads/2021/11/Security-Bank-By-Laws.pdf>

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.

COMPLIANT

The Bank's Corporate Website complies with the SEC Memorandum Circular No. 11 series of 2014. The following information are the minimum recommended topics to be posted in the Bank's website:

Our Business

The Company's Business Operations

<https://www.securitybank.com/about-us/business-operations/>

Our Company

1. The Company's Corporate or Business Profile;
<https://www.securitybank.com/about-us/business-profile/>
2. The Company's Mission, Vision and Values;
<https://www.securitybank.com/about-us/vision-and-mission/>
<https://www.securitybank.com/what-matters-to-us/>
3. The Company's Board of Directors, Management Team and Executive Officers;
<https://www.securitybank.com/about-us/leaders/>
4. The Company's Organizational Chart;
<https://www.securitybank.com/about-us/organizational-chart-group-structure/>
5. The Company's Conglomerate Map or Group Corporate Structure;
<https://www.securitybank.com/about-us/organizational-chart-group-structure/>
6. The Company's Shareholdings Structure; and
<https://www.securitybank.com/about-us/shareholdings-structure/>

7. The Company's Articles of Incorporation and By-Laws and all amendments thereto.

Articles of Incorporation: <https://www.securitybank.com/wp-content/uploads/2017/11/security-bank-amended-articles-of-incorporation-2017.pdf>

By-Laws: <https://www.securitybank.com/wp-content/uploads/2021/11/Security-Bank-By-Laws.pdf>

Corporate Governance

Manual on Corporate Governance

<https://www.securitybank.com/manualoncorporategovernance/>

Code of Business Conduct and Ethics

For Officers and Employees:

<https://www.securitybank.com/about-us/code-business-conduct-ethics/>

For Board of Directors: <https://www.securitybank.com/about-us/code-of-business-ethics-for-members-of-the-board-of-directors/>

Annual Corporate Governance Report (ACGR)

1. ACGR for 2012;
2. Updates and changes as of December 31, 2013;
3. Consolidated Changes in the ACGR for 2013;
4. Updates and Changes as of present date; and
5. Consolidated Changes in the ACGR for 2014 and so on and so forth until ACGR is required.

<https://www.securitybank.com/about-us/acgr/>

		<p>Integrated Annual Corporate Governance Report (IACGR) https://www.securitybank.com/about-us/iacgr/</p> <p>Board Committees</p> <ol style="list-style-type: none"> 1. Board Committees; 2. Board Committee Members; and 3. Board Committee Charters <p>https://www.securitybank.com/about-us/corporate-governance/</p> <p>Corporate Social Responsibility</p> <p>BetterBanking is Sustainable https://www.securitybank.com/sustainability/</p> <p>https://www.securitybank.com/foundation/</p> <p>The Company's Corporate Social Responsibility Initiatives</p> <p>Build A School, Build A Nation https://www.securitybank.com/sustainability/build-a-school-build-a-nation/</p> <p>Scholars for Better Communities https://www.securitybank.com/foundation/sbfi-scholars-for-better-communities/</p> <p>Ready, Set, Read! Educational Videos https://www.securitybank.com/sustainability/educational-videos/</p> <p>Mentoring Future Leaders for Nation-Building https://www.securitybank.com/mentoring-future-leaders/</p> <p>Other CSR Initiatives to uplift quality of life</p>	
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<https://www.securitybank.com/sustainability/other-csr-initiatives/>

Enterprise Risk Management
Risk Management

<https://www.securitybank.com/about-us/risk-management/>

Company's Policies
Company Policies

<https://www.securitybank.com/about-us/company-policies/>

1. Whistle Blowing Policy <https://www.securitybank.com/about-us/company-policies/whistleblowing-policy/>

2. Conflict of Interest Policy
<https://www.securitybank.com/about-us/company-policies/conflict-of-interest/>

3. Insider Trading Policy <https://www.securitybank.com/wp-content/uploads/2017/07/POLICY-ON-TRADING-IN-SECB-SHARES.pdf>

4. Related Party Transactions Policy
https://www.securitybank.com/wp-content/uploads/2023/07/Related-Party-Transaction-Policy_-Revised-07112260-1.pdf

5. Policy and Data Relating to Health, Safety and Welfare of Employees, including company sponsored trainings.
<https://www.securitybank.com/about-us/policy-data-relating-health-safety-welfare-employees/>

Company Disclosures

SEC Filings

1. SEC Form 17- A (Annual Report);
2. SEC Form 17- Q (Quarterly Report);
3. SEC Form 17- C (Current Report);

- 4. SEC Form 20- IS (Information Statement);
 - 5. SEC Form 23- A/B (Statement of Beneficial Ownership);
 - 6. General Information Sheet
- <https://www.securitybank.com/about-us/investor-relations/sec-filings/>

Also in:
<https://www.securitybank.com/about-us/investor-relations/public-disclosures/>

Notice of Annual or Special Stockholder's Meetings
<https://www.securitybank.com/about-us/investor-relations/notice-of-meetings/>

<https://www.securitybank.com/asm/>

Minutes of all General or Special Stockholder's Meetings
<https://www.securitybank.com/about-us/investor-relations/minutes-of-meeting/>

Other Disclosures to SEC, PSE and Other Pertinent Agencies
<https://www.securitybank.com/about-us/investor-relations/public-disclosures/>

Press Materials/ News
Press Releases
<https://www.securitybank.com/about-us/investor-relations/financial-information/press-releases/>

News
<https://www.securitybank.com/news/>

Materials provided in briefings to analysts and media
<https://www.securitybank.com/about-us/investor-relations/presentations/>

Investor Relations

		<p>Investor Relations Programs https://www.securitybank.com/about-us/investor-relations/investor-relations-program/</p> <p>Share Information 1. Total Outstanding Shares; 2. Exchange where listed; and 3. Top 20 Stockholders https://www.securitybank.com/about-us/investor-relations/shareholder-information/</p> <p>All required information are retained on the company's website for a period of five (5) years.</p>	
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Internal Control System and Risk Management Framework

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

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>The Manual on Corporate Governance provides that the internal control system shall include oversight on the implementation of key control functions, such as risk management, compliance and internal audit and reviewing the corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.</p> <p>Link/ Reference: 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Governance System, Page 3; Internal Control System and Risk Management Framework, Pages 98 to 103) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Governance System, Pages 3 to 5; Internal Control System and Risk Management Framework, Pages 90 to 95)</p>	
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		https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>The Bank is faced with multiple risks inherent to the business largely in the form of credit, market, liquidity and operational risks.</p> <p>The Risk Management Group (RMG) maintains a proactive approach towards risk management through a robust and well-established Risk Management Framework, ensuring appropriate mitigation strategies are deployed to navigate the uncertainties. This is done through activities consisting of identifying, assessing and dimensioning, mitigating, monitoring and reporting of risks that the Group is exposed to, supported by principles anchored on the Bank's core values of People, Integrity, Empowerment, Innovation, and Execution Excellence.</p> <p>Security Bank adopts and promotes the basic tenet that risks are primarily owned by the respective business and process owners. Everyone in the organization is, therefore, expected to proactively manage the risks inherent in their respective areas.</p> <p>In the end, the Bank's risk management framework defines the risk mitigation and risk avoidance guidelines to all the Bank's stakeholders to ensure balanced risk-taking vs. reward.</p>	

**RISK MANAGEMENT GROUP PRIMARY RESPONSIBILITY:
MAINTAIN RISK MANAGEMENT FRAMEWORK AND DRIVE ENTERPRISE WIDE IMPLEMENTATION**



- CORE PRINCIPLES**
- Awareness and commitment to a single mission, common objectives, **shared core values (PIEIE)**, and a Code of Conduct that are reviewed and renewed periodically.
 - A suite of policies and procedures supplemented by supportive systems which enables clearly defined front, middle, and back office roles.
 - Adherence to Human Capital Management's practices that recruit and retain employees and provide training in requisite skills to support the mission and shared core values.
 - Responsibilities delegated throughout the Bank to provide **empowerment** and accountability.
 - A risk structure that implements control processes including structured management reporting, a system of independent review, and active Board oversight.
 - A risk culture that seeks to anticipate and mitigate risks but also recognizes that risks can provide opportunities for **innovation** leading to a new competitive advantage and reflects on lessons learned when problems arise.

The Bank Enterprise Risk Management Framework is reviewed at least annually by Risk Management Group. Any material amendments in the Framework document will need to be approved by the Risk Oversight Committee (ROC); unless the revisions / updates are already approved separately by the ROC and/or any other appropriate approving authorities. The Chief Risk Officer has authority to approve any other minor amendments to the Framework.

