



OFFICE OF THE CORPORATE SECRETARY

Direct Line: 8536-0540
Trunk Lines: 8891-6040 to 70
Local: 4106

July 23, 2020

PHILIPPINE DEALING & EXCHANGE CORPORATION

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


Attention: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head - Issuer Compliance and Disclosure Department (ICCD)

Dear Atty. Magallen-Lirio:

We are pleased to furnish the Philippine Dealing and Exchange Corporation (PDEX) a copy of our disclosure to the Philippine Stock Exchange regarding the 2019 Integrated Annual Corporate Governance Report (I-ACGR) of the Bank.

We trust you will take note accordingly. Thank you.

Very truly yours,


MAILA KATRINA Y. LARDE - DELAPP
Corporate Secretary

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

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

Authorized Depository of the Republic of the Philippines
Member: PDIC

SECURITIES AND EXCHANGE COMMISSION
SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended
Dec 31, 2019
2. SEC Identification Number
ASO96-005555
3. BIR Tax Identification Number
000-188-209-000
4. Exact name of issuer as specified in its charter
Philippine National Bank
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code(SEC Use Only)
[REDACTED]
7. Address of principal office
PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila
Postal Code
1300
8. Issuer's telephone number, including area code
(632) 8526-3131 to 70/(632) 8891-6040 to 70
9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable

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



PNB

Philippine National Bank

PNB

Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard

Description of the Disclosure

In compliance with SEC Memorandum Circular No. 15, Series of 2017, we are pleased to furnish the Exchange a copy of the 2019 Integrated Annual Corporate Governance Report (I-ACGR) of the Bank.

Thank you.

Filed on behalf by:

Name	Maila Katrina Ilarde
Designation	Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

MAILA KATRINA Y. ILARDE - DELAPP Corporate Secretary Contact Person
--

8834-0780 Company Telephone Number

1	2
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Month Fiscal Year

3	1
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Day

Integrated Annual Corporate Governance Report (I-ACGR)

FORM TYPE

June 23

Month Day Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

Total amount of Borrowings

To be accomplished by SEC Personnel concerned

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File Number

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STAMPS

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July 22, 2020

Securities and Exchange Commission

G/F Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City

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

The Philippine Stock Exchange

6th Floor PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention : MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

In compliance with SEC Memorandum Circular No. 15, Series of 2017, we are pleased to submit herewith the 2019 Integrated Annual Corporate Governance Report (I-ACGR) of the Philippine National Bank.

For your record. Thank you.

Very truly yours,


MAILA KATRINA Y. ILARDE - DELAPP
Corporate Secretary

a/s

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

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Authorized Depository of the Republic of the Philippines
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SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2019**
2. SEC Identification Number **AS096-005555** 3. BIR Tax Identification No. **000-188-209**
4. Exact name of issuer as specified in its charter **PHILIPPINE NATIONAL BANK**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **PNB FINANCIAL CENTER, PRESIDENT DIOSDADO**
MACAPAGAL BLVD., PASAY CITY, METRO MANILA
Address of principal office
- Postal Code **1300**
8. **(632) 891-6040 to 70 / (632) 526-3131 to 70**
Issuer's telephone number, including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT		The Bank has 15 Board members with a broad range of experience and deep industry expertise. They are elected by the shareholders during the Annual Stockholders' Meeting (ASM) and hold office for the ensuing year until their successors are elected and qualified. Our directors possess all the qualifications and none of the disqualifications under existing laws and BSP regulations.
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	The President & CEO, who has executive responsibility of day-to-day operations, is elected as the sole executive director while the other members are non-executive directors (NEDs) who do not perform any work related to the operations of the Bank.
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	Among the Board members are five (5) independent directors: Felix Enrico R. Alfiler, Edgar A. Cua, Federico C. Pascual, Florencia G. Tarriela, and Domingo H. Yap. They are independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgment in fulfilling their responsibilities as directors. 2019 Annual Report <ul style="list-style-type: none"> • Board Composition (<i>Pages 54–55</i>) • Profiles of the Board of Directors (<i>Pages 108–121</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Recommendation 1.2			

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p>	<p>PNB Board of Directors is composed of 1 Executive Director, 5 Independent Directors, and 9 Non-Executive Directors.</p> <table border="1" data-bbox="1297 337 1940 834"> <thead> <tr> <th>Board of Directors</th> <th>Type of Directorship (ED/NED/ID)</th> </tr> </thead> <tbody> <tr> <td>Florencia G. Tarriela</td> <td>ID (Chairperson)</td> </tr> <tr> <td>Felix Enrico R. Alfiler</td> <td>ID (Vice-Chairman)</td> </tr> <tr> <td>Jose Arnulfo A. Veloso</td> <td>ED</td> </tr> <tr> <td>Florido P. Casuela</td> <td>NED</td> </tr> <tr> <td>Leonilo G. Coronel</td> <td>NED</td> </tr> <tr> <td>Edgar A. Cua</td> <td>ID</td> </tr> <tr> <td>Estelito P. Mendoza</td> <td>NED</td> </tr> <tr> <td>Christopher J. Nelson</td> <td>NED</td> </tr> <tr> <td>Federico C. Pascual</td> <td>ID</td> </tr> <tr> <td>Domingo H. Yap</td> <td>ID</td> </tr> <tr> <td>Carmen K. Tan</td> <td>NED</td> </tr> <tr> <td>Lucio C. Tan</td> <td>NED</td> </tr> <tr> <td>Sheila T. Pascual</td> <td>NED</td> </tr> <tr> <td>Michael G. Tan</td> <td>NED</td> </tr> <tr> <td>Vivienne K. Tan</td> <td>NED</td> </tr> </tbody> </table> <p>2019 Annual Report</p> <ul style="list-style-type: none"> Board Composition (<i>Pages 54–55</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>PNB website</p> <ul style="list-style-type: none"> Board of Directors LINK: https://www.pnb.com.ph/index.php/investor-relations/board-of-directors 	Board of Directors	Type of Directorship (ED/NED/ID)	Florencia G. Tarriela	ID (Chairperson)	Felix Enrico R. Alfiler	ID (Vice-Chairman)	Jose Arnulfo A. Veloso	ED	Florido P. Casuela	NED	Leonilo G. Coronel	NED	Edgar A. Cua	ID	Estelito P. Mendoza	NED	Christopher J. Nelson	NED	Federico C. Pascual	ID	Domingo H. Yap	ID	Carmen K. Tan	NED	Lucio C. Tan	NED	Sheila T. Pascual	NED	Michael G. Tan	NED	Vivienne K. Tan	NED
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Vivienne K. Tan	NED																																		
<p>Recommendation 1.3</p>																																			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p>	<p>The Board of Directors values ongoing professional development and actively participates in training programs annually to keep abreast of key issues and developments in the industry. Corporate governance best practices, changes in the regulatory and business environment, and the duties and responsibilities of the Board and board committees—including risk oversight, audit, related party transaction (RPT) and corporate governance—are discussed during the annual training session.</p>																																

2. Company has an orientation program for first time directors.	COMPLIANT	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended, and topics covered.	<p>Upon appointment of a new director to the Board, the CCO, together with the Corporate Secretary, ensures proper onboarding and provides orientation on the Bank's business, charter, articles of incorporation and by-laws, among others.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> ○ Orientation and Continuing Education (<i>Page 57</i>) ○ LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
3. Company has relevant annual continuing training for all directors.	COMPLIANT		<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Training Process (<i>Pages 51–52</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>Board diversity is not an end of itself. Instead, it is a means to develop an enabling environment which allows the Bank to leverage on the diverse background and expertise of its individual directors, foster innovation, and achieve a balanced approach in making sound and objective decisions.</p> <p>The composition of our Board reflects diversity in gender, nationality, age, knowledge, and skills. Both social (e.g., gender, race/ethnicity, and age diversity) and professional diversity are considered in identifying, assessing, and selecting the members of the Board and their appointment in various board committees.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Skills, Competency, and Diversity (<i>Pages 55–56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board Diversity Policy (<i>Page 7</i>)

			<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Optional: Recommendation 1.4			
<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	<p>Consistent with our implementation of the ASEAN Corporate Governance Scorecard, the Bank continuously strives to meet the following diversity targets:</p> <ul style="list-style-type: none"> At least one (1) female independent director At least 50% of the members of the Board have educational background in banking and finance, accounting, economics, or law; At least 50% of the members of the Board have relevant skills and experience in the areas of banking and finance, accounting, economics, or law; and At least one (1) member of the Board is a foreign citizen. <p>By December 31, 2019, the Bank met the above-mentioned diversity targets. We have four (4) female directors in the Board, one of whom is independent. The Board members also have diverse educational background, expertise, corporate qualifications, and professional experience including accounting, auditing, aviation and travel, banking and finance, consumer goods, economics, general management expertise, legal expertise, manufacturing, real estate, and tobacco. Apart from Filipinos, PNB has one (1) director who is a British citizen.</p> <p>In relation to age diversity, an optimal mix of young and well-seasoned Board members is in place. 27% of the Board are below 60 years old, who bring fresh ideas and perspectives into the table. Meanwhile, the age range of the remaining Board members is in a fairly productive and mature ages, with 40% and 20% of the Board belonging to the 70-79 and 80-89 age range, respectively.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Diversity Policy (<i>Page 7</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf

			<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Skills, Competency, and Diversity (<i>Pages 55–56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	The Corporate Secretary assists the Board of Directors and the board committees in the conduct of their meetings. Functions include safekeeping of and the preservation of the integrity of the minutes of the meetings and ensuring that the Board members have accurate information that will enable them to form sound decisions on matters that require their approval.
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		Board members are given separate and independent access to the Corporate Secretary at all times.
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		The Corporate Secretary of the Bank is Atty. Maila Katrina Y. Ilarde, a Filipino and a resident of the Philippines. She assumed the position in 2015. She is legally trained, with experience in legal matters and company secretarial practices.
			She is not the Chief Compliance Officer nor is she a director of the Bank.
			<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Corporate Secretary (<i>Pages 25–27</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	<p>The Corporate Secretary has attended the Seminar on Corporate Governance conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. on September 20, 2019. She is required to attend trainings on corporate governance annually.</p> <p>PSE Disclosure Form 17-18: Attendance in Corporate Governance Seminar</p> <ul style="list-style-type: none"> • Certificate of Attendance of Ms. Maila Katrina Y. Ilarde (<i>Page 5</i>)

			<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_CorGov_Seminar_Certificates_of_Attendance_Mr_Gonzales_Ms_Ilarde_and_Ms_So.pdf
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	<p>As part of the duties and responsibilities of the Corporate Secretary set forth in the Corporate Governance Manual, she inform members of the Board of the agenda of their meetings and distribute materials for board meetings at least five business days before the scheduled meeting, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Meetings and Quorum Requirement (<i>Page 14</i>) Duties and Responsibilities of the Corporate Secretary (<i>Item 7.1.2, Page 26</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Please refer to Annex A for the corresponding Secretary's certificate.</p>
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<p>The rank of the Bank's Chief Compliance Officer is Executive Vice President, a position with adequate stature and authority in the organization. The Chief Compliance Officer is not a member of the Board.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> The Chief Compliance Officer (<i>Pages 28–29</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Chief Compliance Officer (<i>Page 53</i>) Profile of the Chief Compliance Officer (<i>Page 127</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
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		

4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	<p>PSE Disclosure Form 17-18: Attendance in Corporate Governance Seminar</p> <ul style="list-style-type: none"> • Certificate of Attendance of Atty. Isagani A. Cortes (<i>Page 24</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_Corgov_Seminar_of_Directors_and_Officers_for_2019.pdf
<p>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.</p>			
<p>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.	COMPLIANT	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	<p>The Directors of the Bank act on a fully informed basis, honestly and in good faith, with loyalty and in the best interest of the Bank, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public. A director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of Directors (<i>Item C, Page 21</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Board of Directors (<i>Page 51</i>) • Meetings and Attendance (<i>Page 56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Recommendation 2.2</p>			

1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT		The Board oversees the development of and approve the Bank's business objectives and strategy, and monitor their implementation, in order to sustain the Bank's long-term viability and strength. The Board Strategy & Policy Committee (BSPC) is the governing board committee exercising authority to delegate to management the implementation of the board approved strategic plans and policies. On an annual basis, the Committee reviews the strategic objectives and business priorities, strategy, direction, overall plans, result areas that relates to the thrusts and programs of the Bank.
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting) Indicate frequency of review of business objectives and strategy	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Powers, Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2, Pages 7–8</i>) • Board Strategy and Policy Committee Charter (<i>Annex H</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Board of Directors (<i>Page 51</i>) • Board Strategy and Policy Committee (<i>Page 63</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	Indicate or provide link/reference to a document containing the company's vision, mission and core values. Indicate frequency of review of the vision, mission and core values.	The Board of Directors is primarily responsible for defining the Bank's vision and mission and ensuring that it is periodically revisited, reviewed, and updated. The Bank's vision and mission is formally reviewed annually during the strategic planning process when the Bank's strategic plans are formulated and aligned vertically and horizontally. 2019 Annual Report

<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>Provide information on or link/reference to a document containing information on the strategy execution process.</p>	<p>The Board oversees the development of and approve the Bank's business objectives and strategy, and monitor their implementation, in order to sustain the Bank's long-term viability and strength. The Board Strategy and Policy Committee, a separate board committee, has been created to evaluate and endorse for Board approval Annual Strategic Plan of the Bank.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of Directors (<i>Item 1.3.2.2, Pages 8–9</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>Recommendation 2.3</p>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p>	<p>The Chairperson of the Board is Ms. Florencia G. Tarriela, who has held the position since 2005. She ensures the effective functioning of the Board, including maintaining a relationship of trust with individual directors. She makes certain that the meeting agenda focuses on strategic matters, including discussions on risk appetite and key governance concerns.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • The Chairperson, Vice Chairman, and President & CEO (Page 51) • Profile of the Chairman (<i>Page 112</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Recommendation 2.4</p>			