Links/ References:

1. The 2023 Integrated Report (Risk Management, Pages 57 to 62)

		<p>https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>2. The Bank's Manual of Corporate Governance 2022 Issuance: (Chief Risk Officer, Pages 101 to 103; Risk Management, Page 103) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Chief Risk Officer, Pages 93 to 95; Risk Management, Page 95) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
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Supplement to Recommendations 12.1

<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>COMPLIANT</p>	<p>The Bank's Compliance System promotes a culture of Group-wide adherence to compliance standards and allows for the identification and mitigation of compliance risks that may erode the Bank's franchise value. The Compliance System reinforces the stature of the Chief Compliance Officer (CCO) as independent from the Bank's business activities, reporting functionally to the Corporate Governance Committee and administratively to the President or his delegate.</p> <p>The Compliance System is supported by effective and efficient oversight of the Board of Directors and Senior Management, as well as sound policies and procedures embodied in a Board-approved Compliance Policy and Program Manual (Manual). The Manual is being implemented by Senior Management, which includes the employment of robust internal controls and the regular conduct of audit. The Board-approved policy also defines the Group compliance framework and provides the structure adopted by the Group, where the compliance function is established primarily within the Parent Bank. The policy includes the overall responsibility of the Parent Bank's compliance function to likewise manage, or oversee</p>	
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		<p>the management of, the compliance risk exposures of subsidiaries/affiliates. The Bank's Board-approved Compliance Program is periodically updated to strengthen the implementation of a more robust and dynamically responsive Compliance System.</p> <p>The Compliance Office oversees the implementation of the Group's Compliance Program, ensuring employee awareness and compliance with all applicable laws, rules, and regulations. The program considers the size, risk appetite, and complexities of the operations of the Group, the relevant rules and regulations that affect their operations, and the business risks that may arise due to non-compliance. Risk-based regulatory and self-assessment compliance matrices, which are aligned with the business exposures and priorities, are formulated and updated to mitigate identified business risks. These are then tested based on set verification procedures to ensure compliance and to immediately address and resolve issues and exceptions as they arise.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Compliance, Pages 63 to 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Optional: Recommendation 12.1			
<ol style="list-style-type: none"> 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. 	COMPLIANT	<p>the Bank has adopted guidelines which is aligned with the Information Technology Risk Management System (ITRM) as required by the Bangko Sentral ng Pilipinas. It is ultimately responsible for understanding the IT risks confronted by the Bank and ensuring they are properly managed. To this end, it shall:</p> <ul style="list-style-type: none"> • Approve the design and implementation of the IT Risk Management Systems (ITRM) and the IT strategic plan that is aligned with the institution's business strategy; • Delegate to an IT Steering Committee (ITSC) or its equivalent IT oversight function to cohesively monitor IT performance and 	

		<p>institute appropriate actions to ensure achievement of desired results. The Board shall ratify the ITSC Charter which contain the roles and responsibilities of the IT Steering Committee.</p> <ul style="list-style-type: none"> • The Board or Senior Management shall appoint an independent Information Security Officer (ISO) who will be responsible and accountable for the organization-wide IS program. The ISO shall report directly to the Board or Senior Management and have sufficient independence to perform his mandate. <p>Risks falling under IT Risk and Business Continuity are also being managed by the Risk Management Group, with the Risk Oversight Committee and its sub-committee, the Operational Risk Management Committee, exercising the necessary oversight of information technology risk management and operational risks relating to IT systems and processes.</p> <p>The Transformation and Technology Committee, a board-level committee, exercises oversight on the development and implementation of strategy, transformation, innovation and information technology initiatives of the Bank and its subsidiaries and affiliates, in support of the Group's vision, mission and strategic objectives.</p> <p>Links/ References:</p> <p>IT Risk Management</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Information Technology Risk Management, Page 18) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Information Technology Risk Management, Page 19) 	
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		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>IT Risk under Risk Management Group, Risk Oversight Committee and Operational Risk Management Committee</p> <ol style="list-style-type: none"> The 2023 Integrated Report (Risk Oversight Committee and Operational Risk Management Committee – Information Technology Risk, Pages 53 to 54) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf <p>Transformation and Technology Committee</p> <ol style="list-style-type: none"> The Bank's Manual of Corporate Governance 2022 Issuance: (Transformation and Technology Committee, Page 87) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Transformation and Technology Committee, Page 83) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf The 2023 Integrated Report (Transformation and Technology Committee, Page 53) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an	COMPLIANT	The Bank has an Internal Audit Group that reports directly to the Audit Committee and assists in the discharge of its oversight responsibilities.	

<p>independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>		<p>The Internal Audit Group provides reasonable assurance that the Bank's key organizational and procedural controls are effective, appropriate and complied with. Internal Audit covers, at a minimum, the evaluation of the adequacy and effectiveness of controls that cover governance, operations, and information systems; reliability and integrity of financial and operational information; effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Internal Auditor/ Chief Audit Executive, Pages 98 to 100) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Internal Auditor/ Chief Audit Executive, Pages 90 to 92) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 3. The 2023 Integrated Report (Internal Audit and Audit Committee Report, Pages 66 to 67) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>COMPLIANT</p>	<p>The Bank's Chief Audit Executive as of end 31 Dec 2023 is Mr. Manuel Chan. The current CAE is Mr. Dakila Socrates Lavila, who assumed the role on 1 January 2024.</p> <p>The Chief Audit Executive (CAE) shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. In case of a fully</p>	

outsourced internal audit activity, some qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.

The CAE, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the CEO. The following are the responsibilities of the CAE, among others:

- a. Periodically reviews the internal audit charter and presents it to Senior Management and the Board Audit Committee for approval;
- b. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;
- d. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f. Presents findings and recommendations to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes.

Link/ Reference:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Chief Audit Executive, Pages 99 to 100)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Chief Audit Executive, Pages 91 to 92)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>

<p>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.</p>	<p>COMPLIANT</p>	<p>Among the responsibilities of the Chief Audit Executive as stated in the Manual of Corporate Governance is to oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.</p> <p>Link/ Reference:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Chief Audit Executive, Pages 99 to 100) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Chief Audit Executive, Pages 91 to 92) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
<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>NOT APPLICABLE</p>	<p>This is not applicable since the Bank has an in-house internal audit team.</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>The Risk Management Group is primarily the execution and operational arm of the Risk Oversight Committee, It is headed by a Chief Risk Officer who is independent from executive functions and business line responsibilities, operations, and revenue generating functions. The CRO reports directly to the ROC.</p> <p>RMG's activities assist the Board (through the Risk Oversight Committee) in fulfilling its risk management responsibilities through the following fundamental tasks:</p> <ul style="list-style-type: none"> • Development and review of risk appetite/limits and policies. 	

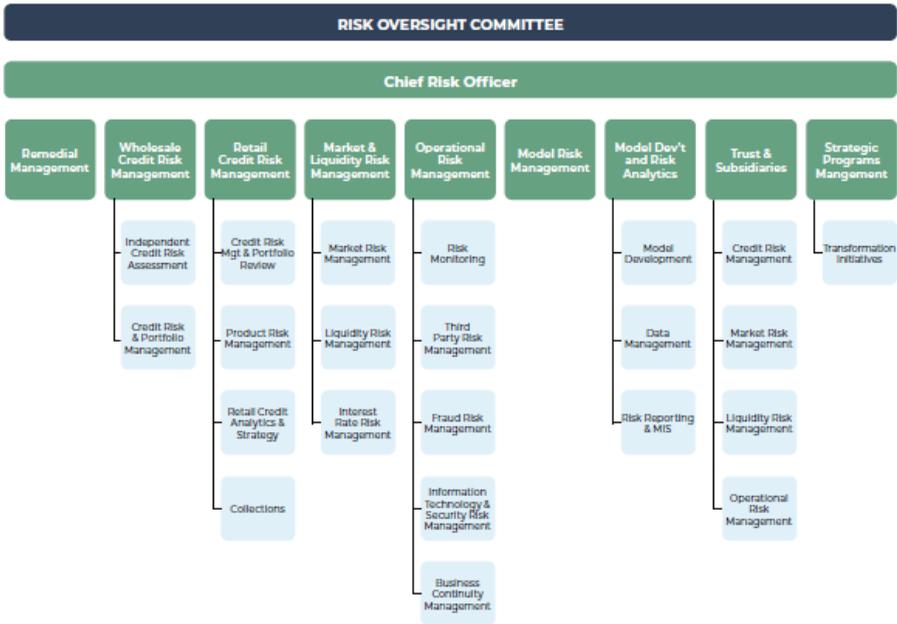
		<ul style="list-style-type: none"> • Assessment, measurement, monitoring, and reporting of the Group's risk-taking and risk management activities, including risk limit utilization and performance. • Provision of subject matter expertise in business, product and project developments, and other strategic decision-making activities. • Elevation of issues and findings to Senior Management and the ROC. <p>Links/ References:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Risk Management – Overall Governance and Risk Management Scope and Structure, Page 58) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. The Bank's Manual of Corporate Governance 2022 Issuance: (Risk Management, Page 103) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Risk Management, Page 95) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	In 2023, there was an existing consultancy agreement for operational risk.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate	COMPLIANT	The Chief Risk Officer of the Bank is Ms. Gina S. Go. The CRO is independent from executive functions and business line	

<p>champion of Enterprise Risk Management (ERM).</p>		<p>responsibilities, operations and revenue generating functions, and reports directly to the Risk Oversight Committee.</p> <p>Her duties and responsibilities as Chief Risk Officer are as follows:</p> <ol style="list-style-type: none"> a. Support the Board of Directors in the development of the risk appetite and the Risk Appetite Statement (RAS) of the Bank, and for translating the risk appetite into a risk limit structure. b. Supervise the entire Enterprise Risk Management (ERM) process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation; c. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee; d. Collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee; e. Suggest ERM policies and related guidance, as may be needed; and f. Provide insights on the following: <ul style="list-style-type: none"> • Risk management processes are performing as intended; • Risk measures reported are continuously reviewed by risk owners for effectiveness; and • Established risk policies and procedures are being complied with. <p>Links/ References:</p> <p>Ms. Go's Profile and Qualifications</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Executive and Senior Management's profiles, Page 43) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 2. 2024 Definitive Information Statement (Annex A – Key Officers as of February 29, 2024) 	
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		<p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <p>Duties and Responsibilities of the CRO</p> <ol style="list-style-type: none"> 1. The Bank's Manual on Corporate Governance 2022 Issuance:(Chief Risk Officer, Pages 101 to 103) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance:(Chief Risk Officer, Pages 93 to 95) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf <p>Reporting Line:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Table of Organization, Page 56) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>COMPLIANT</p>	<p>The Chief Risk Officer of the Bank is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to the Bank's size, risk profile and complexity of operations. He shall be independent from executive functions and business line responsibilities, operations and revenue-generating functions. This independence shall be displayed in practice at all times as such, albeit the CRO may report to the President or Senior Management, he shall have direct access to the Board of Directors and the Risk Oversight Committee without any impediment. In this regard, the</p>	

Board of Directors shall confirm the performance ratings given by the President or Senior Management to the CRO.

The Bank's RMG structure is as follows:



Links/ References:

1. The Bank's Manual of Corporate Governance 2022 Issuance:(Chief Risk Officer, Pages 101 to 103)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
 2024 Issuance:(Chief Risk Officer, Pages 93 to 95)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. The 2023 Integrated Report (Chief Risk Officer and Risk Management Group Organization, Page 58)

		https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	Attached as Annex D is the attestation by Chief Executive Officer and Chief Audit Executive.	
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			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	The fundamental rights of shareholders, which include the right to nominate, voting right, pre-emptive right, power of inspection, right to information, right to dividends and appraisal right, are explained in the Manual of Corporate Governance. Links/ References: 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Shareholder's Rights, Pages 104 to 106) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Shareholder's Rights, Pages 105 to 107) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	The Bank's Manual of Corporate Governance, which includes a section on Shareholder's Rights, is published in the Bank's Corporate website. https://www.securitybank.com/manualoncorporategovernance/	

Shareholders' rights are also disclosed as part of the Investor Relation Program in the Bank's Corporate website:
<https://www.securitybank.com/about-us/investor-relations/investor-relations-program/>

Supplement to Recommendation 13.1

1. Company's common share has one vote for one share.

COMPLIANT

The 2024 Definitive Information Statement provides as follows:

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Securities:

	COMMON SHARES	PREFERRED SHARES	TOTAL
Number of Shares Outstanding as of March 31, 2024:			
Broken down as follows:			
A. Filipino Equity Shares	466,898,139	772,625,998	1,239,524,137
B. Foreign Equity Shares	286,640,748	227,374,002	514,014,750
TOTAL	753,538,887	1,000,000,000	1,753,538,887

Percentage of Foreign Equity: 29.31%

Number of Votes Entitled: One (1) vote per share

A similar section is found in the 2023 Definitive Information Statement.

Link/ Reference:

1. 2024 Definitive Information Statement (Item 4. Voting Securities and Principal Holders Thereof)
https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0

Also in:

<https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf>

2. 2023 Definitive Information Statement (Item 4. Voting Securities and Principal Holders Thereof)

		<p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p>																									
<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>Consistent with the Board's duties and responsibilities to its various stakeholders, the Board shall establish programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>Also, the 2024 Definitive Information Statement provides as follows:</p> <p>Item 4. Voting Securities and Principal Holders Thereof</p> <p>(a) Class of Voting Securities:</p> <table border="1" data-bbox="1021 755 1908 917"> <thead> <tr> <th></th> <th>COMMON SHARES</th> <th>PREFERRED SHARES</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Number of Shares Outstanding as of March 31, 2024:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Broken down as follows:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>A. Filipino Equity Shares</td> <td>466,898,139</td> <td>772,625,998</td> <td>1,239,524,137</td> </tr> <tr> <td>B. Foreign Equity Shares</td> <td>286,640,748</td> <td>227,374,002</td> <td>514,014,750</td> </tr> <tr> <td>TOTAL</td> <td>753,538,887</td> <td>1,000,000,000</td> <td>1,753,538,887</td> </tr> </tbody> </table> <p>Percentage of Foreign Equity: 29.31%</p> <p>Number of Votes Entitled: One (1) vote per share</p> <p>Annex D – List of Top 100 Common Shareholders</p> <p>Pursuant to Article Seven of the Bank's Articles of Incorporation, no holder of shares of securities issued by the Corporation shall be entitled to pre-emptive rights with respect to shares issued by the company. No issuance or transfer of shares of stock of the Corporation which would reduce the stock ownership of citizenship of the Philippines to less than the minimum percentage of the outstanding capital stock required by any applicable provision of law or regulation to be owned by Philippine Nationals, shall be made or effected by, or shall be recorded in the books of the Corporation, and this restriction shall be printed in the certificates of stock of the Corporation.</p> <p>There is no provision in the charter and by-laws that grants preferential material rights to stockholders that would delay, defer and prevent a change in control.</p> <p>Security Bank declares and pays out dividends from the earned surplus or net profits from the Bank as often as such times as the Board of Directors may determine and in accordance with provisions of law and the regulations of the Bangko Sentral ng Pilipinas (BSP). The dividend policy aims to ensure compliance with regulatory requirements, maintain strong credit ratings and maintain healthy capital ratios to support business and maximize shareholder value.</p> <p>All stockholders as of record date are entitled to cumulative voting rights with respect to the election of directors. The stockholders may</p>		COMMON SHARES	PREFERRED SHARES	TOTAL	Number of Shares Outstanding as of March 31, 2024:				Broken down as follows:				A. Filipino Equity Shares	466,898,139	772,625,998	1,239,524,137	B. Foreign Equity Shares	286,640,748	227,374,002	514,014,750	TOTAL	753,538,887	1,000,000,000	1,753,538,887	
	COMMON SHARES	PREFERRED SHARES	TOTAL																								
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B. Foreign Equity Shares	286,640,748	227,374,002	514,014,750																								
TOTAL	753,538,887	1,000,000,000	1,753,538,887																								

vote for such number of shares for as many people as there are directors to be elected, or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of shares shall equal or he may distribute them on the same principle among as many nominees as he shall see fit. Discretionary authority to cumulate vote is solicited.

A similar section is found in the 2023 Definitive Information Statement.

Link/ Reference:

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Board Duties to Stakeholders, Page 109)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Board Duties to Stakeholders, Page 110)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>
2. 2024 Definitive Information Statement (Item 4. Voting Securities and Principal Holders Thereof)
https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0

Also in:

<https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf>

3. 2023 Definitive Information Statement (Item 4. Voting Securities and Principal Holders Thereof)
https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995

		<p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p>	
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>COMPLIANT</p>	<p>Item 19 of the Definitive Information Statement describes the voting procedures as follows:</p> <p><i>(a) Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all stockholders present in the meeting, if constituting a quorum.</i></p> <p><i>(b) Except in cases where voting by ballot is applicable, voting and counting shall be by viva voce. If by ballot, the counting shall be supervised by the External Auditors and transfer agent of the Company.</i></p> <p>Regarding the election of the members of the Board of Directors, cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name as of the record date multiplied by the number of directors to be elected. The fifteen (15) nominees receiving the highest number of votes shall be declared elected, provided that the minimum number of Independent Directors as required by law is satisfied.</p> <p>Link/ Reference:</p> <p>1. 2024 Definitive Information Statement (Item 19. Voting Procedures) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p>	

		<p>2. 2023 Definitive Information Statement (Item 19 Voting Procedures)</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p>	
<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>COMPLIANT</p>	<p>The Bank's By-laws state that, except as otherwise provided by law, the Articles of Incorporation or the By-laws, a majority of the stockholders constituting a quorum at the meeting shall decide any question that may duly come before the meeting.</p> <p>Similarly, Item 19 of the Definitive Information Statement provides: <i>(a) Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all stockholders present in the meeting, if constituting a quorum.</i></p> <p>As such, Bank complies with the provision of the Revised Corporation Code of the Philippines which requires 2/3 votes of shareholders in the following cases:</p> <ul style="list-style-type: none"> (a) extension or shortening of corporate term (b) increasing or decreasing capital stock; incurring creating or increasing bonded indebtedness (c) sale, encumbrance or other disposition of all or substantially all corporate assets (d) investment of corporate funds for business purposes other than its primary purpose (e) declaration of stock dividends (f) amendment of articles of incorporation <p>Link/ Reference:</p>	

		<ol style="list-style-type: none"> 1. The Bank's By-laws (Article IV, Section 5) https://www.securitybank.com/wp-content/uploads/2021/11/Security-Bank-By-Laws.pdf 2. 2024 Definitive Information Statement (Item 19. Voting Procedures) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <ol style="list-style-type: none"> 3. 2023 Definitive Information Statement (Item 19 Voting Procedures) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbedfb795ef6004369e4dc6f6c9b65995 <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p>	
<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>COMPLIANT</p>	<p>Article IV, Section 2 of the By Laws allows for the holding of special shareholders' meeting at the request of shareholders.</p> <p>There was no special stockholders' meeting in 2023. The last special stockholders' meeting was in 2013, to get approval of shareholders to (1) Creation and issuance of Preferred Shares; (2) Increase the authorized Capital Stock; and (3) Amendment of Articles of Incorporation.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's By-Laws (Article IV, Section 2) 	

		https://www.securitybank.com/wp-content/uploads/2021/11/Security-Bank-By-Laws.pdf	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>COMPLIANT</p>	<p>The Bank respects and honors the rights and protection of stockholders' minority Interest as stated in the Manual on Corporate Governance:</p> <p>Stockholders' Rights and Protection of Stockholders' Minority Interests</p> <p><i>The Board shall respect the rights of the stockholders as provided for in the Corporation Codes, namely:</i></p> <ul style="list-style-type: none"> <i>i. Right to vote on all matters that require their consent and approval;</i> <i>ii. Pre-emptive right to all stock issuances of the corporation;</i> <i>iii. Right to inspect corporate books and records</i> <i>iv. Right to information</i> <i>v. Right to dividends</i> <i>vi. Appraisal right</i> <p><i>Pre-emptive right to all stock issuances of the corporation was waived. Article 7 of the Bank's Articles of Incorporation states that no holder of shares of securities issued by the Corporation shall be entitled to pre-emptive rights with respect to shares issued by the Bank.</i></p> <p><i>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</i></p> <p><i>All shareholders, including minority shareholders, shall have the right to nominate candidates for the Board of Directors.</i></p> <p>Link/ Reference:</p>	