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	<p>The Succession Management Program is an evolving process of strategically and systematically identifying, assessing, and developing talents for future critical roles to ensure consistent and effective organizational performance. This program ensures the availability of talents who have the potential and required competencies and are ready to assume vacant positions as the need arises, due to organizational exigencies, particularly for key management positions.</p> <p>A Talent Board consisting of senior officers has been created to monitor and review the success and progress of the program. It renders decisions on nominations and acceptance of talents in the Talent Pool.</p> <p>PNB has a Retirement Plan for its employees that provides funds for the payment of separation benefits to employees who are eligible under the Bank's Retirement Plan, including cases of disability or death while on service.</p> <p>There are three (3) modes of retirement:</p> <p>(a) Normal Retirement: an employee shall be compulsorily retired from service and shall be entitled to receive the benefits under the Plan upon reaching 60 years of age or upon completing 35 years of service, whichever comes first;</p> <p>(b) Early Retirement: with the consent of the Bank, an employee who has not yet reached the normal retirement requirement may opt to avail of the early or optional retirement benefits under the Plan upon reaching (i) 55 years of age and rendering at least 10 years of continuous service; or (ii) completing at least eleven 11 years of service; and</p> <p>(c) Late Retirement: Any employee may offer his service to the Bank beyond the normal retirement date, but not beyond 65 years of age. Such retirement, however, shall be subject to the approval of the Bank on a case-to-case basis. Employees who intend to resign from service but do not meet the prescribed eligibility requirements are not entitled to any separation pay.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Succession Management Program (<i>Page 75</i>) • Nomination and Election of Directors (<i>Page 56</i>)
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>COMPLIANT</p>		

			<ul style="list-style-type: none"> Retirement (<i>Page 75</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Retirement and Succession Planning for Directors (<i>Page 15</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	<p>PNB aims to sustain a strong, performance-conducive environment that would attract, motivate, and retain the best talents. For this purpose, the Bank maintains a Remuneration Policy that commensurately compensates its directors and officers for high levels of performance. Such policy complements the Bank's efforts to hire and develop the best talents through its competitive recruitment program and continuing learning programs.</p> <p>The PNB Remuneration Policy provides a sustainable compensation structure and fringe benefits program for directors and officers. The policy allows the Bank to be competitive with industry counterparts. It identifies basic compensation, incentives, recognition, and rewards for those who meet their performance targets and goals.</p> <p>The compensation package for officers consists of monetary and non-monetary benefits, fringe benefits, and long-term schemes such as the following:</p> <ul style="list-style-type: none"> (a) Monetary emoluments consist of monthly compensation, guaranteed bonuses equivalent to four (4) monthly basic salary, allowances for business-related expenses, official travel, other monetary allowances, and cash award upon reaching service milestones of at least 10 years and every five (5) years thereafter; and (b) Non-monetary benefits consist of healthcare plan for the officer and two (2) of his qualified primary dependents, group life insurance, group accident insurance, leave privileges, car plan,
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		

			<p>and loan facilities such as general purpose loan, motor vehicle loan, and housing loan.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Remuneration Policy (<i>Page 74</i>) • Officers' Compensation and Benefits (<i>Page 74</i>) • Performance-based Remuneration (<i>Page 75</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Remuneration of Directors & Officers (<i>Pages 20–21</i>) • Corporate Governance Committee Charter (<i>Annex A</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	Provide proof of board approval	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • 2019 Corporate Governance Manual (<i>Item 1.3.2.3, Page 9</i>) • Remuneration of Directors & Officers (<i>Page 22</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>The Corporate Secretary certifies that the remuneration structures are based on the approved Bank's Policy on Remuneration of Directors and Officers under Board Executive Session Resolution No. 06/10-23-09 dated October 23, 2009.</p> <p>Please refer to Annex B for the Secretary's certificate on remuneration of senior executives.</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	COMPLIANT	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	<p>PNB designed its compensation and benefits package as a competitive tool to attract and retain highly qualified individuals who will support the Bank's implementation of its business directions and to achieve business goals. Hence, provisions of the compensation and benefits policies show the clear linkage with employee contributions which are measured through a balanced scorecard approach in its performance management</p>

back provision and deferred bonuses.			<p>system. Officers who are unable to meet their targets become ineligible to certain benefits and/or incentive programs such as the Car Plan benefit, Employee Loans, and performance bonus to name a few. The same is true for employees who get involved in administrative cases where certain benefits are temporarily withheld in case an administrative sanction is imposed. In case of dismissal, benefits are forfeited and taken back including but not limited to the Car Plan benefit, the guaranteed bonuses equivalent to a three-month salary and the Centennial PNB shares for the remaining years.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Performance-based Remuneration Policy (<i>Page 75</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	The Corporate Governance and Sustainability Committee (acting as the Bank's Nomination Committee) shall promulgate the guidelines or criteria to govern the conduct of the nomination; and performs other duties as provided under the BSP rules and regulations. Nomination of the directors shall be conducted by the Committee prior to an Annual Stockholders' Meeting. All recommendations shall be signed by the nominating stockholder/s together with the acceptance and conformity by the would-be nominees. The Committee shall pre-screen the qualifications and prepare the final list of all candidates which shall contain all the information about the nominees.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	Provide proof if minority shareholders have a right to nominate candidates to the board	As set forth in the Corporate Governance Manual, minority shareholders have the right to nominate candidates to the board.
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	All shareholders, including minority shareholders, who wish to recommend a person for election as a director of the Bank may submit a written notice of nomination to the PNB Corporate Secretary's Office, PNB Head Office in Pasay City, Philippines. The written notice of nomination, duly signed by the nominating stockholder and the nominee,

<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>COMPLIANT</p>		<p>must clearly set out the names and contact information of both the nominating stockholder and the nominee, and must be supported by the biographical data of the nominee, including his or her relevant qualifications and experiences.</p> <p>The Corporate Secretary certifies that the Bank did not receive any notice of nomination relative to the most recent election of the Board of Directors.</p>
<p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>COMPLIANT</p>		<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Pages 14–15</i>) • Shareholders' Rights and Protection of Minority Stockholders' Interest (<i>Pages 47–49</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Page 56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>		<p>The Corporate Governance and Sustainability Committee reviewed the composition and membership of the Board and board committees and identified the quality, existing competencies, and skillsets of directors aligned with the Bank's strategic direction.</p> <p>Criteria for the nomination and election of members of the Board of Directors:</p> <ul style="list-style-type: none"> • Knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Bank's business and risk profile; • Have a record of integrity and good repute; • Have sufficient time to carry out their responsibilities; and • Have the ability to promote a smooth interaction between members of the Board. • Have educational background, relevant skills and experience in banking and finance, accounting, economics, or law

			<ul style="list-style-type: none"> • Must contribute to the Board's social and professional diversity consistent with the Board Diversity Policy <p>The Committee identifies and evaluates the suitability of each particular candidate to the Board.</p> <p>Process of the nomination and election of members of the Board of Directors:</p> <p>Nomination of the directors shall be conducted by the Committee prior to an Annual Stockholders' Meeting. All recommendations shall be signed by the nominating stockholder/s together with the acceptance and conformity by the would-be nominees. The Committee shall pre-screen the qualifications and prepare the final list of all candidates which shall contain all the information about the nominees.</p> <p>All shareholders who wish to recommend a person for election as a director of the Bank may submit a written notice of nomination to the Corporate Secretary. The written notice of nomination, duly signed by the nominating stockholder and the nominee, must clearly set out the names and contact information of both the nominating stockholder and the nominee, and must be supported by the biographical data of the nominee, including his or her relevant qualifications and experiences.</p> <p>Only nominees whose names appear on the final list of candidates shall be eligible for election. No other nominations shall be entertained after the final list of candidates shall have been prepared; and no further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting. The directors shall be elected by the stockholders entitled to vote during the annual meeting of stockholders and shall hold for one (1) year and until their successors are elected and qualified.</p> <p>The nomination process is consistent with Section 132 MORB of the BSP and in accordance with the procedures for the nomination and election of independent directors set forth in Rule 38 of the Securities Regulation Code.</p> <p>2019 Corporate Governance Manual</p>
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			<ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Pages 14–15</i>) • Shareholders' Rights and Protection of Minority Stockholders' Interest (<i>Pages 47–49</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Page 56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Optional: Recommendation to 2.6			
<p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p>	COMPLIANT	Identify the professional search firm used or other external sources of candidates	<p>External sources were consulted in sourcing potential and qualified directors, including the Institute of Corporate Directors (ICD) and annual reports of other listed companies. As a matter of practice, all shareholders, including minority shareholders, are also invited to recommend nominees for election as a director of the Bank.</p> <p>Please refer to Annex C for the letter sent to ICD requesting for potential and qualified directors.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Pages 14–15</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Nomination and Election of Directors (<i>Page 56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Recommendation 2.7			

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT		As set forth in the RPT Policy Manual, the board of directors has established an effective system to determine, identify and monitor related parties and RPTs; continuously review and evaluate existing relationships between and among businesses and counterparties; and identify, measure, monitor and control risks arising from RPTs.
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Dealings with Related Parties (<i>Pages 35–40</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Identify transactions that were approved pursuant to the policy.	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee (<i>Pages 27–28</i>) • Board Oversight RPT Committee (<i>Page 62</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 RPT Policy Manual</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_Revised_RPT_Policy_Manual.pdf
Supplement to Recommendations 2.7			

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>COMPLIANT</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p>	<p>Information related to transactions with related parties and with subsidiaries/affiliates, directors, officers, stockholders and related interests (DOSRI) is included in the Audited Financial Statements of the Bank and Annual Report. All legal acts, resolutions and proceedings of the Board of Directors, including approvals on the related party transactions endorsed by the Board Oversight RPT Committee, are included in the agenda of the Annual Stockholders' Meeting for ratification of the stockholders. All DOSRI transactions are reported to the regulatory agencies on a monthly basis, as required under the regulations.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Board Oversight RPT Committee (<i>Page 62</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Dealings with Related Parties (<i>Item 4.4, Pages 40</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Minutes of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> • Ratification of all the Legal Acts, Resolutions and Proceedings of the Board of Directors & Corporate Officers since the 2018 Annual Stockholders' Meeting (<i>Item VI, Page 6</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf <p>2019 RPT Policy Manual</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-
<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>Provide information on voting system, if any.</p>	
<p>Recommendation 2.8</p>			

<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>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed</p>	<p>The Board oversees selection of the CEO and other key personnel, including members of senior management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.3., Page 9</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>The board of directors regularly monitors and assesses the performance of the management team and heads of control functions based on approved performance standards. Moreover, the board of directors holds members of senior management accountable for their actions and enumerate the possible consequences if those actions are not aligned with the board of directors' performance expectations. These expectations shall include adherence to the Bank's values, risk appetite and risk culture, under all circumstances.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.2. and 1.3.2.3., Page 8–9</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>Recommendation 2.9</p>			

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.2. and 1.3.2.3., Page 8–9</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Board Performance and Evaluation (<i>Page 57</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	<p>The Board of Directors approves, reviews, and updates, at least annually or whenever there are significant changes therein, the charter of the Board Audit and Compliance Committee.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.2[d], Pages 8–9</i>) • Specific Duties and Responsibilities of Directors (<i>Item B, Pages 20–21</i>) • Internal Auditor (<i>Pages 32–33</i>) • Board Audit and Compliance Committee Charter (<i>Annex B</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Audit and Compliance Committee (<i>Page 24</i>) • Board Audit and Compliance Committee (<i>Pages 60–61</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		
3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter	
Recommendation 2.11			

<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p>	<p>The approach to managing risk is outlined on the Bank's Enterprise Risk Management (ERM) framework, which creates the context for setting policies and standards, and establishing the right practices throughout the PNB Group. It defines the risk management processes and sets out the activities, tools, and organizational structure to ensure material risks are identified, measured, monitored, and managed.</p> <p>Our risk management framework banks on a dynamic process that supports the development and implementation of overall Bank strategy. The process revolves around methodically addressing risks associated with the business lines of PNB. The ERM framework, with regular reviews and updates, has served us well and has been resilient through economic cycles. We have placed a strong reliance on this risk governance framework and the three lines-of-defense model, which are fundamental to our aspiration of becoming world-class at managing risk.</p>
<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.</p>	<p>COMPLIANT</p>	<p>Provide proof of effectiveness of risk management strategies, if any.</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> Enterprise Risk Management Framework (<i>Pages 36–37</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.5., Page 13</i>) Chief Risk Officer (<i>Pages 33–34</i>) Risk Oversight Committee Charter (<i>Annex C</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>Recommendation 2.12</p>			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>COMPLIANT</p>	<p>Provide link to the company's website where the Board Charter is disclosed.</p>	<p>The Corporate Governance Manual of the Bank serves as the Board Charter, setting forth the specific powers, duties, responsibilities and accountabilities of the Board of Directors to properly aid them in the successful carry out their duties and the exercise sound and objective judgment for the best interest of the Bank, its subsidiaries and affiliates.</p> <p>The Corporate Governance Manual is disclosed in the Bank's website.</p>

2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		2019 Corporate Governance Manual <ul style="list-style-type: none"> • Powers, Duties and Responsibilities of the Board of Directors (<i>Item 1.3, Pages 7–13</i>) • Roles and Responsibilities of the Chairperson of the Board of Directors (<i>Item 3.6[a], Pages 19–20</i>) • Specific Duties and Responsibilities of Directors (<i>Item 3.7, Pages 20–22</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Provide information on or link/reference to a document showing company's insider trading policy.	2019 Corporate Governance Manual <ul style="list-style-type: none"> • Insider Trading Policy, Code of Conduct and Business Ethics (<i>Item 5, Page 45</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Optional: Principle 2			

<p>1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p>	<p>2019 RPT Policy Manual</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_Revised_RPT_Policy_Manual.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Dealing with Related Parties (<i>Item 2, Pages 36–38</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> Policies and Procedures on Related Party Transactions (<i>Pages 49–50</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf
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<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>COMPLIANT</p>	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p>	<p>All material transactions and decisions approved by the Board of Directors are immediately disclosed after each Board meeting.</p> <p>In compliance with the reportorial requirements of the SEC, the Bank provides a full, fair and accurate disclosure to the public of every material fact or event that occurs which would reasonably be expected to affect the investors' decisions.</p> <p>Annually, all legal acts, resolutions and proceedings of the Board of Directors are summarized and endorsed to the Stockholders for ratification during the Annual Stockholders' Meeting.</p> <p>ASEAN Corporate Governance Scorecard Report</p> <ul style="list-style-type: none"> • Board Matters (<i>Page 14</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Asean%20Corporate%20Governance%20Scorecard%20Report.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Reportorial or Disclosure System of the Bank's Corporate Governance (<i>Pages 50–51</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>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.</p>			
<p>Recommendation 3.1</p>			