		<p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Stockholders' Rights and Protection of Stockholders' Minority Interests, Page 7) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Stockholders' Rights and Protection of Stockholders' Minority Interests, Page 7) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	
7. Company has a transparent and specific dividend policy.	COMPLIANT	<p>Security Bank declares and pays out dividends from the earned surplus or net profits of the Bank as often and at such times as the Board of Directors may determine, with dividend pay-outs for common shares, generally ranging from 15% to 30% of the prior year's Net Income After Taxes (NIAT).</p> <p>Security Bank has a Dividend Policy that will enable the Bank to weather the uncertainties and volatilities in the market, comply with the tighter requirements of Basel III and the BSP, maintain strong credit ratings, minimize the need for capital calls in the medium-term, and provide a capital base for business expansion that will create value over the long-term for all stakeholders. In declaring dividend pay-outs for common shares only, the total dividend pay-outs shall range from 15% to 30% of prior year's NIAT.</p> <p>Cash Dividend Payouts in the two most recent fiscal years were as follows:</p>	

Common Shares

Dividend Per Share	Total Dividend Amount	Record Date	Payment Date
₱1.50	₱1.130 billion	April 12, 2022	April 28, 2022
1.50	1.130 billion	November 10, 2022	November 24, 2022
1.50	1.130 billion	April 14, 2023	April 28, 2023
1.50	1.130 billion	November 10, 2023	November 24, 2023

Preferred Shares

Dividend Per Share	Total Dividend Amount	Record Date	Payment Date
₱0.004805	₱1.91 million	March 18, 2022	April 1, 2022
0.0039	2.35 million	June 22, 2022	July 11, 2022
0.004805	1.91 million	March 20, 2023	April 3, 2023
0.0039	2.35 million	June 26, 2023	July 10, 2023

Links/ References:

1. The 2023 Integrated Report (Dividend Policy, Page 51)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>
2. 2024 Definitive Information Statement (Annex B – Management Report/ Dividends)
https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0

Also in:
<https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf>

Optional: Recommendation 13.1

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	The Bank commissions the stock transfer agency, Stock Transfer Service, Inc., to count the votes at the ASM and this is validated by SGV in the event of disputes.
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		<p>Link/ Reference:</p> <ol style="list-style-type: none"> 2024 Definitive Information Statement (Item 19. Voting Procedures) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <ol style="list-style-type: none"> 2023 Definitive Information Statement (Item 19 Voting Procedures) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995 <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p>	
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Recommendation 13.2

<ol style="list-style-type: none"> 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>COMPLIANT</p>	<table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Date of Annual Meeting</td> <td>April 26, 2022</td> <td>April 25, 2023</td> <td>May 7, 2024</td> </tr> <tr> <td>Preliminary Information Statement</td> <td>March 16, 2022</td> <td>March 14, 2023</td> <td>March 22, 2024</td> </tr> <tr> <td>Definitive Information Statement</td> <td>April 4, 2022 April 5, 2022 (amended)</td> <td>March 29, 2023</td> <td>April 8, 2024</td> </tr> <tr> <td>Release of Notices to Shareholders</td> <td>January 25, 2022</td> <td>January 24, 2023</td> <td>January 30, 2024</td> </tr> </tbody> </table>		2022	2023	2024	Date of Annual Meeting	April 26, 2022	April 25, 2023	May 7, 2024	Preliminary Information Statement	March 16, 2022	March 14, 2023	March 22, 2024	Definitive Information Statement	April 4, 2022 April 5, 2022 (amended)	March 29, 2023	April 8, 2024	Release of Notices to Shareholders	January 25, 2022	January 24, 2023	January 30, 2024	
	2022	2023	2024																				
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Release of Notices to Shareholders	January 25, 2022	January 24, 2023	January 30, 2024																				

		<p>The agenda for the meeting includes ratification of all actions of the Bank for the preceding year.</p> <p>The agenda is also included in the company's Definitive Information Statement (SEC Form 20-IS).</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. Company Disclosures Tab for Security Bank Corporation in PSE Edge https://edge.pse.com.ph/companyDisclosures/form.do?company_id=32 	
Supplemental to Recommendation 13.2			
<ol style="list-style-type: none"> 1. Company's Notice of Annual Stockholders' Meeting contains the following information: 		<ol style="list-style-type: none"> 1. 2024 Notice of Stockholders' Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=f491a578c3695f7fabca0fa0c5b4e4d0 Postponement https://edge.pse.com.ph/openDiscViewer.do?edge_no=e057b0ff52af3cd0abca0fa0c5b4e4d0 2. 2024 Definitive Information Statement (Annex A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <ol style="list-style-type: none"> 3. 2023 Definitive Information Statement (Annex A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cdbfb795ef6004369e4dc6f6c9b65995 	

		<p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <p>4. Notice of ASM in the Bank's Corporate Website https://www.securitybank.com/asm/</p>	
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>COMPLIANT</p>	<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. 2024 Notice of Stockholders' Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=f491a578c3695f7fabca0fa0c5b4e4d0 Postponement https://edge.pse.com.ph/openDiscViewer.do?edge_no=e057b0ff52af3cd0abca0fa0c5b4e4d0 2. 2024 Definitive Information Statement (Annex A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <ol style="list-style-type: none"> 3. 2023 Notice of Annual Stockholders' Meeting: https://edge.pse.com.ph/openDiscViewer.do?edge_no=207f015bf3e6c9af9e4dc6f6c9b65995 4. 2023 Definitive Information Statement (Annex A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cdbfb795ef6004369e4dc6f6c9b65995 <p>Also in:</p>	

		<p>https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p> <p>The Definitive Information Statement, which contains the Board of Directors' profiles, may also be accessed through the Notice of ASM in the Bank's Corporate Website.</p> <p>https://www.securitybank.com/asm/</p>	
<p>b. Auditors seeking appointment/re-appointment</p>	<p>COMPLIANT</p>	<p>The Notice of ASM indicates that the Bank seeks ratification of all acts, resolutions and proceedings adopted and/or implemented by the Board of Directors, Board and Management Committees, officers and agents of the Bank and significant transactions with its DOSRI and other related parties, as well as the appointment of the Bank's External Auditor, since the last annual stockholders' meeting to the present as reflected in the minutes of the Board of Directors will be ratified and approved by the stockholders.</p> <p>This is likewise reflected in the Definitive Information Statement.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. 2024 Notice of Stockholders' Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=f491a578c3695f7fabca0fa0c5b4e4d0 Postponement https://edge.pse.com.ph/openDiscViewer.do?edge_no=e057b0ff52af3cd0abca0fa0c5b4e4d0 2. 2024 Definitive Information Statement (Item 7. Independent Public Accountants, Page 9) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in:</p>	

		<p>https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <p>3. 2023 Notice of Annual Stockholders' Meeting: https://edge.pse.com.ph/openDiscViewer.do?edge_no=207f015bf3e6c9af9e4dc6f6c9b65995</p> <p>4. 2023 Definitive Information Statement (Item 7. Independent Public Accountants, Page 9) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf</p>	
c. Proxy documents	COMPLIANT	<p>The proxy form is available in the following:</p> <p>Links/ References:</p> <p>1. Bank's Corporate Website https://www.securitybank.com/asm/</p> <p>2. 2024 Definitive Information Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0</p> <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <p>3. 2023 Definitive Information Statement: https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995</p>	

		Also in: https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Links/ References: 1. 2024 Notice of Stockholders' Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=f491a578c3695f7fabca0fa0c5b4e4d0 Postponement https://edge.pse.com.ph/openDiscViewer.do?edge_no=e057b0ff52af3cd0abca0fa0c5b4e4d0 2. 2023 Notice of Annual Stockholders' Meeting: https://edge.pse.com.ph/openDiscViewer.do?edge_no=207f015bf3e6c9af9e4dc6f6c9b65995	
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.		Questions of the shareholder/s are captured in the minutes of the meeting of the ASM, which are posted on the Corporate Website and may also be accessed via PSE Edge. The results of the Annual Meeting on the election of Directors are disclosed immediately to the PSE via EDGE on the same day as the Annual Meeting.	
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.		Links/ References: 1. Minutes of the 2024 ASM https://www.securitybank.com/wp-content/uploads/2024/05/Annual-Stockholders-Meeting-2024-GSA-JRRACPN.pdf 2. Results of the 2024 ASM as posted on PSE Edge	

		<p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=b5a22f42456cad9cabca0fa0c5b4e4d0</p> <p>3. Minutes of the 2023 ASM https://www.securitybank.com/wp-content/uploads/2023/08/Annual-Stockholders-Meeting-2023-s79.pdf</p> <p>4. Results of the 2023 ASM as posted on PSE Edge https://edge.pse.com.ph/openDiscViewer.do?edge_no=ee23371abf1a43879e4dc6f6c9b65995</p>	
Supplement to Recommendation 13.3			
<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>Representatives from SGV, the External Auditor and Stock Transfer Services, Inc., stock transfer agent, were present during the ASM. The Bank's CEO, Head of Investor Relations, Corporate Secretary, Heads of the Control Functions and Business Heads were also present to answer any questions that may be raised by any shareholder during the ASM.</p> <p>Links/ References:</p> <p>1. 2024 Definitive Information Statement (Exhibit A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p> <p>2. 2023 Definitive Information Statement (Exhibit A.) https://edge.pse.com.ph/openDiscViewer.do?edge_no=cbdfb795ef6004369e4dc6f6c9b65995</p> <p>Also in: (Exhibit A)</p>	

		https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf	
Recommendation 13.4			
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.	COMPLIANT	<p>The Bank has established a venue and system that allows stockholders and stakeholders to communicate their concerns including issues or situations where their rights were violated.</p> <p>Corporation and Stockholders - The Office of the Investor Relations and the Office of the Corporate Secretary attend to stockholders' concerns.</p> <p>Corporation and Third Parties- The authorized officers of the Bank meet with concerned third parties to discuss, resolve conflicts and arrive at a compromise.</p> <p>Corporation and Regulatory Authorities - Compliance Office acts as Liaison to regulatory agencies with primary objectives of identifying and averting potential issues and resolving actual audit exceptions by providing substantive explanation and documentation to avoid monetary and administrative sanctions.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Alternative Dispute Resolution System, Pages 107) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Alternative Dispute Resolution System, Pages 1087) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	

<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>The Bank's Manual of Corporate Governance includes a section on alternative dispute resolution.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Alternative Dispute Resolution System, Pages 107) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Alternative Dispute Resolution System, Pages 1087) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	
Recommendation 13.5			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>COMPLIANT</p>	<p>Under the Manual of Corporation Governance, the Bank's Investor Relations Office is designed to ensure constant engagement with its stockholders. The Investor Relations Office provides an avenue to receive feedback, complaints and queries from shareholders it also assures their active participation with regard to activities and policies of the Bank. Further, it shall ensure all information regarding the activities of the Bank are properly and timely communicated to shareholders. The Investor Relations Officer shall be present at every shareholders meeting.</p> <p>Contact information of the Investor Relations Office</p> <ol style="list-style-type: none"> 1. Name of IR Head - Mr. ROPI DANGAZO 2. Telephone number - (632) 8888-7221 3. Fax number- 8891-1049 4. E-mail address - InvestorRelationsOffice@securitybank.com.ph <p>Links/ References:</p>	

		<ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Investor Relations Office, Page 108) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Investor Relations Office, Page 109) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. Bank's Corporate Website (Investor Assistance) https://www.securitybank.com/about-us/investor-relations/shareholder-information/investor-assistance/ 3. The 2023 Integrated Report (Contact Us, Page 169) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
2. IRO is present at every shareholder's meeting.	COMPLIANT	<p>The Investor Relations Officer, Mr. Ropi Dangazo was present in the 2022 and 2023 ASM.</p> <p>Links/ References:</p> <ol style="list-style-type: none"> 1. 2024 Definitive Information Statement (Exhibit A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf 2. 2023 Definitive Information Statement (Exhibit A) https://edge.pse.com.ph/openDiscViewer.do?edge_no=c bdfb795ef6004369e4dc6f6c9b65995 <p>Also in:</p>	

		https://www.securitybank.com/wp-content/uploads/2023/03/SECB-Definitive-Information-Statement-2023.pdf	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	<p>The Bank's Board has six (6) independent directors who actively participate in board and board committee meetings. The Bank has a strategic partnership with MUFG which acquired 20% of SBC and ensures effective bank management.</p> <p>Further, the Bank adheres to the rules on voting as provided under the Revised Corporation Code as well as the Manual of Corporate Governance. A stockholder whose subscription is fully paid is entitled to vote either in person or by proxy. Pre-emptive right to all stock issuances of the corporation was waived. Article 7 of the Bank's Articles of Incorporation states that no holder of shares of securities issued by the Corporation shall be entitled to pre-emptive rights with respect to shares issued by the Bank.</p> <p>Link/ Reference:</p> <p>1. The Bank's Manual of Corporate Governance 2022 Issuance: (Stockholders' Rights and Protection of Stockholders' Minority Interests, Page 7; Shareholders' Rights, Page 104) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Stockholders' Rights and Protection of Stockholders' Minority Interests, Page 7; Shareholders' Rights, Page 105) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p>	

<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>COMPLIANT</p>	<p>The Bank's public float are disclosed in PSE Edge through Public Ownership Reports:</p> <table border="1" data-bbox="1008 292 1760 609"> <thead> <tr> <th>Report Date (as of)</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>March 31, 2023</td> <td>51.70%</td> </tr> <tr> <td>June 30, 2023</td> <td>52.24%</td> </tr> <tr> <td>September 30, 2023</td> <td>52.07%</td> </tr> <tr> <td>December 31, 2023</td> <td>52.07%</td> </tr> </tbody> </table> <p>Link/ Reference:</p> <p>1. Public Ownership Reports as posted on PSE Edge https://edge.pse.com.ph/companyDisclosures/form.do?company_id=32</p>	Report Date (as of)	Percentage	March 31, 2023	51.70%	June 30, 2023	52.24%	September 30, 2023	52.07%	December 31, 2023	52.07%	
Report Date (as of)	Percentage												
March 31, 2023	51.70%												
June 30, 2023	52.24%												
September 30, 2023	52.07%												
December 31, 2023	52.07%												

Optional: Principle 13

<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>Shareholders may engage with the Bank beyond the ASM through the following:</p> <p>Power of inspection- All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporate Code at reasonable hours on business days. All shareholders shall also be furnished with annual reports, including financial statements, without costs or restrictions.</p> <p>Right to Information- The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Bank's shares, dealings with the Bank, relationships among directors and key officers, and the aggregate compensation of directors and officers. The minority shareholders shall be granted the right to propose the holding of a</p>	
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meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. The minority shareholders shall have access to any and all information relating to matters for which the Management is accountable for and to those relating to matters for which the Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

One of the channels available to the Bank's shareholder is the Investor Relations Office, designed to ensure constant engagement with its stockholders. The Investor Relations Office provides an avenue to receive feedback, complaints and queries from shareholders. It also assures their active participation with regard to activities and policies of the Bank. Further, it shall ensure all information regarding the activities of the Bank are properly and timely communicated to shareholders. The Investor Relations Officer shall be present at every shareholders meeting.

Link/ Reference

1. The Bank's Manual of Corporate Governance
2022 Issuance: (Shareholders' Rights, Pages 104 to 106)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf>
2024 Issuance: (Shareholders' Rights, Pages 105 to 107)
<https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf>

<p>2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.</p>	<p>COMPLIANT</p>	<p>The Revised Corporate Code allows a stockholder to vote through remote communication or in absentia. Starting with the 2024 Annual Stockholders' Meeting, voting through remote communication/ in absentia was made available to stockholders through the Lumi Global system.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. Notification and Log-in Page in the Corporate Website https://www.securitybank.com/asm/ 2. Meeting Guidelines for Participants https://www.securitybank.com/wp-content/uploads/2024/04/Meeting-Guidelines-for-Participants-ASM-2024-r-1.pdf 	
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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

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>COMPLIANT</p>	<p>Delivering BetterBanking requires a trues understanding of our stakeholders' concerns and expectations.</p> <p>Please refer to Page 16 of the 2023 Integrated Report for the list of how we engage without stakeholders in a meaningful manner and across all touchpoints.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Stakeholder Expectations, Page 16) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
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Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>COMPLIANT</p>	<p>Consistent with the Board's duties and responsibilities to its various stakeholders, the Board has adopted mechanisms and frameworks to aid in fulfilling its duties to its stakeholders.</p> <p>Link/ Reference:</p> <p>Duties to Stakeholders</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Accountability of the Board of Directors, Specific Duties and Responsibilities of the Board of Directors, ; Duties to Stakeholders, Page) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Accountability of the Board of Directors, Pages 11 to 12; Specific Duties and Responsibilities of the Board of Directors, Pages 12 to 34; Duties to Stakeholders, Page 110) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Consumer Protection and Data Privacy, Page 110) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf <p>Disclosures</p> <ol style="list-style-type: none"> 1. Company Disclosures in the Bank's Corporate Website which include AFS, Meeting Minutes, SEC Filings, Notice of Meetings, Other disclosures https://www.securitybank.com/about-us/#disclosures 	
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		<p>2. Investor Relations Page in the Bank's Corporate Website which includes Shareholder Information, Financial Information, Presentations, Investment Information, IR Calendar and IR Program https://www.securitybank.com/about-us/investor-relations/#</p> <p>3. News in the Bank's Corporate Website https://www.securitybank.com/news/</p>	
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>The Bank provides channels for stakeholders and employees to raise their concerns with the company.</p> <p>Link/ Reference:</p> <p>Corporate Website:</p> <p>1. Investor Relations https://www.securitybank.com/about-us/investor-relations/ https://www.securitybank.com/about-us/investor-relations/shareholder-information/investor-assistance/</p> <p>2. Whistleblower Program https://www.securitybank.com/what-matters-to-us/</p> <p>3. Whistleblowing Policy https://www.securitybank.com/about-us/company-policies/whistleblowing-policy/</p> <p>4. Help Centre https://help.securitybank.com/?_ga=2.38282987.936439592.1713084190-1470692482.1709101696&_gac=1.241421750.1711423122.EAlalQobChMIm6Ok7_uQhQMVOBiDax1D9wYIEAAYASAAEgK1_P_D_BwE</p>	