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p>	<p>The Board has established eight (8) board committees to increase efficiency and allow deeper focus in specific areas.</p> <table border="1" data-bbox="1297 363 1940 647"> <thead> <tr> <th>Board Committees</th> </tr> </thead> <tbody> <tr> <td>Board Audit & Compliance Committee (BACC)</td> </tr> <tr> <td>Corporate Governance & Sustainability Committee</td> </tr> <tr> <td>Risk Oversight Committee (ROC)</td> </tr> <tr> <td>Board Oversight RPT Committee (BORC)</td> </tr> <tr> <td>Executive Committee</td> </tr> <tr> <td>Trust Committee</td> </tr> <tr> <td>Board IT Governance Committee (BITGC)</td> </tr> <tr> <td>Board Strategy and Policy Committee (BSPC)</td> </tr> </tbody> </table> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board-Level Committee (<i>Pages 22–23</i>) Board-Level Committee Charters (<i>Annex A–H</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Board Committees (<i>Page 60</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf 	Board Committees	Board Audit & Compliance Committee (BACC)	Corporate Governance & Sustainability Committee	Risk Oversight Committee (ROC)	Board Oversight RPT Committee (BORC)	Executive Committee	Trust Committee	Board IT Governance Committee (BITGC)	Board Strategy and Policy Committee (BSPC)
Board Committees												
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Board IT Governance Committee (BITGC)												
Board Strategy and Policy Committee (BSPC)												
<p>Recommendation 3.2</p>												
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p>	<p>The Board Audit and Compliance Committee assists the Board in the performance of its oversight responsibility relating to financial reporting process, systems of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations.</p> <p>As set forth in its Charter, the Board Audit and Compliance Committee shall be composed of at least three (3) Board members, who shall all be non-executive directors, must have accounting, auditing or related financial management expertise, two (2) of whom shall be independent directors, including the Chairman and another non-executive director</p>									

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	with audit experience. The members of the BACC and the Committee Chair shall be appointed by the Board. The Chairman of the Board Audit and Compliance Committee is not the Chairman of the Board or any other Board Level Committee.										
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	<table border="1" data-bbox="1297 448 1940 659"> <thead> <tr> <th colspan="2">Board Audit and Compliance Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Edgar A. Cua – Chairman</td> <td>ID</td> </tr> <tr> <td>Felix Enrico R. Alfiler – Member</td> <td>ID</td> </tr> <tr> <td>Florencia G. Tarriela – Member</td> <td>ID</td> </tr> </tbody> </table>	Board Audit and Compliance Committee		Name	Type of Directorship	Edgar A. Cua – Chairman	ID	Felix Enrico R. Alfiler – Member	ID	Florencia G. Tarriela – Member	ID
Board Audit and Compliance Committee													
Name	Type of Directorship												
Edgar A. Cua – Chairman	ID												
Felix Enrico R. Alfiler – Member	ID												
Florencia G. Tarriela – Member	ID												
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee Charter (<i>Annex B</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee (<i>Pages 60–61</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf 										
Supplement to Recommendation 3.2													
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee Charter (<i>Annex B</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf 										

<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>COMPLIANT</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>In 2019, the Committee held 18 meetings – 12 regular meetings and 6 special meetings wherein the Committee ensured the fulfillment of its duties and responsibilities. A separate meeting was also held by the Committee with the external auditors, without anyone from Management present, as mandated by BSP Memorandum 2014-11 and BSP Circular 969.</p> <p>Please refer to Annex D for the Certification of the Annual Meeting with the External Auditor without the presence of Management.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Audit and Compliance Committee (<i>Page 24</i>) • https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Optional: Recommendation 3.2</p>			
<p>1. Audit Committee meet at least four times during the year.</p>	<p>COMPLIANT</p>	<p>Indicate the number of Audit Committee meetings during the year and provide proof</p>	<p>The Board Audit and Compliance Committee met eighteen (18) times in 2019.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Board Audit and Compliance Committee (<i>Pages 60–61</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>COMPLIANT</p>	<p>Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.</p>	<p>The BACC is responsible for the appointment, reappointment, and replacement of the CAE and Deputy CAE. The responsibility of BACC includes the annual performance review of the CAE, accepting the resignation and/or dismissal subject to due process.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board Audit and Compliance Committee Charter (<i>Annex B</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Internal and External Audit (<i>Page 68</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf

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>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p>	<p>The Corporate Governance and Sustainability Committee is tasked to assist the Board of Directors in the performance of its governance responsibilities, including the functions of the Nomination and Remuneration Committee, ensuring compliance with and proper observance of good corporate governance. It also oversees the consistent implementation of the Bank's corporate social responsibility and sustainability framework, with the following strategic thrusts: financial literacy and education, environmental protection, and philanthropic initiatives.</p> <table border="1" data-bbox="1297 594 1940 829"> <thead> <tr> <th colspan="2">Corporate Governance & Sustainability Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Florencia G. Tarriela – Chairperson</td> <td>ID</td> </tr> <tr> <td>Felix Enrico R. Alfiler – Member</td> <td>ID</td> </tr> <tr> <td>Federico C. Pascual – Member</td> <td>ID</td> </tr> <tr> <td>Domingo H. Yap – Member</td> <td>ID</td> </tr> </tbody> </table> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board-Level Committees (<i>Page 23</i>) • Corporate Governance & Sustainability Committee Charter (<i>Annex A</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Corporate Governance and Sustainability Committee (<i>Pages 63–64</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf 	Corporate Governance & Sustainability Committee		Name	Type of Directorship	Florencia G. Tarriela – Chairperson	ID	Felix Enrico R. Alfiler – Member	ID	Federico C. Pascual – Member	ID	Domingo H. Yap – Member	ID
Corporate Governance & Sustainability Committee															
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Florencia G. Tarriela – Chairperson	ID														
Felix Enrico R. Alfiler – Member	ID														
Federico C. Pascual – Member	ID														
Domingo H. Yap – Member	ID														
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p>													
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p>													
<p>Optional: Recommendation 3.3</p>															

<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>COMPLIANT</p>	<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p>	<p>The Corporate Governance and Sustainability Committee met fifteen (15) times in 2019.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> Corporate Governance and Sustainability Committee (<i>Pages 63–64</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Corporate Governance & Sustainability Committee Charter (<i>Annex A</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p>	<p>Risk Oversight Committee assists the Board to oversee the risk profile and approve the risk management framework of PNB and its related allied subsidiaries and affiliates. It is mandated to set risk appetite, approve frameworks, policies, plans, programs and processes for managing risk, and accept risks beyond the approval discretion provided to management.</p> <p>The Risk Oversight Committee shall be composed of at least six (6) members of the Board of Directors, majority of whom shall be Independent Directors including the Chairperson. The Chairperson shall not be the Chairperson of the Board of Directors, or any other board-level committee.</p>
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p>	<p>The members shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures. They should also meet the requirements of the Securities and Exchange Commission, the Bangko Sentral ng Pilipinas and other applicable laws and regulations.</p> <div data-bbox="1297 1235 1940 1266" style="border: 1px solid black; background-color: #e0e0e0; padding: 2px; text-align: center;"> <p>Risk Oversight Committee</p> </div>

<p>3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROCC</p>	<table border="1"> <thead> <tr> <th data-bbox="1293 277 1619 305">Name</th> <th data-bbox="1619 277 1976 305">Type of Directorship</th> </tr> </thead> <tbody> <tr> <td data-bbox="1293 305 1619 363">Federico C. Pascual – Chairman</td> <td data-bbox="1619 305 1976 363">ID</td> </tr> <tr> <td data-bbox="1293 363 1619 422">Felix Enrico R. Alfiler – Member</td> <td data-bbox="1619 363 1976 422">ID</td> </tr> <tr> <td data-bbox="1293 422 1619 449">Florido P. Casuela – Member</td> <td data-bbox="1619 422 1976 449">NED</td> </tr> <tr> <td data-bbox="1293 449 1619 477">Edgar A. Cua – Member</td> <td data-bbox="1619 449 1976 477">ID</td> </tr> <tr> <td data-bbox="1293 477 1619 505">Leonilo G. Coronel – Member</td> <td data-bbox="1619 477 1976 505">NED</td> </tr> <tr> <td data-bbox="1293 505 1619 537">Vivienne K. Tan – Member</td> <td data-bbox="1619 505 1976 537">NED</td> </tr> </tbody> </table>	Name	Type of Directorship	Federico C. Pascual – Chairman	ID	Felix Enrico R. Alfiler – Member	ID	Florido P. Casuela – Member	NED	Edgar A. Cua – Member	ID	Leonilo G. Coronel – Member	NED	Vivienne K. Tan – Member	NED
Name	Type of Directorship																
Federico C. Pascual – Chairman	ID																
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Florido P. Casuela – Member	NED																
Edgar A. Cua – Member	ID																
Leonilo G. Coronel – Member	NED																
Vivienne K. Tan – Member	NED																
<p>4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROCC.</p>	<p>The Risk Oversight Committee met eighteen (18) times in 2019.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Risk Oversight Committee (<i>Page 65</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Risk Oversight Committee Charter (<i>Annex C</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf 														
<p>Recommendation 3.5</p>																	
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p>	<p>The Board Oversight RPT Committee (BORC) is created to assist the Board of Directors in performing its oversight functions with respect to monitoring and managing potential conflicts of interest of shareholders, Board members, Management, and other stakeholders. BORC oversees the evaluation of related party transactions (RPTs) that present the risk of potential abuse and evaluates all material RPTs to ensure that these are conducted in the normal course of business; not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Bank are misappropriated or misapplied.</p>														

<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p>	<p>The BORC shall be composed of at least three (3) Non-Executive Directors, two (2) of whom shall be independent directors, including the Chairperson. In case a member has conflict of interest in an RPT, he should refrain from evaluating that particular transaction. The Chief Compliance Officer and Chief Audit Executive should sit as Non-Voting Members in the committee.</p> <table border="1" data-bbox="1297 475 1940 623"> <thead> <tr> <th colspan="2">Board Oversight RPT Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Domingo H. Yap – Chairman</td> <td>ID</td> </tr> <tr> <td>Edgar A. Cua – Member</td> <td>ID</td> </tr> <tr> <td>Federico C. Pascual – Member</td> <td>ID</td> </tr> </tbody> </table> <p>2019 Annual Report</p> <ul style="list-style-type: none"> Board Oversight RPT Committee (<i>Page 62</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Oversight RPT Committee Charter (<i>Annex D</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 RPT Policy Manual</p> <ul style="list-style-type: none"> Board Oversight RPT Committee (<i>Pages 5–6</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_Revised_RPT_Policy_Manual.pdf 	Board Oversight RPT Committee		Name	Type of Directorship	Domingo H. Yap – Chairman	ID	Edgar A. Cua – Member	ID	Federico C. Pascual – Member	ID
Board Oversight RPT Committee													
Name	Type of Directorship												
Domingo H. Yap – Chairman	ID												
Edgar A. Cua – Member	ID												
Federico C. Pascual – Member	ID												
<p>Recommendation 3.6</p>													
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</p>	<p>The Board of Directors approves, reviews, and updates, at least annually or whenever there are significant changes therein, the respective charters of each committee or other documents that set out its mandate, scope and working procedures. The charters articulate how the committee will report to the full board of directors, what is expected of the committee members, and tenure limits for serving on the committee. The Board of Directors shall also consider occasional rotation of committee members and chairs to avoid undue concentration of power and promote fresh perspective consistent with the Bank's Board Diversity Policy.</p>										

2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		All the Charters of the Board Committees are incorporated as Annexes to the Manual on Corporate Governance of the Bank and posted in the Bank's website.
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Provide link to company's website where the Committee Charters are disclosed.	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board-Level Committees (<i>Pages 23–25</i>) • Board Committee Charters (<i>Annex A-H</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>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.</p>			
<p>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.	COMPLIANT	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.	<p>Board meetings are held monthly and the schedule is set before the start of the financial year. The Corporate Secretary issues the annual Board calendar every December for the forthcoming year.</p> <p>A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, and the affirmative vote of two-thirds (2/3) of the directors in attendance shall be required for any Board decision, unless otherwise provided by law. A minority of the Board in attendance at any regular or special meeting shall, in the absence of a quorum, adjourn at a later date, and shall not transact any business until a quorum is secured.</p>
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	<p>In 2019, the Board held a total of 15 meetings: 12 regular meetings, 2 special meetings, and 1 organizational meeting. Each Board member complied with the SEC's minimum attendance requirement of 50%.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Meetings and Attendance (<i>Page 56</i>)

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p>	<ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Corporate Secretary (<i>Item 7.1.10, Page 27</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Please refer to Annex A for the corresponding Secretary's certificate.</p>
<p>Recommendation 4.2</p>			

<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>COMPLIANT</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p>	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Limit on Directorship of Non-Executive Directors (<i>Page 19</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <table border="1" data-bbox="1297 440 1940 1239"> <thead> <tr> <th data-bbox="1297 440 1619 500">Director's Name</th> <th data-bbox="1619 440 1940 500">Directorship in other Listed Companies</th> </tr> </thead> <tbody> <tr> <td data-bbox="1297 500 1619 557">Florencia G. Tarriela (ID)</td> <td data-bbox="1619 500 1940 557">• LT Group, Inc. (Independent Director)</td> </tr> <tr> <td data-bbox="1297 557 1619 643">Leonilo G. Coronel (NED)</td> <td data-bbox="1619 557 1940 643">• Megawide Construction Corporation (Independent Director)</td> </tr> <tr> <td data-bbox="1297 643 1619 729">Estelito P. Mendoza (NED)</td> <td data-bbox="1619 643 1940 729">• San Miguel Corporation (Director) • Petron Corporation (Director)</td> </tr> <tr> <td data-bbox="1297 729 1619 841">Carmen K. Tan (NED)</td> <td data-bbox="1619 729 1940 841">• LT Group, Inc. (Director) • MacroAsia Corporation (Director) • PAL Holdings, Inc. (Director)</td> </tr> <tr> <td data-bbox="1297 841 1619 1011">Lucio C. Tan (NED)</td> <td data-bbox="1619 841 1940 1011">• LT Group, Inc. (Chairman & CEO) • MacroAsia Corporation (Chairman & CEO) • PAL Holdings, Inc. (Chairman & CEO)</td> </tr> <tr> <td data-bbox="1297 1011 1619 1123">Michael G. Tan (NED)</td> <td data-bbox="1619 1011 1940 1123">• LT Group, Inc. (Director and President) • Victorias Milling Company Corporation (Director)</td> </tr> <tr> <td data-bbox="1297 1123 1619 1239">Vivienne K. Tan (NED)</td> <td data-bbox="1619 1123 1940 1239">• LT Group, Inc. (Director) • MacroAsia Corporation (Director) • PAL Holdings, Inc. (Director)</td> </tr> </tbody> </table>	Director's Name	Directorship in other Listed Companies	Florencia G. Tarriela (ID)	• LT Group, Inc. (Independent Director)	Leonilo G. Coronel (NED)	• Megawide Construction Corporation (Independent Director)	Estelito P. Mendoza (NED)	• San Miguel Corporation (Director) • Petron Corporation (Director)	Carmen K. Tan (NED)	• LT Group, Inc. (Director) • MacroAsia Corporation (Director) • PAL Holdings, Inc. (Director)	Lucio C. Tan (NED)	• LT Group, Inc. (Chairman & CEO) • MacroAsia Corporation (Chairman & CEO) • PAL Holdings, Inc. (Chairman & CEO)	Michael G. Tan (NED)	• LT Group, Inc. (Director and President) • Victorias Milling Company Corporation (Director)	Vivienne K. Tan (NED)	• LT Group, Inc. (Director) • MacroAsia Corporation (Director) • PAL Holdings, Inc. (Director)
Director's Name	Directorship in other Listed Companies																		
Florencia G. Tarriela (ID)	• LT Group, Inc. (Independent Director)																		
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<p>Recommendation 4.3</p>																			