		<p>2023 Integrated Report:</p> <ol style="list-style-type: none"> Contact Us, Page 169 https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Supplement to Recommendation 14.3			
<ol style="list-style-type: none"> Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. 	COMPLIANT	<p>The Bank establishes a venue and system that allow stockholders and stakeholders to communicate their concerns including issues or situations where their rights were violated</p> <p>Corporation and Stockholders - The Office of the Investor Relations and the Office of the Corporate Secretary attend to stockholders' concerns.</p> <p>Corporation and Third Parties- The authorized officers of the Bank meet with concerned third parties to discuss, resolve conflicts and arrive at a compromise.</p> <p>Corporation and Regulatory Authorities - Compliance Office acts as Liaison to regulatory agencies with primary objectives of identifying and averting potential issues and resolving actual audit exceptions by providing substantive explanation and documentation to avoid monetary and administrative sanctions.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> The Bank's Manual of Corporate Governance 2022 Issuance: (Alternative Dispute Resolution System, Pages 107) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Alternative Dispute Resolution System, Pages 108 - 109) 	

		https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	The Bank has not requested for any exemption from the Securities and Exchange Commission.	
2. Company respects intellectual property rights.	COMPLIANT	<p>Please refer to page 6 of Annex B of the Definitive Information Statement for the list of Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> Definitive Information Statement (Page 6 of Annex B) https://edge.pse.com.ph/openDiscViewer.do?edge_no=e75708f3e0fb2e62abca0fa0c5b4e4d0 <p>Also in: https://www.securitybank.com/wp-content/uploads/2024/04/SEC-Definitive-Information-Statement-SECB-Website.pdf</p>	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	The Board of Directors of Security Bank adopted a Financial Consumer Protection Framework (the Framework) in accordance with the BSP policy to provide for an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of all stakeholders.	

	<p>The Framework adheres to the five consumer protection standards that must be observed at all times:</p> <ol style="list-style-type: none"> 1. Disclosure and Transparency – Security Bank ensures that financial consumers are provided with all material details of an instrument or service before a transaction is consummated. 2. Fair Treatment – Security Bank not only fully discloses product details but also determines whether the product or service it is offering is suitable to the risk and financial profile of the financial consumer. 3. Protection of client information – In accordance with bank secrecy laws under Republic Act No. 1405 and Republic Act No. 6426 and its amendments, as well as the Data Privacy Act of 2012 (Republic Act No. 10173), Security Bank recognizes the importance of protecting the personal data of its customers. Hence, information on a customer is not shared without his/her consent. Further, Security Bank does not share customer’s information with its subsidiaries and affiliates for purposes of marketing and referrals without the customer’s consent. 4. Financial Education and Awareness – Security Bank believes in taking an active role in promoting financial education and awareness - ensuring that this is one of the components of the Bank’s good governance. 5. Effective Recourse – Security Bank maintains an objective process and venue to handle customer complaints, which is in line with SBC’s brand promise of BetterBanking. <p>The Bank has a Whistleblower Program as well that encourages all stakeholders to report any incidents in good faith without fear of discrimination, harassment and/or retaliation.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 	
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		<p>2022 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Page 27; Whistleblowing Mechanism, Page 108) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf</p> <p>2024 Issuance: (Specific Duties and Responsibilities of the Board of Directors, Pages 27 to 28; Whistleblowing Mechanism, Page 108) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>2. The 2023 Integrated Report (Consumer Protection and Data Privacy, Pages 65 to 66; Code of Conduct, Page 66; How We Handle Customer Complaints, Page 22) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p> <p>3. Whistleblower Program in the Bank's Corporate Website https://www.securitybank.com/what-matters-to-us/</p> <p>4. Whistleblowing Policy in the Bank's Corporate Website https://www.securitybank.com/about-us/company-policies/whistleblowing-policy/</p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>COMPLIANT</p>	<p>The Bank implements a comprehensive policy on outsourcing that is attuned to the practice of good corporate governance. The Bank's Outsourcing Policy, which is also a BSP requirement, covers the following aspects:</p> <ul style="list-style-type: none"> • Assuming responsibility for the performance of the outsourced activity; • Ensuring compliance with all laws and regulations; • Monitoring the performance of the service providers on an on-going basis; 	

		<ul style="list-style-type: none"> • Conducting appropriate risk assessment of outsourcing arrangements/service provider; • Prepare and maintain an updated central record of all outsourcing arrangements; and • Annual reviews of outsourcing arrangements by the bank <p>Additionally, the Bank has a stringent Vendor Selection Policy in place which in summary gauges the:</p> <ul style="list-style-type: none"> • Capability of supplier/ contractor to provide the services or goods. • Track record of the company. • Financial standing and going concern of the company. • Evaluation of conflict of interest, if any. <p>Copies of these policies may be made available upon request.</p>	
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

<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>Under the In 2023, Human Capital Management (HCM) launched the Bank's Employee Value Proposition (EVP)—“YOU matter” This core people mandate is anchored around six pillars: Care (health and wellness, assistance programs, occupational health and safety, mental health service); Enablement (digital learning through LinkedIn Learning, personalized learning pathways through mandatory and competency-based modules); Flexibility (hybrid work arrangements, eased dress code); Listening (employee feedback, learning caravans, town halls); Purpose (Corporate Social Responsibility and sustainability programs); and Rewards and Recognition (annual performance bonus and merit increase, annual promotion cycle, role-based salary structure, and career development progression). These initiatives led to Security Bank's recognition on Forbes' World's Best Employers list and the Philippines' Best Employers list.</p> <p>Specific descriptions of the initiatives under these pillars are described in the 2023 Integrated Report.</p>	
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		<p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. What Matters to Us – Our Employee Value Proposition https://www.securitybank.com/what-matters-to-us/ 2. The 2023 Integrated Report (Employee relations, retention and development, Pages 24 to 27) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Supplement to Recommendation 15.1			
<ol style="list-style-type: none"> 1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. 	COMPLIANT	<p>Besides the fixed remuneration, performance-based bonus and regular bonuses, incentives and other benefits, the Nomination and Remuneration Committee determines appropriate remuneration based on specific financial and non-financial metrics to measure performance and set specific provisions for employees with significant influence on the overall risk profile of the corporation.</p> <p>Rewards and compensation policy of the Bank beyond short-term financial measures consist of the following:</p> <ul style="list-style-type: none"> • Gratuity Benefits- Security Bank Retirement Plan automatically covers officers and employees of the Bank. Membership in the plan continues until the officers/employee retires or is separated for cause. • Service Tenure Awards – Security Bank is appreciative of the continuous service of its officers and employees. The company recognizes long and faithful service and value of the skill, knowledge and judgment gained through years of experience. Each regular officer/employee will be honored on specified milestones in his/her career. As such, the management aims to recognize length of service by giving service awards to those officers/employees who have demonstrated their continuous employment to the company. 	

		<ul style="list-style-type: none"> • Financing Plans- it is the policy of the Bank to provide its employees with financial assistance for their housing, emergency and personal needs. <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The Bank's Manual of Corporate Governance 2022 Issuance: (Policy Statement on Remuneration, Page 47) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Remuneration Policy for Directors and Key Officers, Page 53 to 55) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>The Bank continues to implement initiatives to ensure the health and safety of its employees and manage their personal well-being.</p> <p>Under the “We care for you” EVP pillar, the total well-being of employees is the primary focus. The Bank ensures that the following programs are continuously implemented:</p> <ul style="list-style-type: none"> • Mental health program - Since 2021, the Bank has provided its employees with access to a secure platform to book sessions with a licensed psychologist, to monthly themed webinars with topics such as Sleep and Productivity, Being Gentle with Your Mind, and Balancing Work and Parenting and to the Bank's designated Mental Health Officer for guidance and support. The Bank engaged with a new partner to improve its services via mobile chat and an onsite counselor for coaching and counseling services at the comfort of the office. • Online booking for doctor's consultation – Because of restrictions in hospitals and medical facilities, in-house teleconsultation service with the Bank's company doctors was introduced in 2020. This service is still offered to all employees, Mondays to Fridays, 	

		<p>and has undergone digital enhancements to make it more accessible and convenient. This is provided to the employees on top of the telemed services already part of their HMO coverage.</p> <ul style="list-style-type: none"> • Wellness advisories - Bulletins were issued to spread awareness about common illnesses on major body organs and seasonal health risks brought about by the weather conditions in the country. • Wellness in the Workplace Series - To further promote healthy practices, webinar series were held with topics such as: All about HMO; Healthy heart, happy heart; I am more than my body; Healthy holiday sleep. • Online Booking for Annual Physical Exam (APE) - Employees were able to choose a schedule to fit their hybrid work arrangement. • Digital HMO ID - As an alternative to the physical card, the Wellness team encouraged employees to register on our HMO partner's app to get their digital HMO ID. • Zumba and Yoga classes – Employees can join regular Zumba and Yoga classes on premises and virtually. • Gym – Employees can use the in-house gym before and after office hours and during lunch break. <p>All employees are covered by the Bank's Occupational Health and Safety Management System. There were nil fatalities as a result of work-related ill-health.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Employee relations, retention and development, Pages 24 to 27) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>The Bank through SBC Academy offers various training programs which aim to empower each Security Banker with leadership, behavioural and technical skills and competencies to bring out their full potential and enable them to achieve execution excellence.</p>	

		<p>Hence, training policies were institutionalized to mandate employees to complete these training programs required for their role.</p> <p>The Bank's Learning Ecosystem begins by evaluating the leadership and/or functional capabilities of the learners using self and manager assessment. Once any gaps are identified, hyper-personalized learning paths are designed and deployed.</p> <p>SBC Academy continues to partner with LinkedIn Learning to provide employees with access to online modules covering a wide range of topics. A new Learning Management System, HeRO Learning, was also rolled out in 2024 which allowed for efficient and flexible delivery of employee training. SBC Academy also put in place a robust learning ecosystem that was able to measure training effectiveness through structured and outcome-based metrics that quantified the financial impact of the training.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Personal development, Page 25) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
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Recommendation 15.2

<ol style="list-style-type: none"> 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>	<p>Consistent with the Bank's Code of Conduct, conflict of interest and the principle of arm's length terms, the Anti-Bribery and Corruption Policy was instituted as approved by the Board of Directors in 2016 to emphasize and strengthen the ethical culture and integrity of the SBC Group's directors, officers and employees. The Policy defined the proper guidelines and controls on how to prevent bribery and corruption within the organization including its subsidiaries and affiliates.</p> <p>The Bank's Anti-bribery and corruption policy states that neither the Bank nor any third party acting on the Bank's behalf shall offer, promise, authorize or pay anything of significant value to any</p>	
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		<p>“government official” or any other person or entity including those in the private or commercial sector, where it is intended to induce the recipient to misuse his or her position or to obtain an improper “business advantage”.</p> <p>No Bank employee shall request or accept a bribe. No gift or cash or any cash equivalent is ever permitted to be given to or for the benefit of any third party, or requested or accepted by any Bank employee, unless specifically authorized by the Bank’s policy.</p> <p>Links/ References;</p> <ol style="list-style-type: none"> 1. The Bank’s Manual of Corporate Governance 2022 Issuance: (Governance Policy on Money Laundering, Fraud and Corruption, Pages 109 to 110) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Governance Policy on Money Laundering, Fraud and Corruption, Pages 110 to 111) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf 2. The 2023 Integrated Report (Communication and Training on anti-corruption policies and procedure, Page 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company’s culture.</p>	<p>COMPLIANT</p>	<p>The initiating Unit/Group disseminates the new policy and/or procedural guidelines via email to the President, Group Heads, and Segment Heads of all affected units. It is then the responsibility of the Group Head / segment heads/ Department Heads to further cascade the information to their respective subordinates. A training module on the Bank’s anti-bribery and corruption policy is in place in</p>	

		<p>the Bank's training platform and employees are continuously encouraged to complete the module.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Communication and Training on anti-corruption policies and procedure, Page 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Supplement to Recommendation 15.2			
<ol style="list-style-type: none"> 1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes. 	COMPLIANT	<p>Employees found guilty of violating any provision of the Anti-Bribery and Corruption Policy will be penalized according to the Code of Conduct.</p> <p>To the best of our knowledge, there has been no finding of any violation of the Anti-Bribery and Corruption Policy.</p> <p>Link/ Reference:</p> <ol style="list-style-type: none"> 1. The 2023 Integrated Report (Communication and Training on anti-corruption policies and procedure, Page 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf 	
Recommendation 15.3			
<ol style="list-style-type: none"> 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	<p>The Bank supports a Whistle Blower Program, which serves as a mechanism to prevent and detect incidents of fraud or misconduct and enable fast and coordinated incident responses to protect the Bank from potential financial, regulatory, or reputational risks. It encourages and allows employees and all other stakeholders to report to Speak_up@securitybank.com.ph or through the whistleblowing page in the SBC website, in good faith without fear of discrimination, harassment and/or retaliation because Management</p>	

ensures anonymity and non-disclosure of information about the whistleblower other than to the investigating body.

Disclosures are directed to the authorized personnel of Human Capital Management (HCM) for assessment and to initiate due process, as warranted. A thorough investigation shall be conducted to establish the validity of any report in consonance with due process as prescribed by the Bank's Code of Conduct.

The Bank prohibits discrimination, harassment and/or retaliation against any employee who reports suspected employee offenses or irregularities. Management shall ensure that the whistleblower's safety and wellbeing is adequately protected up to the maximum extent allowed by the SBC Code of Conduct such as, but not limited to:

- Anonymity and non-disclosure of information about the whistleblower to parties other than the investigating body. Protection of the whistleblower's identify shall at all times be ensured unless he/she personally discloses his/her identity, in which case, the obligation of the Management to keep the whistleblower's identity shall no longer be applied.
- Transfer to another unit in case of harassment / retaliation from the concerned parties, co-workers and in certain cases from 3rd parties connected to the parties involved.

Links/ References:

1. Whistleblower Program in the Bank's Corporate Website
<https://www.securitybank.com/what-matters-to-us/>
2. Whistleblowing Policy in the Bank's Corporate Website
<https://www.securitybank.com/about-us/company-policies/whistleblowing-policy/>
3. The Bank's Manual of Corporate Governance
2022 Issuance: (Whistleblowing Mechanism, Page108)

		<p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Whistleblowing Mechanism, Page109)</p> <p>https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>4. The 2023 Integrated Report (Code of Conduct, Page 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<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.</p>	<p>COMPLIANT</p>	<p>The Whistleblowing Mechanism established in the Bank encourages employees to report in good faith suspected employee offenses or irregularities to their immediate superior for proper disposition. If the immediate superior cannot act on the said offense due to his involvement, the employee may elevate the same to any of the authorities. As reporting party, who may only divulge information that is of his personal knowledge, said employee is prohibited to act on his own by conducting any investigative activity nor participate in any investigative activity other than the one conducted by the duly authorized investigating body. At any rate, due process shall at all times be observed at any stage of the investigation into the acts exposed by the whistleblower.</p> <p>Discrimination, harassment and retaliation against any employee who reports suspected employee offenses or irregularities is prohibited. Management shall ensure that a whistleblower's safety and well-being is adequately protected up to the maximum extent allowed by the SBC Code of Conduct.</p> <p>Links/ References:</p> <p>1. Whistleblower Program in the Bank's Corporate Website https://www.securitybank.com/what-matters-to-us/</p>	

		<p>2. Whistleblowing Policy in the Bank's Corporate Website https://www.securitybank.com/about-us/company-policies/whistleblowing-policy/</p> <p>3. The Bank's Manual of Corporate Governance 2022 Issuance: (Whistleblowing Mechanism, Page108) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2022.pdf 2024 Issuance: (Whistleblowing Mechanism, Page109) https://www.securitybank.com/wp-content/uploads/2024/03/Manual-on-Corporate-Governance-2024.pdf</p> <p>4. The 2023 Integrated Report (Code of Conduct, Page 66) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	The Bank, through its Investigation Committee, Audit, Compliance and Risk Management Group, reports and endorses to Management for investigation the reported incidents and imposes penalties to the erring employee as needed.	
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			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	<p>BetterBanking is at the heart of the Bank's sustainability framework, with three main pillars that guide our strategic programs, initiatives and campaigns: Enriching lives, empowering business and building communities sustainably. These pillars are aligned to specific United Nations Sustainable Development Goals (UN SDGs) where we make the most impact through our work on a daily basis.</p> <p>Link/ Reference:</p>	

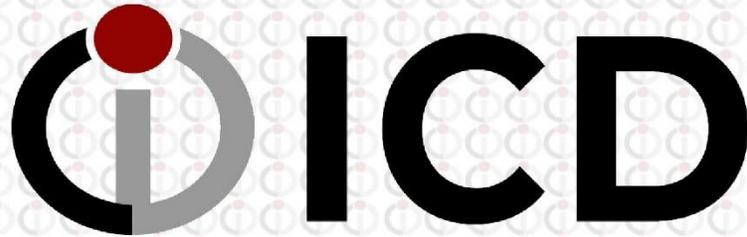
		<p>1. The 2023 Integrated Report (Our Sustainability Framework, Pages 10 to 34) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
Optional: Principle 16			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	COMPLIANT	<p>Two pillars of the Bank's Strategic program are "Enriching lives" and "Empowering businesses".</p> <p>Enriching lives means continuously improving to create positive experiences and interactions with our customers, employees and shareholders. It also means keeping our employees happy, healthy, continuously learning and growing professionally so they are equipped and enabled to serve our customers well.</p> <p>"Empowering businesses" means having products and services that are anchored on good governance, enables enterprises and industries to contribute to the economy and generate jobs. Our clients range from Filipino entrepreneurs, local social enterprises, micro-, small, and medium enterprises, commercial, and large corporations that contribute to economic recovery and growth.</p> <p>Please refer to the relevant sections in the 2023 Integrated Report that describe specific initiatives of the Bank under these pillars.</p> <p>Link/ Reference:</p> <p>1. The 2023 Integrated Report (Our Sustainability Approach, Pages 10 to 34) https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates.</p>	COMPLIANT	<p>One of the pillars of the Bank's strategic programs is "Building Communities Sustainably". The Bank recognizes that, as corporate citizens, it is socially responsible for the communities where it</p>	

operates. Corporate Social Responsibility (CSR) is integral to the Bank and supports and prioritizes opportunities aligned with its mission and sustainability goals. The Bank has actively partnered with groups, including government agencies, local government units, academic institutions and other foundations or charitable institutions to advocate for education, health and wellness, enterprise development, arts and culture, disaster recovery and women empowerment.