1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	<p>A director of the Bank should notify the Board before accepting a directorship in another company.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Concurrent Directorship (<i>Page 44</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT		<p>Mr. Jose Arnulfo "Wick" A. Veloso, the Bank's sole executive director, does not serve on more than two boards of listed companies outside of the group. His other directorships include:</p> <ul style="list-style-type: none"> • Allianz PNB Life Insurance, Inc. • Asian Banker's Association • BancNet, Inc. • European Chamber of Commerce of the Philippines • Phil. Payments Management, Inc. <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Profile of Mr. Jose Arnulfo "Wick" A. Veloso (<i>Page 113</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT		<p>Board meetings are held monthly and the schedule is set before the start of the financial year. The Corporate Secretary issues the annual Board calendar every December for the forthcoming year. In 2019, the Board held a total of 15 meetings: 12 regular meetings, 2 special meetings, and 1 organizational meeting.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board Meetings and Quorum Requirement (<i>Page 14</i>) • Duties and Responsibilities of the Corporate Secretary (<i>Item 7.1.1, Page 26</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
3. Board of directors meet at least six times during the year.	COMPLIANT	Indicate the number of board meetings during the year and provide proof	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Meetings and Attendance (<i>Page 56</i>)

			<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	Indicate the required minimum quorum for board decisions	<p>A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, and the affirmative vote of two-thirds (2/3) of the directors present shall be required for any Board decision, unless otherwise provided by law. A minority of the Board present at any regular or special meeting shall, in the absence of a quorum, adjourn to a later date, and shall not transact any business until a quorum has been secured.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> Meetings and Attendance (<i>Page 56</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	Provide information or link/reference to a document containing information on the number of independent directors in the board	<p>The Bank has 5 independent directors representing 33% of the Board.</p> <table border="1"> <thead> <tr> <th>Board of Directors</th> <th>Type of Directorship (ED/NED/ID)</th> </tr> </thead> <tbody> <tr> <td>Florencia G. Tarriela</td> <td>ID (Chairperson)</td> </tr> <tr> <td>Felix Enrico R. Alfiler</td> <td>ID (Vice-Chairman)</td> </tr> <tr> <td>Jose Arnulfo A. Veloso</td> <td>ED</td> </tr> <tr> <td>Florido P. Casuela</td> <td>NED</td> </tr> <tr> <td>Leonilo G. Coronel</td> <td>NED</td> </tr> <tr> <td>Edgar A. Cua</td> <td>ID</td> </tr> <tr> <td>Estelito P. Mendoza</td> <td>NED</td> </tr> <tr> <td>Christopher J. Nelson</td> <td>NED</td> </tr> <tr> <td>Federico C. Pascual</td> <td>ID</td> </tr> <tr> <td>Domingo H. Yap</td> <td>ID</td> </tr> <tr> <td>Carmen K. Tan</td> <td>NED</td> </tr> <tr> <td>Lucio C. Tan</td> <td>NED</td> </tr> <tr> <td>Sheila T. Pascual</td> <td>NED</td> </tr> <tr> <td>Michael G. Tan</td> <td>NED</td> </tr> <tr> <td>Vivienne K. Tan</td> <td>NED</td> </tr> </tbody> </table>	Board of Directors	Type of Directorship (ED/NED/ID)	Florencia G. Tarriela	ID (Chairperson)	Felix Enrico R. Alfiler	ID (Vice-Chairman)	Jose Arnulfo A. Veloso	ED	Florido P. Casuela	NED	Leonilo G. Coronel	NED	Edgar A. Cua	ID	Estelito P. Mendoza	NED	Christopher J. Nelson	NED	Federico C. Pascual	ID	Domingo H. Yap	ID	Carmen K. Tan	NED	Lucio C. Tan	NED	Sheila T. Pascual	NED	Michael G. Tan	NED	Vivienne K. Tan	NED
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			<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Composition of the Board and Independent Directors (<i>Pages 6–7</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Skills, Competency, and Diversity (<i>Pages 55–56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	<p>Certificate of Independent Director – 2019</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_Certifications_of_Independent_Directors_of_PNB.pdf • https://www.pnb.com.ph/wp-content/uploads/docs/SEC_Independent_Director_Mr_Domingo_H_Yap.pdf <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Qualifications (<i>Section 5.2, Page 7</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf
Supplement to Recommendation 5.2			

<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p>	<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p> <p>Amended By-Laws</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Specific Duties and Responsibilities of Directors (<i>Item 3.7[g], Page 22</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf 																		
Recommendation 5.3																					
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p>	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Term Limits for Independent Director (<i>Page 19</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf 																		
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p>	<table border="1" data-bbox="1297 841 1940 1187"> <thead> <tr> <th>Director's Name</th> <th>Date first elected</th> <th>No. of years served as independent director*</th> </tr> </thead> <tbody> <tr> <td>Florencia G. Tarriela</td> <td>May 29, 2001</td> <td>8 yrs.</td> </tr> <tr> <td>Felix Enrico R. Alfiler</td> <td>Dec. 16, 2001</td> <td>8 yrs.</td> </tr> <tr> <td>Edgar A. Cua</td> <td>May 31, 2016</td> <td>3 yrs. and 7 mos.</td> </tr> <tr> <td>Federico C. Pascual</td> <td>May 27, 2014</td> <td>5 yrs. and 7 mos.</td> </tr> <tr> <td>Domingo H. Yap</td> <td>Aug. 23, 2019</td> <td>4 months</td> </tr> </tbody> </table> <p>*Reckoned from 2012</p>	Director's Name	Date first elected	No. of years served as independent director*	Florencia G. Tarriela	May 29, 2001	8 yrs.	Felix Enrico R. Alfiler	Dec. 16, 2001	8 yrs.	Edgar A. Cua	May 31, 2016	3 yrs. and 7 mos.	Federico C. Pascual	May 27, 2014	5 yrs. and 7 mos.	Domingo H. Yap	Aug. 23, 2019	4 months
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<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>COMPLIANT</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p>	<p>The Bank has no independent director that served for more than nine (9) years from 2012.</p> <p>Nevertheless, the Corporate Governance Manual of the Bank provides that in the instance that a Bank wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Term Limits for Independent Directors (<i>Item 3.4 [b], Page 19</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p>	<p>The positions of Chairperson of the Board and President & Chief Executive Officer are held by separate individuals to achieve an appropriate balance of power, increase accountability and improve the capacity of the Board for decision-making independent of management. The separation of the roles ensures the fair division of powers, increased accountability, and enhanced governance.</p> <p>The Bank's Chief Executive Officer is Mr. Jose Arnulfo "Wick" A. Veloso while the Chairman of the Board is Ms. Florencia G. Tarriela.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Chairperson of the Board of Directors (<i>Pages 19–20</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • The Chairperson, Vice Chairman, and President & CEO (<i>Page 51</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p>	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Chairperson of the Board of Directors (<i>Pages 19–20</i>) • The President (<i>Pages 25</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Powers and Duties of the Chairman (<i>Page 7</i>) • The President (<i>Pages 11–12</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • The Chairperson, Vice Chairman, and President & CEO (<i>Page 51</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Recommendation 5.5</p>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p>	<p>The Chairman of the Board is an independent director.</p>
<p>Recommendation 5.6</p>			

<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>COMPLIANT</p>	<p>Provide proof of abstention, if this was the case</p>	<p>The members of the board, stockholders, and management shall disclose to the board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the bank. Directors and officers involved in possible conflict of interests shall disassociate from participating in the decision-making process and abstain in the discussion, approval and management of such transaction or matters affecting the bank. The Board Oversight RPT Committee may inform the Corporate Governance and Sustainability Committee of the directors/officers' actual/potential conflicts of interest with the Bank, as necessary.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Dealings with Related Parties (<i>Pages 35–40</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>Recommendation 5.7</p>			
<p>1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.</p>	<p>COMPLIANT</p>	<p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p>	<p>In 2019, the Board Audit & Compliance Committee held 18 meetings – 12 regular meetings and 6 special meetings wherein the Committee ensured the fulfillment of its duties and responsibilities.</p> <p>A separate meeting was also held by the Committee with the external auditors, without anyone from Management present, as mandated by BSP Memorandum 2014-11 and BSP Circular 969.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.3. [c, iii] & 1.3.2.5. [d, ii], Pages 9 & 13</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>2. The meetings are chaired by the lead independent director.</p>	<p>COMPLIANT</p>		
<p>Optional: Principle 5</p>			

1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	Provide name/s of company CEO for the past 2 years	Mr. Reynaldo A. Maclang served as the Bank's CEO and President from May 27, 2014 to November 15, 2018. The Bank's current President and CEO is Mr. Jose Arnulfo "Wick" A. Veloso, effective November 16, 2018.
<p>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.</p>			
<p>Recommendation 6.1</p>			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	Improved Board performance translates into better corporate governance. As such, the Board continuously seeks ways to assess its performance as individual directors and as a collegial body, identifying strengths and areas for improvement, and establishing mechanisms for addressing these.
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		The Board participates in an annual self-assessment exercise to assess their individual and collective performance. This exercise is also designed to determine and measure the adherence of the Bank's management to corporate governance practices.
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		The questionnaire covers comprehensive evaluation criteria focused on matters such as director's time commitment and independence, governance landscape, ethical culture in the organization, risk governance, fitness and propriety of Board and management, and internal controls. The Board performance evaluation is facilitated by the CCO. He consolidates and reviews the responses and presents the summary of

4. Each committee conducts a self-assessment of its performance.	COMPLIANT		<p>results and significant findings to the Corporate Governance and Sustainability Committee.</p> <p>In 2020, PNB will engage an external facilitator for the performance assessment of the Board. The Bank is currently exploring options to identify potential organizations providing third-party board performance assessment service.</p>
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT	Identify the external facilitator and provide proof of use of an external facilitator.	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Corporate Governance Assessment and Monitoring (<i>Pages 49–50</i>) • Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>) • Performance Evaluation Form (<i>Annex I</i>) • Management Component Rating Checklist (<i>Annex J</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Board Performance and Evaluation (<i>Page 57</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
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	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Corporate Governance Assessment and Monitoring (<i>Pages 49–50</i>) • Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>) • Performance Evaluation Form (<i>Annex I</i>) • Management Component Rating Checklist (<i>Annex J</i>)

2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Stakeholder Engagement, Sustainability Report (<i>Page 80</i>) Board Performance and Evaluation (<i>Page 57</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
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	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	<p>The Code of Ethics for Directors serves as a guide of principles designed to enable the Board in exercising its powers, duties, and responsibilities in accordance with fit and proper standards. This establishes the minimum standards of conduct expected of all directors. As such, the Code shall be read in conjunction with the Bank's Corporate Governance Manual, articles of incorporation, by-laws, and internal policies and procedures.</p> <p>The provisions of the Code shall apply to all members of the Board, whether executive, non-executive or independent, of PNB. All members of the Board are expected to observe and uphold the principles set out in the Code.</p> <p>The Code of Conduct for Employees is designed to prescribe a moral code for employees which would not only instill discipline but also yield higher productivity at the workplace and enhance and safeguard the</p>

<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>COMPLIANT</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p>	<p>corporate image of the Bank. The provisions of the Code apply to all employees including its overseas branches/offices and PNB's domestic and foreign subsidiaries.</p> <p>Each employee, senior officer, or director is furnished with a copy of the Bank's Code of Conduct and/or Code of Ethics. Moreover, they can access the Code through the Bank's intranet.</p> <p>Each individual accomplishes an Acknowledgement Receipt certifying therein that he has been furnished with a copy of the Code; that he has fully read and understood the provisions embodied in the Code; and that he promises to abide with the rules and regulations of the Code.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Policy Statement (<i>Page 1</i>) • Code of Conduct and Business Ethics (<i>Pages 44 –47</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Code of Ethics for Directors (<i>Page 72</i>) • Code of Conduct for Employees (<i>Page 72</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Code of Conduct</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf <p>Whistleblower Policy</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/20-Whistleblower-Policy-OPP0393-17.pdf
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>COMPLIANT</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p>	<p>(This cell contains the same content as the cell above, including the 2019 Corporate Governance Manual, 2019 Annual Report, Code of Conduct, and Whistleblower Policy sections.)</p>
<p>Supplement to Recommendation 7.1</p>			

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p>	<p>In line with the Bank's commitment to ensure that business dealings are conducted with the highest level of integrity and professionalism, employees are prohibited from engaging in any form of bribery such as the following:</p> <ul style="list-style-type: none"> • Giving/offering pecuniary benefits to external parties with the intention to influence the other party to commit a violation for personal and/or business advantage. • Acceptance/receiving of pecuniary benefits from clients, suppliers, service providers in order to facilitate the processing or approval of transactions or service agreements with the Bank despite deficiency and/or non-compliance with the standard requirements and procedures. <p>Employees who have knowledge of any form of irregular transactions or corrupt practices being entered into by an office or an employee under the name of the Bank must report the same through the offices identified in our Whistleblower Policy.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption (<i>Page 73</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Code of Conduct</p> <ul style="list-style-type: none"> • Administrative Procedures governing PNB Domestic or Overseas Branches/Offices (<i>Pages 7–11</i>) • Schedule of Offenses and Penalties (<i>Page 15</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf
<p>Recommendation 7.2</p>			