Link/ Reference:

1. The 2023 Integrated Report (Building Communities sustainably, Pages 32 to 33)
<https://www.securitybank.com/wp-content/uploads/2024/05/2023-Security-Bank-Integrated-Report-Interactive.pdf>

Control No.: 2023-015-011



Institute of Corporate Directors

presents this

Certificate of Participation

to

Juichi Umeno

Security Bank Corporation

for having completed the online course

Corporate Governance Orientation Program

held on

June 6, 2023 | 8:00 AM - 12:00 PM

June 7, 2023 | 8:00 AM - 12:00 PM

through ZOOM Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is written over a faint, repeating pattern of the ICD logo.

Carlos Jose P. Gatmaitan

Chief Executive Officer



Certificate of Completion

is given to

Juichi Umeno

*For having successfully completed the
Orientation for New Directors*

Conducted on 30 March to 16 June 2023

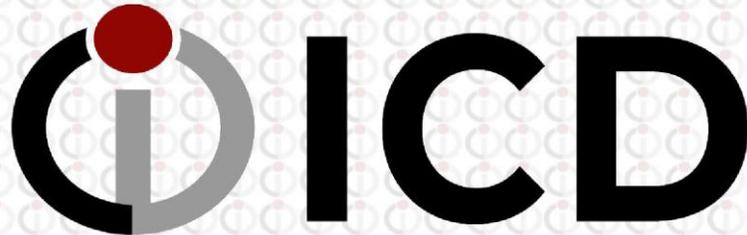
A handwritten signature in blue ink, appearing to read "acchinjen", written over a horizontal line.

ANNA CHRISTINA M. CHINJEN, SVP
Compliance Group

A handwritten signature in black ink, appearing to read "Cirilo P. Noel", written over a horizontal line.

CIRILO P. NOEL, ACTING CHAIRMAN
Office of the Chairman

Control No.: 2023-015-008



Institute of Corporate Directors

presents this

Certificate of Participation

to

Nobuya Kawasaki

Security Bank Corporation

for having completed the online course

Corporate Governance Orientation Program

held on

June 6, 2023 | 8:00 AM - 12:00 PM

June 7, 2023 | 8:00 AM - 12:00 PM

through ZOOM Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is written over a faint circular watermark pattern.

Carlos Jose P. Gatmaitan

Chief Executive Officer



Certificate of Completion

is given to

Nobuya Kawasaki

*For having successfully completed the
Orientation for New Directors*

Conducted on 24 April to 16 June 2023

A handwritten signature in blue ink, appearing to read "A. Chinjen", written over a horizontal line.

ANNA CHRISTINA M. CHINJEN, SVP
Compliance Group

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

CIRILO P. NOEL, ACTING CHAIRMAN
Office of the Chairman



Institute of Corporate Directors

presents this

Certificate of Participation

to

Ma. Cristina A. Tingson

Security Bank Corporation

for having completed the course

**Corporate Governance
Orientation Program**

held on

February 28, 2013

at The Peninsula Manila, Makati City

A handwritten signature in black ink, appearing to read 'Carlos P. Gatmaitan', is written over a faint circular watermark pattern.

Carlos Jose P. Gatmaitan
Chief Executive Officer



Certificate of Completion

is given to

Maria Cristina A. Tingson

*For having successfully completed the
Orientation for New Directors*

*Conducted on 19 June to 7 July 2023
via Virtual Communications*

A handwritten signature in blue ink, appearing to read "A. Chinjen".

ANNA CHRISTINA M. CHINJEN, SVP
Compliance Group

A handwritten signature in black ink, appearing to read "C. Noel".

CIRILO P. NOEL, ACTING CHAIRMAN
Office of the Chairman



(SEC Provider Accreditation Number CG2021-002)

presents this

CERTIFICATE OF COMPLETION

to

Joel Raymond R. Ayson

for having completed the four-hour SEC-Accredited

CORPORATE GOVERNANCE TRAINING

Corporate Governance Updates

Sustainability Reporting

Executive Briefing on Crisis Communication and Dealing with Controversies

held on Tuesday, April 25, 2023 at

*JYD Hall, SBC Head Office
Ayala Avenue, Makati City, Philippines*

Given this 25th day of April 2023


*Henry Belleza Aquende, MBM, Hon. DPA
Founder & President
Center for Global Best Practices*


*Atty. Justina F. Callangan
Course Director & Lecturer
Center for Global Best Practices*


*Kama Neson Ganeson
Course Director & Lecturer
Center for Global Best Practices*


*Dr. Dante M. Velasco, MM
Course Director & Lecturer
Center for Global Best Practices*



(SEC Provider Accreditation Number CG2021-002)

presents this

CERTIFICATE OF COMPLETION

to

Anna Christina M. Chinjen

for having completed the four-hour SEC-Accredited

CORPORATE GOVERNANCE TRAINING

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Course Director & Lecturer
Center for Global Best Practices

Kama Neson Ganeson
Course Director & Lecturer
Center for Global Best Practices

Dr. Dante M. Velasco, MM
Course Director & Lecturer
Center for Global Best Practices



2023 ATTESTATION OF INTERNAL CONTROL AND COMPLIANCE SYSTEM

As part of good corporate governance, Security Bank Corporation has implemented a Governance System that encompasses three critical pillars consisting of (1) a Board of Directors that provides governance and oversight in the implementation of adequate internal control mechanisms, compliance and risk management process; (2) Management that is responsible in designing and implementing an effective internal control system and risk management processes to ensure compliance with laws, rules and regulations; and (3) an internal control system that involves key control functions such as Risk Management, Compliance and Internal Audit.

SGV & Co, the Bank's external auditor, is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards (PFRS) and the overall quality of the financial reporting process;

Internal Audit adopts a risk-based audit approach in developing an annual plan and conducts reviews to assess the effectiveness and adequacy of the Bank's internal controls.

The Internal Audit Group directly reports functionally to the Board of Directors thru the Audit Committee to ensure independence and objectivity in the performance of its functions and responsibilities, and administratively to an Executive Director.

Internal Audit activities conform with the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated through an independent Quality Assessment Review conducted every five years.

Based on the reviews undertaken by the Bank's Internal Audit Group and its external auditors for the year 2023, we attest that Security Bank Corporation's system of internal controls, risk management, compliance and governance processes are designed and operating effectively.

A handwritten signature in black ink, appearing to read "Sanjiv Vohra".

SANJIV VOHRA
President & CEO

A handwritten signature in black ink, appearing to read "D. Lavilla".

DAKILA SOCRATES B. LAVILLA
VP – CHIEF AUDIT EXECUTIVE

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 the City of Makati on May 29, 2024.

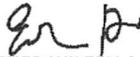
SIGNATURES



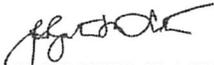
CIRILO P. NOEL
CHAIRMAN OF THE BOARD



GERARD H. BRIMO
INDEPENDENT DIRECTOR



ESTHER WILEEN S. GO
INDEPENDENT DIRECTOR



JOSE PERPETUO M. LOTILLA
INDEPENDENT DIRECTOR



STEPHEN G. TAN
INDEPENDENT DIRECTOR



ANNA CHRISTINA M. CHINJEN
CHIEF COMPLIANCE OFFICER



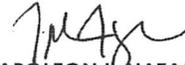
SANJIV VOHRA
CHIEF EXECUTIVE OFFICER



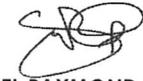
ENRICO S. CRUZ
INDEPENDENT DIRECTOR



JIKYEONG KANG
INDEPENDENT DIRECTOR



NAPOLEON L. NAZARENO
INDEPENDENT DIRECTOR

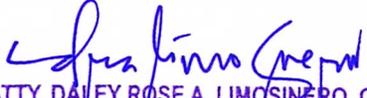


JOEL RAYMOND R. AYSON
CORPORATE SECRETARY

Subscribed and sworn to before me this 29th day of May 2024, affiants exhibiting to me their identification details as follows:

Name	Passport/ ID No	Date of Issue/ Date of Expiry	Place of Issue
Cirilo P. Noel	TIN 106-906-688-000		
Sanjiv Vohra	TIN 242-103-785-000		
Gerard H. Brimo	TIN 102-377-265-000		
Enrico S. Cruz	Passport No. P7341447B	August 4, 2021	DFA NCR North
Esther Wileen S. Go	TIN 109-906-995-000		
Jikyeong Kang	Passport No. 123016495	October 1, 2020	London, United Kingdom
Jose Perpetuo M. Lotilla	TIN 116-283-918-000		
Napoleon L. Nazareno	TIN 115-968-132-000		
Stephen G. Tan	Passport No. P1261081C	August 11, 2022	DFA Manila
Anna Christina M. Chinjen	SSS: 3333987486		Manila
Joel Raymond R. Ayson	P11015048	March 19, 2019	Manila

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Series of 2024


ATTY. DALEY ROSE A. LIMOSINERO, CPA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-618 until DECEMBER 31, 2024
Roll of Attorney No. 71800
PTR No. 10074070; 01/02/2024; MAKATI CITY
IBP No. 376440; 12/27/2023; LAGUNA CHAPTER
MCLE Compliance No. VII-0017173 valid until April 14, 2025
20/F SECURITY BANK CENTRE, 6776 AYALA AVE., MAKATI CITY