<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>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p>	<p>The Board of Directors approves the Code of Conduct, which articulates acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the Bank as well as the corresponding disciplinary actions and sanctions. The Code of Conduct explicitly provides that directors, officers, and all personnel are expected to conduct themselves ethically and perform their job with skill, due care, and diligence in addition to complying with laws, regulations, and company policies. The Board also ensure the proper, efficient and consistent implementation and compliance with the Bank's Code of Conduct.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors, Item 1.3.2.1. (Page 8) • Code of Conduct and Business Ethics (Pages 44–47) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>COMPLIANT</p>	<p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p>	
<p>Disclosure and Transparency</p>			
<p>Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p>Recommendation 8.1</p>			

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders.</p>	<p>All material information about the Bank which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be publicly disclosed to the regulatory in a full, fair accurate and timely manner.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Reportorial or Disclosure System of the Bank's Corporate Governance (<i>Pages 50–51</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>PNB Website: Quarterly Financial Statements</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_MARCH_31_2019.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_JUNE_30_2019.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_SEPTEMBER_30_2019.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17A_DECEMBER_31_2019.pdf <p>Investor Presentation</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_Investor%20Presentation_FY_2019.pdf
<p>Supplement to Recommendations 8.1</p>			

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p>	<p>PNB Website: Quarterly Financial Statements</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_MARCH_31_2019.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_JUNE_30_2019.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_SEPTEMBER_30_2019.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17A_DECEMBER_31_2019.pdf <table border="1" data-bbox="1297 634 1906 902"> <thead> <tr> <th>Cut-off Period</th> <th>Published Date (Date of disclosure through PSE Edge)</th> <th>No. of days within which the reports were published from the end of the reporting period</th> </tr> </thead> <tbody> <tr> <td>As of Mar. 31, 2019</td> <td>May 2, 2019</td> <td>32</td> </tr> <tr> <td>As of June 30, 2019</td> <td>August 9, 2019</td> <td>40</td> </tr> <tr> <td>As of Sept. 30, 2019</td> <td>November 13, 2019</td> <td>44</td> </tr> <tr> <td>As of Year-End 2019</td> <td>March 20, 2020</td> <td>80</td> </tr> </tbody> </table>	Cut-off Period	Published Date (Date of disclosure through PSE Edge)	No. of days within which the reports were published from the end of the reporting period	As of Mar. 31, 2019	May 2, 2019	32	As of June 30, 2019	August 9, 2019	40	As of Sept. 30, 2019	November 13, 2019	44	As of Year-End 2019	March 20, 2020	80
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As of Year-End 2019	March 20, 2020	80																
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. 	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Conglomerate Map (<i>Page 76</i>) • Holders (<i>Pages 136–137</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf 															
<p>Recommendation 8.2</p>																		

<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p> <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	<p>A director is required to advise the Corporate Secretary of his shareholdings in the Bank within three (3) business days after his appointment and any subsequent acquisition, disposal, or change in shareholdings during his term.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of Directors (<i>Item j, Page 20</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Shareholdings (<i>Page 59</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>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.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p> <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	
<p>Supplement to Recommendation 8.2</p>			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	<p>The Bank's Summary of Shareholdings Report reveals the level of shareholdings of Directors and Key Officers at the beginning and end of Year 2019.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Shareholdings (<i>Page 59</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Recommendation 8.3</p>			

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Board Composition (<i>Pages 54–55</i>) • Profiles of the Board of Directors (<i>Pages 108–121</i>) • Skills, Competency, and Diversity (<i>Pages 55–56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Profiles of the Management Committee (<i>Pages 122–133</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Recommendation 8.4</p>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p>	<p>The Corporate Governance and Sustainability Committee, acting as the Remuneration Committee, oversees the design and implementation of the remuneration and other incentives policy of the directors and officers. It designates the amount of remuneration and fringe benefits, which shall be sufficient to attract and retain directors and officers who are needed to run the Bank successfully.</p> <p>The remuneration and fringe benefits of Board members consist of per diem for every Board and board committee meeting and noncash</p>

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p>	<p>benefits like healthcare plan, group life insurance, and group accident insurance.</p> <p>In accordance with the Revised Corporation Code, directors are not allowed to participate in the determination of their own per diems or compensation. The Committee ensures that no director shall participate in discussions or deliberations involving his own remuneration.</p> <p>The total per diem given to the Board, as well as the total compensation of the President & CEO and the four (4) most highly compensated executive officers, is disclosed in the definitive information statement sent to all shareholders.</p> <p>There has been no proposal on remuneration for directors presented to the shareholders for approval in the 2019 Annual Stockholders' Meeting.</p> <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Compensation (<i>Page 8</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Remuneration (<i>Page 74</i>) • Officers' Compensation and Benefits (<i>Page 74</i>) • Performance-based Remuneration (<i>Page 75</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Remuneration of Directors and Officers (<i>Page 22</i>) • Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
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<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p>	<p>The total per diem given to the Board of Directors is provided in the 2019 Definitive Information Statement in aggregate basis without raising privacy, security, and commercial concerns for the Bank.</p> <p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Compensation of Directors and Executive Officers (<i>Pages 38–39</i>) • Compensation of Key Management Personnel (<i>Page 273</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf
<p>Recommendation 8.5</p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Dealings with Related Parties (<i>Pages 33–38</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>COMPLIANT</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions 	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee Chairman (<i>Pages 27–28</i>) • Related Party Transactions, 2018 Notes to Financial Statements and Management's Discussion and Analysis (<i>Pages 138–144</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 RPT Policy Manual</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_Revised_RPT_Policy_Manual.pdf
<p>Supplement to Recommendation 8.5</p>			

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>COMPLIANT</p>	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p>	<p>The members of the Board, stockholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the Bank. Directors and officers involved in possible conflict of interests shall disassociate from participating in the decision-making and abstain in the discussion, approval and management of such transaction or matters affecting the Bank. The Board Oversight RPT Committee may inform the Corporate Governance and Sustainability Committee of the directors'/officers' actual/potential conflicts of interest with the Bank, as necessary.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Dealings with Related Parties (<i>Item 2.3, Page 36</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee Chairman (<i>Pages 27–28</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 RPT Policy Manual</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_Revised_RPT_Policy_Manual.pdf
<p>Optional: Recommendation 8.5</p>			

<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p>COMPLIANT</p>	<p>Provide link or reference where this is disclosed, if any</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Oversight RPT Committee Chairman (<i>Pages 27–28</i>) • Board Oversight RPT Committee (<i>Page 62</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Dealings with Related Parties (<i>Pages 35–40</i>) • Board Oversight RPT Committee Charter (<i>Annex D</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 RPT Policy Manual</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_Revised_RPT_Policy_Manual.pdf
<p>Recommendation 8.6</p>			
<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>Provide link or reference where this is disclosed</p>	<p>All material information/transactions of the Bank which could adversely affect the interest of its shareholders and other stakeholders are immediately disclosed to the Philippine Stock Exchange (PSE).</p> <p>PSE Edge</p> <ul style="list-style-type: none"> • LINK: http://edge.pse.com.ph/companyDisclosures/form.do?cmpry_id=139 <p>Press Release – Philippine National Bank acquires PNB Savings Bank</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/sec17c/SEC17C_Press%20Release_Philippine_National_Bank_acquires_PNB_Savings_Bank.pdf <p>2019 Corporate Governance Manual</p>

			<ul style="list-style-type: none"> • Reportorial or Disclosure System of the Bank's Corporate Governance (<i>Item 5 and 7, Page 51</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Reportorial or Disclosure System of the Bank's Corporate Governance (<i>Item 5, Page 51</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.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	Provide link or reference where these are disclosed.	<p>SEC Form 17-C (Current Report)</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/index.php/investor-relations <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Reportorial or Disclosure System of the Bank's Corporate Governance (<i>Item 4 and 7, Page 51</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted.	<p>The Corporate Governance Manual of the Bank was submitted to SEC and PSE and is available in the Bank's website.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Policy Statement (<i>Page 1</i>) • Corporate Governance Structure (<i>Pages 6–33</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Provide proof of submission.	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Please refer to Annex E for the receiving copy stamped by the SEC of the 2019 Corporate Governance Manual.</p>
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2019 Annual Report</p> <ul style="list-style-type: none"> Corporate Objectives (<i>Page 4 & 71–72</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
b. Financial performance indicators	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2019 Annual Report</p> <ul style="list-style-type: none"> Financial Summary/Financial Highlights (<i>Page 3</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
c. Non-financial performance indicators	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2019 Annual Report</p> <ul style="list-style-type: none"> Operational Highlights (<i>Pages 12–20</i>) Sustainability Report (<i>Pages 78–107</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
d. Dividend Policy	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	<p>2019 Annual Report</p> <ul style="list-style-type: none"> Dividend Policy (<i>Page 84</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf

<p>e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Annual Report containing the said information.</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Profiles of the Board of Directors (<i>Pages 108–121</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>f. Attendance details of each director in all directors meetings held during the year</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Annual Report containing the said information.</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Meetings and Attendance (<i>Page 56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>g. Total remuneration of each member of the board of directors</p>	<p>NON-COMPLIANT</p>	<p>Provide link or reference to the company's Annual Report containing the said information.</p>	<p>The total per diem given to the Board of Directors is provided in the 2019 Definitive Information Statement in aggregate basis without raising privacy, security, and commercial concerns for the Bank.</p> <p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Compensation of Directors and Executive Officers (<i>Pages 38–39</i>) • Compensation of Key Management Personnel (<i>Page 273</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf

<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Corporate Governance Confirmation Statement (<i>Page 71</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>The Bank adopts a policy of full compliance with the Code of Corporate Governance. As of December 31, 2019, the Bank has substantially complied with the recommendations of the Code of Corporate Governance for Publicly-listed Companies, except for the following:</p> <ol style="list-style-type: none"> 1) 30% public float requirement to increase liquidity in the market; and 2) Disclosure of director remuneration and executive compensation on an individual basis. <p>The details of the Bank's compliance with the Code of Corporate Governance and the explanation for the above-mentioned items can be found in its Integrated Annual Corporate Governance Report, published on the PNB website.</p> <p>Moreover, the Bank has substantially complied with the provisions and requirements set forth in the Corporate Governance Manual and there were no reported significant deviations from what is expected from its Directors, Board Advisors, officers, and employees.</p>
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Risk Oversight Committee Chairman (<i>Page 34</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.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.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Audit and Committee Chairman (<i>Page 24</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.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	Provide link or reference to where these are contained in the Annual Report	2019 Annual Report <ul style="list-style-type: none"> Risk Categories and Definitions (<i>Pages 41–42</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.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	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	The Board Audit and Compliance Committee shall have the sole authority to select, evaluate, appoint, and replace the External Auditors (subject to stockholder ratification) and shall approve in advance all audit engagement fees and terms and all audit related, and tax compliance engagements with the External Auditors.
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	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	<p>The external auditor is expected to charge only reasonable audit fees. In determining reasonable fees, the following may be considered: (i) Expected hours needed to complete the scope of work envisioned in the audit plan; (ii) Complexity of the activities and structure of the Bank; (iii) Level of internal audit assistance; (iv) Level of fees being charged by other audit firms; and (v) Quality of audit services.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Board Audit and Compliance Committee Charter (<i>Annex B</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Message from the Board Audit and Compliance Committee Chairman (<i>Page 24</i>) Internal and External Audit (<i>Page 68</i>)

			<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Minutes of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> Appointment of External Auditor (<i>Pages 8–9</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf <p>Votes of shareholders that ratified the appointment of the external auditor of the Bank:</p> <table border="1" data-bbox="1297 594 1856 748"> <tr> <td>Approving</td> <td>971,230,249</td> </tr> <tr> <td>Dissenting</td> <td>70,970</td> </tr> <tr> <td>Abstaining</td> <td>0</td> </tr> </table>	Approving	971,230,249	Dissenting	70,970	Abstaining	0
Approving	971,230,249								
Dissenting	70,970								
Abstaining	0								
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>	<p>SGV & Co. is the incumbent external auditor of the Bank. They have the advantage of having historical knowledge of the Bank's business and its subsidiaries and affiliates, having been the appointed external auditor of PNB in 2019 and prior years.</p> <p>There was no removal or change of external auditor in 2019.</p>						
<p>Supplement to Recommendation 9.1</p>									

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p>	<p>The external auditor shall be rotated after every five (5) years of engagement. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual auditor.</p> <p>Minutes of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> • Appointment of External Auditor (<i>Pages 8–9</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • The External Auditor (<i>Item 9.18, Page 31</i>) • Board Audit and Compliance Committee Charter (<i>Annex B, Page 3</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Ms. Janeth Nunez Javier was the appointed lead audit partner for the Bank in 2017. Prior to Ms. Nunez's appointment, the partner-in-charge of the Bank's account was Ms. Vicky B. Lee-Salas.</p>
<p>Recommendation 9.2</p>			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>The Board Audit and Compliance Committee shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the External Auditors (subject to stockholder ratification) based on fair and transparent criteria such as (i) core values, integrity, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence and objectivity; (iv) effectiveness of the audit process; (v) reliability and relevance of the external auditor's reports; and (vi) adequacy of the quality control procedures.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board Audit and Compliance Committee Charter (<i>Annex B, Pages 1–4</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>COMPLIANT</p>		
<p>Supplement to Recommendations 9.2</p>			

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>The Board Audit and Compliance Committee shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the External Auditors (subject to stockholder ratification) based on fair and transparent criteria such as (i) core values, integrity, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence and objectivity; (iv) effectiveness of the audit process; (v) reliability and relevance of the external auditor's reports; and (vi) adequacy of the quality control procedures.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • The External Auditor (<i>Pages 28–31</i>) • Board Audit and Compliance Committee Charter (<i>Annex B, Pages 1–4</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Internal and External Audit (<i>Pages 68</i>) • Board Audit and Compliance Committee (<i>Pages 60–61</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	
<p>Recommendation 9.3</p>			

<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>COMPLIANT</p>	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p>	<p>SEC 17A</p> <ul style="list-style-type: none"> • Audit and other Related Fees (<i>Item 8 [B], Pages 43 –44</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB-SEC-17A-DECEMBER-31-2019.pdf <p>The table below shows the non-audit services performed by the external auditor with brief description and fees paid in 2019.</p> <table border="1" data-bbox="1297 508 1940 821"> <thead> <tr> <th data-bbox="1297 508 1457 594">Nature of service</th> <th data-bbox="1457 508 1780 594">Description</th> <th data-bbox="1780 508 1940 594">Professional fee (in P million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1297 594 1457 708">Accounting advisory</td> <td data-bbox="1457 594 1780 708">Audit Support for the Review of Expected Credit Loss in accordance with PFRS 9</td> <td data-bbox="1780 594 1940 708">4.144</td> </tr> <tr> <td data-bbox="1297 708 1457 821">Tax advisory</td> <td data-bbox="1457 708 1780 821">Ad-hoc tax advisory for the integration of PNB Savings Bank with the Parent Bank</td> <td data-bbox="1780 708 1940 821">0.400</td> </tr> </tbody> </table>	Nature of service	Description	Professional fee (in P million)	Accounting advisory	Audit Support for the Review of Expected Credit Loss in accordance with PFRS 9	4.144	Tax advisory	Ad-hoc tax advisory for the integration of PNB Savings Bank with the Parent Bank	0.400
Nature of service	Description	Professional fee (in P million)										
Accounting advisory	Audit Support for the Review of Expected Credit Loss in accordance with PFRS 9	4.144										
Tax advisory	Ad-hoc tax advisory for the integration of PNB Savings Bank with the Parent Bank	0.400										
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to guidelines or policies on non-audit services</p>	<p>The Board Audit and Compliance Committee evaluates and determines non-audit work/services by External Auditor and keep under review the non-audit fees paid to the External Auditor both in relation to their significance to the auditor and in relation of the Bank's total expenditure on consultancy and whether provision of non-audit services is compatible with maintaining the External Auditor's independence.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board Audit and Compliance Committee Charter (<i>Annex B</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf 									
<p>Supplement to Recommendation 9.3</p>												

<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>COMPLIANT</p>	<p>Provide information on audit and non-audit fees paid.</p>	<p>SEC 17A</p> <ul style="list-style-type: none"> Audit and other Related Fees (<i>Item 8 [B], Pages 43</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB-SEC-17A-DECEMBER-31-2018.pdf <p>The table below shows the breakdown of audit and non-audit fees paid in 2019.</p> <table border="1" data-bbox="1451 532 1818 699"> <thead> <tr> <th>Fees</th> <th>2019</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Audit</td> <td>33.109</td> <td>87.93</td> </tr> <tr> <td>Non-audit</td> <td>4.544</td> <td>12.07</td> </tr> <tr> <td>Total</td> <td>37.653</td> <td>100</td> </tr> </tbody> </table>	Fees	2019	%	Audit	33.109	87.93	Non-audit	4.544	12.07	Total	37.653	100
Fees	2019	%													
Audit	33.109	87.93													
Non-audit	4.544	12.07													
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<p>Additional Recommendation to Principle 9</p>															
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>COMPLIANT</p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> Name of the audit engagement partner; Accreditation number; Date Accredited; Expiry date of accreditation; and Name, address, contact number of the audit firm. 	<p>Name of Audit Engagement Partner: Janeth T. Nunez-Javier SEC Accreditation Number: 1328-AR-2 (Group A) Date Accredited: July 9, 2019 Expiry date of accreditation: July 8, 2022 Name of Audit Firm: SGV & Co. Address of Audit Firm: 6760 Ayala Ave., 1226 Makati City Contact Number of the Audit Firm: (632) 891-0307</p>												
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>COMPLIANT</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> Date it was subjected to SOAR inspection, if subjected; Name of the Audit firm; and Members of the engagement team inspected by the SEC. 	<p>Upon verification from the Bank's external auditor, SGV & Co. is covered by the SEC Oversight Assurance Review (SOAR) Inspection Program, in compliance with SEC Memorandum Circular No. 9, Series of 2017.</p> <p>Date the external auditor was subjected to SOAR inspection: November 12–23, 2018 Name of the audit firm: SyCip Gorres Velayo (SGV) & Co. The names of the members of the engagement team were provided to the SEC during the SOAR inspection</p>												

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

Recommendation 10.1

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	<p>For PNB, sustainability is a commitment that begins with the exercise of sound and fair corporate practices. At the same time, sustainability is a commitment that is shared by every employee of the Bank. The measurement and evaluation of the real impact of PNB's sustainability programs shall be pursued as a means of ensuring that the Bank is living up to its expectations.</p> <p>For this purpose, a quarterly report shall be submitted to the Bank's Corporate Governance Committee on the progress and status of the Bank's sustainability program. The Annual Report contains economic, environmental, social and governance (EESG) programs, practices and policies of the Bank.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Reporting Coverage and Parameters, Sustainability Report (<i>Page 79</i>) • Reporting Process (<i>Pages 81–83</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Sustainability (<i>Page 53</i>) • Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
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<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p>	<p>The Corporate Governance and Sustainability Committee ensures adherence to an internationally recognized sustainability reporting framework, such as the Global Reporting Initiative (GRI), which enables the Bank to disclose, measure and monitor its contributions towards achieving universal targets of sustainability.</p> <p>The 2019 Annual Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option, reflecting our Bank's significant financial, social, and environmental contributions from January 1 to December 31, 2019.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Reporting Coverage and Parameters, Sustainability Report (<i>Page 79</i>) • Reporting Process (<i>Pages 81–83</i>) • GRI Content Index (<i>Pages 104–107</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Sustainability (<i>Page 53</i>) • Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.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.</p>			
<p>Recommendation 11.1</p>			
<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>COMPLIANT</p>	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.).</p> <p>Provide links, if any.</p>	<p>The Bank uses the following communication channels to ensure timely and accurate dissemination of information to its shareholders, investors, and other stakeholders:</p> <ul style="list-style-type: none"> • Internal and External Email Broadcasts • Investors' & Analysts' briefings • Facebook & Twitter • Print Media

			<ul style="list-style-type: none"> • Radio • Letter Advices to Publics • TV Advertisements (Local, Cable and Overseas) • Press Releases • Short message service alerts • Electronic Channels – ATM, Phone, Mobile • Websites and Social Networks <p>PNB Website: https://www.pnb.com.ph/</p> <p>Facebook: https://www.facebook.com/PNBph/</p> <p>Instagram: https://www.instagram.com/pnbph/</p> <p>YouTube: https://www.youtube.com/pnbph/</p> <p>Twitter: https://twitter.com/PNBPH</p> <p>Investor Briefing Notes</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf <p>Investor Presentation (provided to stockholders/media/investors)</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_Investor%20Presentation_FY_2019.pdf <p>Investor Relations Program</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/index.php/investor-relations/investor-relations-program <p>Notice of Analysts' Briefing</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notice_of_Analysts_Briefing_November_12_2018.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notice_of_Analysts_Briefing_August_13_2018.pdf • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notice_of_Analysts_Briefing_May_11_2018.pdf
Supplemental to Principle 11			

1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Provide link to company website	
a. Financial statements/reports (latest quarterly)	COMPLIANT		<p>Quarterly Financial Statements</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/investor-relations/quarterly-financial-statements
b. Materials provided in briefings to analysts and media	COMPLIANT		<p>Investor Presentation (provided to stockholders / media / analysts / investors)</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_Investor%20Presentation_FY_2019.pdf <p>Investor Briefing Notes</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf
c. Downloadable annual report	COMPLIANT		<p>2019 Annual Report</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
d. Notice of ASM and/or SSM	COMPLIANT		<p>Notice of Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf

e. Minutes of ASM and/or SSM	COMPLIANT		Minutes of Annual Stockholders' Meeting <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		Articles of Incorporation and By-Laws <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/aoi-2014-07-18-2.pdf LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT		<p>The Bank complies with the disclosure requirements and template set forth in SEC Memorandum Circular No. 11, Series of 2014:</p> <p>PNB Website</p> <ul style="list-style-type: none"> Home: https://www.pnb.com.ph/ Corporate Governance: https://www.pnb.com.ph/index.php/corporate-governance Investor Relations: https://www.pnb.com.ph/index.php/investor-relations Company Disclosures: https://www.pnb.com.ph/index.php/investor-relations#disclosures Press Releases: https://www.pnb.com.ph/index.php/investor-relations/press-releases-of-pnb-financial-performance Corporate Social Responsibility: https://www.pnb.com.ph/corporate-social-responsibility.html
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p>	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • The Internal Auditor (<i>Pages 32–33</i>) • Board Audit and Compliance Committee Charter (<i>Annex B</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Review of the Bank’s internal control system is done annually as input to the Annual Audit Planning Session.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Board Audit and Compliance Committee Chairman (<i>Page 24</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company’s risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>In developing the Bank’s Enterprise Risk Management Framework, the following international frameworks have been utilized and considered:</p> <ul style="list-style-type: none"> • BIS Guidelines on sound banking practices <ul style="list-style-type: none"> – BCBS 230 – Core principles for effective banking supervision – BSBC November 2005 – Basel II: International Convergence of Capital Measurement and Capital Standards – BCBS June 2011 – Basel III: A Global Regulatory Framework for more Resilient Banks and Banking Systems – Recent BCBS releases on Basel III Implementation • Global References on Risk Management <ul style="list-style-type: none"> – ISO 31000: Risk Management Standards – COSO: Enterprise Risk Management – Integrated Framework <p>The Enterprise Risk Management Framework is being reviewed on annual basis.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Message from the Risk Oversight Committee Chairman (<i>Page 34</i>)

			<ul style="list-style-type: none"> Enterprise Risk Management Framework (<i>Pages 36–38</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Risk Oversight Committee Charter (<i>Annex C</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
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>	COMPLIANT	<p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p>	<p>The Bank is committed to actively promote the safety and soundness of its banking operations through a Compliance Program that fully adheres to banking laws, rules and regulations, and to maintain an environment that is governed by the highest standards and best global practices of good corporate governance. These will be achieved primarily through the formulation of policies and procedures, an organizational structure, and an effective compliance program that will support the Bank's compliance risk management system. The Compliance Program is designed to identify and mitigate the risks which may erode the franchise value of the Bank.</p> <p>PNB's Effective Compliance Framework</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_Compliance_Framework_and_Ethics_Shortened_version_FINAL.pdf LINK: https://www.pnb.com.ph/wp-content/uploads/docs/8_Elements_PNB_Effective_Compliance_Framework.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Compliance (<i>Page 67</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Optional: Recommendation 12.1			

<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>COMPLIANT</p>	<p>Provide information on IT governance process</p>	<p>The Board IT Governance Committee (BITGC) assists the Board in reviewing, approving, and monitoring the IT risk management framework and IT strategic plan of the Bank. BITGC reviews and endorses for approval of the Board the enterprise IT strategic plans of the parent bank, its subsidiaries, and affiliates. The Committee also reviews and monitors significant IT concerns including disruption, cyber security, and disaster recovery to ensure that all key risks are identified, managed and reported to the Board.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Board IT Governance Committee Charter (<i>Annex G</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> • IS/Cyber Security Governance Framework (<i>Page 38</i>) • Enterprise Information Security Group (<i>Page 39</i>) • Message from the Board IT Governance Committee (<i>Pages 25 –26</i>) • Board IT Governance Committee (<i>Page 61</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Recommendation 12.2</p>			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>COMPLIANT</p>	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p>	<p>The Internal Audit Group, headed by the Chief Audit Executive (CAE), is tasked to perform the internal audit activity for the Bank. Its functions include assessment of internal controls and the recommendations to implement measures to ensure adequate control. In addition, it is expected to assist in the Bank's risk management activities and corporate governance initiatives. The Group supports the Board Audit and Compliance Committee (BACC) in carrying out the latter responsibilities. The authority and responsibility of the Internal Audit Group are defined in the internal audit charter, a formal document that establishes the internal audit activity's position within the Bank, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.</p>

			<p>The internal audit function of the Bank is in-house.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> The Internal Auditor (<i>Pages 32–33</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Internal and External Audit (<i>Page 68</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	<p>Mr. Martin G. Tengco, Jr., First Vice President, is the Chief Audit Executive (CAE) of PNB. He joined Allied Banking Corporation on June 1, 1992 as Junior Auditor. He became an officer in 1996 and in 2009, was designated as the Deputy CAE prior to his appointment as CAE of PNB in 2017. He served as a member of BancNet's Audit Committee from 2009 to 2014. He is currently a member of the Philippine Institute of Certified Public Accountants, Institute of Internal Auditors, and the Association of Certified Fraud Examiners-Philippines. Martin obtained his Bachelor of Science degree in Business Administration from the Philippine School of Business Administration. He holds a Master's degree in Business Administration from the Ateneo de Manila University. He is a Certified Public Accountant.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> The Internal Auditor (<i>Pages 32–33</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Chief Audit Executive (<i>Page 53</i>) Profile of the Chief Audit Executive (<i>Page 133</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	COMPLIANT		

<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.</p>	<p>COMPLIANT</p>	<p>Identify qualified independent executive or senior management personnel, if applicable.</p>	<p>The internal audit function of the Bank is in-house.</p> <p>Nevertheless, the Bank has an independent Chief Audit Executive responsible for overseeing and ensuring the adequacy and soundness of the Bank's control and internal audit system. He is well-qualified for the position as he possesses the necessary qualifications, experience, and professional background and has sound understanding of the Bank's business and operations.</p>
<p>Recommendation 12.4</p>			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures</p>	<p>COMPLIANT</p>	<p>Provide information on company's risk management function.</p>	<p>Risk Management Group (RMG) is independent from the business lines and is organized into eight (8) divisions: Credit Risk Division; BASEL/ICAAP/Operational Risk Management Division, Market & ALM Division; Information Technology Risk Division (to include Business Continuity Management, Outsourcing Risk, Project Management Monitoring); Data Privacy Management Division; Trust Risk Division; Business Intelligence & Data Warehouse Division; and the recent addition of the Model Validation Division.</p> <p>Each Division is tasked to monitor the implementation of the processes and procedures that support the policies for risk management applicable to PNB. These policies clearly establish the types of risks to be managed, define the risk organizational structure, and provide appropriate training necessary to manage and control risks. The policies also provide for the validation, audits and compliance testing to measure the effectiveness and suitability of the risk management structure. In addition, the ERM recognizes model validation as integral component of model governance which ensures that risks relative to use of models are identified, cascaded to concerned parties, escalated to oversight committees and deliberated for appropriate management actions. The model validation is the Management's resource to better understand the models, its purpose and limitations and ultimately manage expectations, actions and decisions made based on the output of the model.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Risk Management Group (<i>Page 38</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf

			<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> The Chief Risk Officer (<i>Item 11.4, Page 32</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Supplement to Recommendation 12.4			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	COMPLIANT	<p>Identify source of external technical support, if any.</p>	<p>Risk management personnel shall possess sufficient experience and qualifications, including knowledge on the banking business, the developments in the market, industry and product lines, as well as mastery of risk disciplines. By the same token, risk management personnel shall continually receive internal and external trainings and seminars to aid them in the effective performance of their risk management functions. They shall have the ability and willingness to challenge business lines regarding all aspects of risk arising from the bank's activities. The Bank shall also engage accredited external service providers on specific areas that require higher level of expertise and includes conducting workshops for bank personnel.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> The Chief Risk Officer (<i>Item 11.5, Page 34</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Recommendation 12.5			
<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	COMPLIANT	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p>	<p>Mr. Simeon T. Yap, First Vice President, is the Chief Risk Officer, and Data Protection Officer of PNB. Prior to his employment in PNB, he was the Market Risk Officer of Security Bank from 2009 to 2018. He was also connected with Citibank where he held various positions such as Trader, Market Risk Officer, and Money Market Head (Citibank Shanghai). He was the Associate Director for Product Development of Philippine Dealing and Exchange (PDEX) in 2008. Sim earned his degree in Economics from the University of the Philippines' School of Economics.</p>

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT		<p>Mr. Simeon T. Yap is the ultimate champion of Enterprise Risk Management.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> The Chief Risk Officer (<i>Pages 33–34</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Annual Report</p> <ul style="list-style-type: none"> Chief Risk Officer (<i>Page 53</i>) Profile of the Chief Risk Officer (<i>Page 133</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.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	Provide link to CEO and CAE's attestation	Please refer to Annex F for CEO and CAE's attestation on the soundness of the Bank's internal audit, control and compliance system.
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	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Pages 47–49</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf

<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Provide link to company's website</p>	<p>The 2019 Corporate Governance Manual and Amended By-Laws, containing the basic rights of shareholders, are disclosed in the Bank's website.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Pages 47–49</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Amended By-Laws</p> <ul style="list-style-type: none"> Stockholders (<i>Article IV, Pages 3–4</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf
<p>Supplement to Recommendation 13.1</p>			
<p>1. Company's common share has one vote for one share.</p>	<p>COMPLIANT</p>		<p>Amended By-Laws</p> <ul style="list-style-type: none"> Voting of Shares in General (<i>Page 4</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf
<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>COMPLIANT</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p>	<p>Amended By-Laws</p> <ul style="list-style-type: none"> Stock and Stock Certificates (<i>Page 1</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Item 5, Pages 49</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>COMPLIANT</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p>	<p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Voting Procedures (<i>Page 41</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf <p>Amended By-Laws</p> <ul style="list-style-type: none"> • Right to Vote; Proxies (<i>Page 4</i>) • Presiding Officer; Order of Business (<i>Page 4</i>) • Voting of Shares in General (<i>Page 4</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Duties and Responsibilities of the Corporate Secretary (<i>Item 7.1.11, Page 27</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>4. Board has an effective shareholder voting mechanism such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information on shareholder voting mechanisms such as supermajority or “majority of minority”, if any.</p>	<p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Voting Securities and Principal Holders thereof (<i>Page 4</i>) • Voting Procedures (<i>Page 41</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Shareholders’ Rights and Protection of Minority Stockholders’ Interests (<i>Item 4, Page 49</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf

<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>COMPLIANT</p>	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p>	<p>Special meetings may be called by the Chairman of the Board, by the President & CEO, by the majority of the Board, or on the demand in writing of the shareholders who own a majority of the voting stock.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Item 1.1, Page 47</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Amended By-Laws</p> <ul style="list-style-type: none"> Special Meetings (<i>Page 3</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf <p>Minutes of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf <p>Notice of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d LINK: https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p>	<p>The Bank recognizes that the most cogent proof of good corporate governance is visible to the eyes of its investors. Thus, the Bank is steadfast and dedicated in protecting the rights and interests of minority shareholders.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Pages 47–49</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf

<p>7. Company has a transparent and specific dividend policy.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration.</p>	<p>The Bank did not declare dividends in 2019.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> Dividend Policy (<i>Page 84</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Amended By-Laws</p> <ul style="list-style-type: none"> Distribution of Dividends (<i>Page 17</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf
<p>Optional: Recommendation 13.1</p>			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p>COMPLIANT</p>	<p>Identify the independent party that counted/validated the votes at the ASM, if any.</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> Annual Stockholders' Meeting (<i>Pages 69–70</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>The Corporate Secretary certifies that PNB engaged Roxas delos Reyes Laurel Rosario & Leagogo Law Offices, its external counsel, for the validation of proxies and votes cast for the Bank's 2019 Annual Stockholders' Meeting held on April 30, 2019.</p> <p>Please refer to Annex G for the Secretary's certificate on the presence of external counsel who validated the votes at the 2019 Annual Shareholders' Meeting.</p>
<p>Recommendation 13.2</p>			

<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	<p>In accordance with the requirements of the Securities Regulation Code, the New Disclosure Rules of the Securities and Exchange Commission, and SEC Memorandum Circular No. 19, Series of 2016, written notice of the meeting was sent to all shareholders of record as of record date, on April 2, 2019, at least 28 days prior to the date of the meeting. In accordance with Section 4.4, Article IV of the Bank's Amended By-Laws, the notice was likewise published daily for one week from April 13 to 22, 2019 in the Philippine Star, Business World, and Manila Bulletin.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Item 2, Page 49</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>Notice of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> Secretary's Proof of Notice and Quorum (<i>Page 1</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf <p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf
<p>Supplemental to Recommendation 13.2</p>			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p>	<p>Notice of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d LINK: https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT		<p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Profiles of the Board of Directors (<i>Pages 11–26</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf
b. Auditors seeking appointment/re-appointment	COMPLIANT		<p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Independent Public Accountant (<i>Page 39</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf
c. Proxy documents	COMPLIANT		<p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Proxy Form (<i>Page 56</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf <p>Notice of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> • Proxy Form (<i>Page 3</i>) • LINK: http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Provide link or reference to the rationale for the agenda items	<p>Notice of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> • LINK: http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf

			<p>2019 Definitive Information Statement (Annex A)</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	<p>The minutes of the 2019 Annual Stockholders' Meeting, which reflects the relevant questions raised and answers during the meeting and the results of the votes taken, was uploaded to the Bank's website the day following the meeting, or on May 1, 2019.</p> <p>Minutes of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf
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.	COMPLIANT	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>	<p>The minutes of the 2019 Annual Stockholders' Meeting held on April 30, 2019 was uploaded to the Bank's website the following day, or on May 1, 2019.</p> <p>Minutes of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	<p>11 Directors, Key Officers of the Bank, and the External Auditor were all present during the 2019 Annual Stockholders' Meeting.</p> <p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> Independent Public Accountant (<i>Page 39</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf <p>Minutes of the 2019 Annual Stockholders' Meeting</p> <ul style="list-style-type: none"> Appointment of External Auditor (<i>Pages 8–9</i>) Annex A (<i>Page 10</i>)

			<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.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	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	2019 Corporate Governance Manual <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Item 6, Page 49</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Provide link/reference to where it is found in the Manual on Corporate Governance	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Disclose the contact details of the officer/office responsible for investor relations, such as: <ol style="list-style-type: none"> Name of the person Telephone number Fax number E-mail address 	Name: Ms. Emeline C. Centeno, Senior Vice President and Investor Relations Officer Telephone number: (632) 526-3131 local 2120 Fax number: (632) 573-4580 E-mail address: centenoec@pnb.com.ph, iru@pnb.com.ph
2. IRO is present at every shareholder's meeting.	COMPLIANT	Indicate if the IRO was present during the ASM.	The Bank's Investor Relations Officer (IRO), Ms. Emeline C. Centeno, was present during the 2019 Annual Stockholders' Meeting. Minutes of the 2019 Annual Stockholders' Meeting (Annex A) <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf
Supplemental Recommendations to Principle 13			

<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>COMPLIANT</p>	<p>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</p>	<p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.6., Page 13</i>) • Code of Conduct and Business Ethics (<i>Pages 44–47</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> • Voting Procedures (<i>Page 41</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf
<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>NON-COMPLIANT</p>	<p>Indicate the company's public float.</p>	<p>As of December 31, 2019, the public ownership percentage of the Bank is at 21.39%, in compliance with minimum regulatory public float. The Bank continues to consider strategic initiatives to increase its public ownership to 30% at the most appropriate time.</p> <p>PSE Disclosure Form POR-1–Public Ownership Report</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/public_ownership_12312019.pdf
<p>Optional: Principle 13</p>			

<p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM</p>	<p>The Bank is consistent in its efforts to establish and maintain constant and effective engagement with shareholders, through analysts' & investors' briefings, media briefings, investor relations program, conferences, and other forms of communication that the Bank may deem necessary and appropriate. These practices are designed to improve shareholders' perception of PNB by keeping them abreast of the developments in the Bank through constant communications and maintaining cordial relations with them. For easy reference, notices and corresponding materials are disclosed in the Bank's website and in the PSE Edge.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> Stockholders' Meeting (<i>Pages 69–70</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Investor Briefing Notes</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf <p>Investor Relations Program</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/index.php/investor-relations/investor-relations-program <p>Invertor Presentation</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_Investor%20Presentation_FY_2019.pdf
<p>2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.</p>	<p>COMPLIANT</p>	<p>Disclose the process and procedure for secure electronic voting in absentia, if any.</p>	<p>Our 2020 Annual Stockholders' Meeting held on June 23, 2020 was conducted via remote communication to provide the Directors, Senior Management, stockholders, and other stakeholders a safer mode of attendance and participation in the Bank's ASM, in view of the COVID19 pandemic and the ongoing implementation of the community quarantine. The attendance and participation in remote meetings is authorized under</p>

the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6, series of 2020.

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>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p>	<p>Becoming cognizant of the stakeholders' key concerns and expectations is a universal goal in PNB—one that is embedded at the heart of its operations, strategy, and culture. The Bank recognizes the inseparable link between the health of its business and the long-term interests of its stakeholders.</p> <p>The Bank seeks to provide solutions that meet the fast-paced and ever-changing issues, concerns, and expectations of a broad spectrum of stakeholders—internal and external—to effectively build a truly sustainable organization.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Stakeholder Engagement, Sustainability Report (<i>Page 80</i>) • Social Performance, Sustainability Report (<i>Pages 89–103</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.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>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>	<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Consumer Welfare, Corporate Governance (<i>Page 73</i>) • Stakeholder Engagement, Sustainability Report (<i>Page 80</i>) • Social Performance, Sustainability Report (<i>Pages 89–103</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
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Recommendation 14.3

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>COMPLIANT</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>PNB – Office of the Corporate Secretary 9F, PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City Tel. No. (+632) 526 3131 Local 4106 Stockholder Relations Officer: Atty. Maila Katrina Y. Ilarde Email: ilardemky@pnb.com.ph</p> <p>PNB – Investor Relations Unit 9F, PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City Tel. No: (632) 526-3131 local 2120 Investor Relations Officer: Ms. Emeline C. Centeno E-mail address: centenoec@pnb.com.ph, iru@pnb.com.ph</p> <p>PNB – Stock Transfer Agent, Trust Banking Group 3F, PNB Financial Center, Pres. D Macapagal Boulevard., Pasay City Tel. No. (632) 526-3131 loc. 2307 Stockholder Relations Officer: Ms. Emylyn P. Audemard Email: audemardep@pnb.com.ph</p> <p>Customer Service Hotline: (632) 573-8888 Email: customercare@pnb.com</p> <p>PNB Website</p> <ul style="list-style-type: none"> • Contacts, Investor Relations • LINK: https://www.pnb.com.ph/index.php/investor-relations/contacts <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Contact Information, Sustainability Report (Page 83) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Supplement to Recommendation 14.3</p>			

<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p>	<p>It is the policy of the Bank to resolve disputes and conflicts with stockholders, regulators and other third parties. As such, the Bank has installed various communication channels allowing its external stakeholders to exercise their rights and communicate their concerns and queries to the Bank. The contact details of the Office of the Corporate Secretary, Stock Transfer Agent, and the Investor Relations Officer of the Bank are posted in the Bank's website for easy reference of shareholders and other stakeholders. For regulatory issues, the Bank follows the procedure set forth by concerned regulators.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Item 6, Page 49</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf <p>PNB Website</p> <ul style="list-style-type: none"> Contacts, Investor Relations LINK: https://www.pnb.com.ph/index.php/investor-relations/contacts <p>2019 Annual Report</p> <ul style="list-style-type: none"> Contact Information, Sustainability Report (<i>Page 83</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Additional Recommendations to Principle 14</p>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>COMPLIANT</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p>	<p>PNB has not requested any exemption from the application of a law, rule or regulation related to corporate governance. In fact, the Bank is committed to align its internal policies and procedures to local regulations issued by its regulators, globally recognized standards and international best practices, such as the ASEAN Corporate Governance Scorecard.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Specific Duties and Responsibilities of the Board of Director (<i>Item 1.3.2.4a [viii], Page 10</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf

<p>2. Company respects intellectual property rights.</p>		<p>Provide specific instances, if any.</p>	<p>The principles of fairness, accountability and transparency shall be observed in all aspects of the Bank's operations and business. This commitment to fairness stems from the Bank's aspiration to maintain its reputation as a fair & honest financial institution and comply with existing regulations governing intellectual property rights. This obligation includes respecting the intellectual property rights of our suppliers, customers, vendors, and other third-party service providers.</p> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Code of Conduct and Business Ethics (<i>Item 8, Page 46</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
<p>Optional: Principle 14</p>			
<p>1. Company discloses its policies and practices that address customers' welfare</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p>	<p>Embedding consumer protection practices across the organization is at the forefront of the Bank's corporate responsibility—from the Board of Directors who approves the policies and conducts oversight in the implementation of Bank's Consumer Protection Risk Management System (CPRMS) to the Management Committee who ensures that all consumer protection practices are aligned with the approved policies and risk management system and is consistently adhered to by relevant units.</p> <p>Consumers have the right to be informed of the benefits as well as the risks involved regarding the products and services they availed from the Bank. Throughout the banking relationship, the following standards of conduct are observed: (a) disclosure and transparency, (b) protection of client information, (c) fair treatment, (d) effective recourse, and (e) financial awareness and education.</p> <p>Consumer assistance mechanisms are made available in various forms: face-to-face support from PNB Branch personnel; account officers and relationship managers; 24 x 7 customer care hotlines; and electronic or digital channels. Each inquiry, request and/or complaint is acknowledged and processed within the standard turnaround time. Complaint management process is also available, a cross-functional activity involving multiple offices, which provide priority assistance in resolving customer concerns.</p>

			<p>In 2019, the Bank strengthened the implementation of consumer protection policies and Enhanced Customer Relationship Management System (ECRM) (i.e., workflow manager and logging tool for customer concerns).</p> <p>PNB aims to be the financial partner of consumers in their journey to financial health and wealth. The Bank is committed to equip consumers with the information and tools they need to make wise financial decisions towards achieving their goals.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Consumer Welfare, Corporate Governance (<i>Page 73</i>) • Stakeholder Engagement, Sustainability Report (<i>Page 80</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Policies and practices of the Bank in ensuring creditors' rights:</p> <p>PNB takes pride in taking an active role in safeguarding the rights of its creditors. Since deposit-taking is one of the Bank's principal banking activities, we put a special premium on the protection of our depositors, who serve as our main creditors. The Bank recognizes that consumers/creditors have the right to safeguard their transactions with the Bank and be heard through appropriate channels when they escalate feedback and concerns.</p>
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			<ul style="list-style-type: none"> • Disclosure and Transparency – In the provision of its products and services, the Bank ensures that depositors have a reasonable holistic understanding of the products they may be acquiring. The Bank provides its depositors with ready access to information that accurately represents the fundamental benefits and risks, as well as the terms and conditions of a financial product or service. <p>Moreover, the Bank is one with the Philippine Deposit Insurance Corporation (PDIC) in promoting public confidence and stability in the economy. As such, PNB advertises PDIC’s deposit insurance protection in appropriate and accurate manner by including the official PDIC Insurance Statement (Member: PDIC. Maximum Deposit Insurance for Each Depositor P500,000) in general advertisements of the Bank and advertisements relating to deposit products and services appearing in print ads, TV, official website, and other forms of marketing communications.</p> <ul style="list-style-type: none"> • Protection of Client Information – With PNB, customers have the right to expect that their financial transactions are kept confidential. The Bank ensures that appropriate information security and data privacy policies, well-defined protocols, secured databases, and periodically re-validated procedures in handling depositor information are in place. Likewise, the Bank is consistent in its adherence to laws, rules and regulations with respect to privacy and security of client information, particularly the Law on Secrecy of Bank Deposits under R.A. 1405, as amended, and other related laws. • Fair Treatment – PNB’s depositors are treated fairly, honestly, professionally and are not offered financial products and services that are not aligned to their financial needs. The Bank ensures that the necessary resources and procedures are in place, and that internal monitoring and control mechanisms are established for safeguarding the best interest of the customers.
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			<ul style="list-style-type: none"> • Effective Recourse – PNB’s depositors are provided accessible, affordable, independent, fair, accountable, timely, and efficient means for resolving complaints. • Financial Education and Awareness – As part of PNB’s corporate social responsibility program, the Bank provides financial education initiatives to give depositors the knowledge, skills, and confidence to understand and evaluate the information they receive and to empower them to make informed financial decisions.
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p>	<p>PNB works for the steadfast development and enrichment of its partnership with a broad spectrum of stakeholders. The Bank’s reputation as a leading financial institution cannot be sustained without the unwavering support of its partners: suppliers, vendors, and third-party service providers.</p> <p>The Bank has developed its Outsourcing and Vendor Management Policy consistent with existing statutory, regulatory, and supervisory requirements. This policy sets out the framework for engaging with suppliers, along with the responsibilities of the Board of Directors and Management Committee in the review and evaluation of all new and existing outsourcing arrangement and vendor relationships.</p> <p>A dedicated vendor relationship manager, who actively builds and maintains commercial relationship with vendors and service providers, has been appointed in each business unit. PNB employs a comprehensive onboarding process which encompasses risk assessment, elaborate due diligence procedures, contract structuring and review, and continuous monitoring and oversight. Moreover, appropriate committees have been organized for the effective management of relationships with third parties.</p> <p>As with any aspect of the Bank’s business, PNB believes that continuous monitoring and appraisal of performance is of paramount importance to evaluate the overall effectiveness of the vendor relationship and the consistency of the relationship with the Bank’s strategic goals. Mechanisms are in place for the development of relevant performance metrics, vendor performance management, and competency evaluation.</p>

			<p>2019 Annual Report</p> <ul style="list-style-type: none"> • Vendor and Supplier Selection (<i>Page 74</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</p>			
<p>Recommendation 15.1</p>			
<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p>	<p>Our people are our valued resource. It is to our people that we owe our success in the banking industry for over a century. Hence, the Bank continues its effort to ensure that it has a steady pool of qualified and competent talents, and commit to their overall improvement and well-being by adhering to strict labor laws and regulations, implementing fair employment practices, promoting work-life balance, and cultivating a culture of community engagement, gender equality, and diversity and inclusion in employment and in the workplace.</p> <p>The Human Resource Group has the role and responsibility of recruiting, developing, and maintaining the pool of talents for the Bank's overseas and domestic operations. Hiring of new employees, particularly for officers, go through a strict review process and are subject to committee and Board approvals.</p> <p>As of December 31, 2019, the Bank has a total of 8,550 full-time and permanent employees. The female population in 2019 took up 66.16% (5,657) of the total employee population, with the number of female employees slightly higher in 2019 than in 2018. The Bank continues to maintain a gender disparity of 2:1 ratio as the male population is only 33.84% of the total workforce compared to the female population taking 66.16% of the total workforce. 49% or 4,232 of the total manpower complement of the Bank is covered by the Collective Bargaining Agreement (CBA).</p> <p>Majority of employees of the Bank are still within the 31-50 years age range, comprising 49.88% or 4,265 of the total employee population in 2019. The number of employees with officer level ranking is slightly higher in 2019, with 33.89% or 2,892 of the key management positions</p>

			<p>from Assistant Manager 2 (AM2) to Executive Vice President (EVP) rank held by the women.</p> <p>Among the different business groups and units of the Bank, the Retail Banking Sector, where the Branch Banking Group belongs, continues to have the most number of employees (5,378) followed by the Operations Group (788) and Information Technology Group (370).</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Social Performance, Sustainability Report (<i>Pages 89–103</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
Supplement to Recommendation 15.1			
<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>COMPLIANT</p>	<p>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p>	<p>PNB designed its compensation and benefits package as a competitive tool to attract and retain highly qualified individuals who will support the Bank's implementation of its business directions and to achieve business goals. Hence, provisions of the compensation and benefits policies show the clear linkage with employee contributions which are measured through a balanced scorecard approach in its performance management system. Officers who are unable to meet their targets become ineligible to certain benefits and/or incentive programs such as the Car Plan benefit, Employee Loans, and performance bonus to name a few. The same is true for employees who get involved in administrative cases where certain benefits are temporarily withheld in case an administrative sanction is imposed. In case of dismissal, benefits are forfeited and taken back including but not limited to the Car Plan benefit, the guaranteed bonuses equivalent to a three-month salary and the Centennial PNB shares for the remaining years.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Performance-based remuneration, Corporate Governance (<i>Page 75</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Remuneration of Directors and Officers (<i>Page 22</i>)

			<ul style="list-style-type: none"> • Remuneration of Directors and Officers, Corporate Governance Charter (<i>Annex A</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	<p>PNB is taking all the necessary measures to provide a safe and secure work environment for all its employees. Employment practices and workplace safety and security is part of the Bank's Risk Management framework.</p> <p>The Bank's Occupational Safety, Health and Family Welfare (OSHF) Committee, composed of representatives from both the management and employees, with the latter represented by labor union employees, meet regularly to discuss and manage reported work-related hazards, and monitor and evaluate the committee's existing programs by ensuring that they are aligned with the current general labor requirement. Among the efforts of the committee on ensuring the safety and security of the employees include the conduct of OSH / safety awareness program, dissemination of safety advisories through different channels, disaster / emergency response training for all floor marshals-assigned employees, first aid training, deployment of emergency responders, and safety inspections / analysis of branches among others.</p> <p>Employees appointed by the Bank as Safety Officers are also regularly updated on their training such as Basic Occupational Safety and Health Program, Safety Program Audit, and Loss Control Management. The Bank also has existing guidelines for notification and keeping of records of accidents or illnesses in the workplace. Any work-related incidents are reported to the OSHF Committee.</p> <p>Emergency, fire, and earthquake drills at our Manila and Pasay Headquarters are also conducted annually by the Bank's Corporate Security Group with the Makati and Pasay Fire Departments to help prepare the employees during times of man-made and natural calamities. They also release e-mail bulletins regularly to provide employees with helpful tips on how to prepare during times of disasters or calamities.</p>

			<p>Employees, particularly those assigned in the branches are also provided trainings on Standard First Aid and Basic Life Support, and Disaster Preparedness. For 2019, there are 458 employees trained on Standard First Aid and Basic Life Support, and 50 employees trained on Disaster Preparedness. The Bank plans to increase the number of employees trained on these topics in partnership with Philippine Red Cross in 2020.</p> <p>With the ongoing renovations at the PNB Financial Center and PNB Makati Center, the Bank also takes extra precautionary measures to ensure the safety and security of the employees by cordoning off the construction areas, posting safety reminders for employees, and assigning emergency medical response team members and security guards to include inspections or visits of these areas.</p> <p>All employees are covered by the Bank's occupational health and safety management system. There were no reported incidents of work-related injuries in 2019.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Prioritizing Employee Safety and Security, Sustainability Report (<i>Page 94</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on training and development of employees.</p> <p>Include information on any training conducted or attended.</p>	<p>As our valuable resource and significant partner in our growth and success, and in our sustainability, the Bank commits to equip our employees with the necessary knowledge, skills, and tools so they can effectively perform their roles and functions while helping fulfill their professional and personal growth.</p> <p>The Bank's Human Resource Group, through its Institute for Banking Excellence (IBE), has developed different capacity building programs for employees based on their learning and development needs to help them perform their roles effectively. Among the in-house training programs provided by IBE for the employees include the 3-day New Employees Orientation, leadership management and supervisory skills development for those who are positioned to become officers, functional and soft skills trainings, job-specific and technical trainings, mentoring, and career development. External specialized trainings are also offered to the</p>

			<p>employees to equip them with the necessary skills and knowledge to enable them to perform their functions.</p> <p>In addition, the Bank's Retail Banking Sector provides trainings for its own employees to help them in their functions such as Anti-Money Laundering, Sales Training, Capacity Enhancement Program, Internal Control Consciousness, and Infotech Awareness. In compliance with the requirements of regulatory agencies such as the BSP, the Bank also conducts instructor-led trainings and provides e-learning platforms to help update employees on existing and new banking-related laws and regulations.</p> <p>The Bank also runs three leadership and career development programs: The Junior Executive Development Institute (JEDI) is for new hires who graduated with honors; the Management Training Program (MTP) is for homegrown talents in the head office and business units, and the Branch Operations Training Program (BOTP) is for branch-assigned employees. These programs aim to develop high-potential rank-and-file employees to be highly competent officers of the Bank.</p> <p>Moreover, the Human Resource Group runs a Mentoring Café twice to thrice a year. This is a project under the PNB Mentoring Program aimed at providing an appropriate venue for high potential employees to gain insights and learn from their mentors. This is to prepare them for the possibility of assuming key / critical roles in the organization. As of reporting period, the Bank has a total of 157 mentors and 157 mentees.</p> <p>A total of 8,136 or 95% of the total employee population underwent 593,821 training hours, averaging 69.43 training hours per employee for 2019. Out of the total trained employees, 66.99% are female while 33.01% are male. Employees in rank and file and junior manager positions also numbered the most training hours.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Employee Learning and Development, Sustainability Report (Pages 92–93) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
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Recommendation 15.2		
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	COMPLIANT	<p>As a financial institution, we are committed to uphold the public's trust. We do this by ensuring that our employees, top management, and directors conduct themselves in a lawful and ethical manner. The Bank's Human Resource Group has developed and established the following policies and guidelines to ensure that all employees conduct themselves ethically: Code of Conduct, Corporate Governance Manual, Policy on Selling PNB Securities, Policy on Soliciting and / or Receiving Gifts, Personal Investment Policy, Whistleblower Policy , and Office Decorum which includes the Anti-Bribery and Anti-Corruption provisions. These policies and guidelines are regularly reviewed and revised as necessary with the approval of the Board of Directors to ensure its applicability to current work situations.</p> <p>The Bank's Code of Conduct, Office Decorum, Whistleblowing Policy and Anti-Bribery / Anti-Corruption Policy are part of the onboarding process for new hires. New employees are made to read and understand the said policies and guidelines during their onboarding. They are also oriented on these policies during the New Hires Orientation. All employees can easily access these policies and guidelines through the Bank's intranet facility. In addition, the Bank's Performance Appraisal and Development Report (PADR) for employees cover employee behavior such as promoting work ethics and culture of integrity. Supervising officers are expected to ensure that their subordinates comply with the Bank's rules and policies.</p> <p>To date, there were no reported incidents of bribery and corruption among employees or with the Bank's suppliers / vendors during the covered report period.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Lawful and Ethical Behavior, Sustainability Report (<i>Page 97</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.1., Page 8</i>)
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	COMPLIANT	

			<ul style="list-style-type: none"> • Code of Conduct and Business Ethics (<i>Pages 44–47</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
Supplement to Recommendation 15.2			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p>	<p>In line with the Bank’s commitment to ensure that business dealings are conducted with the highest level of integrity and professionalism, employees are prohibited from engaging in any form of bribery such as the following:</p> <ul style="list-style-type: none"> • Giving/offering pecuniary benefits to external parties with the intention to influence the other party to commit a violation for personal and/or business advantage. • Acceptance/receiving of pecuniary benefits from clients, suppliers, service providers in order to facilitate the processing or approval of transactions or service agreements with the Bank despite deficiency and/or non-compliance with the standard requirements and procedures. <p>Employees who have knowledge of any form of irregular transactions or corrupt practices being entered into by an office or an employee under the name of the Bank must report the same through the offices identified in our Whistleblower Policy.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption, Corporate Governance (<i>Page 73</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Code of Conduct</p> <ul style="list-style-type: none"> • Administrative Procedures governing PNB Domestic or Overseas Branches/Offices (<i>Pages 7–11</i>) • Schedule of Offenses and Penalties (<i>Page 15</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf

Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.	<p>It is the responsibility of all directors, senior officers, and employees to report suspected or actual occurrence of fraud and/or violation of any law, rule, policy, and misconduct, in accordance with the Bank's Whistleblower Policy.</p> <p>Under the policy, a whistleblower may be an employee of the Bank or a third party who discloses, in good faith, any illegal, unethical, or improper behaviors or practices, and misconduct in the Bank. He can report any suspected or actual commission of theft, fraud, corruption, among others.</p>
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	<p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	<p>Whistleblowers are protected from retaliation by ensuring that his identity is kept in strict confidence. The whistleblower may report to the Head of Security Group or any of the designated Sector or Group Heads any retaliation or adverse personnel action taken against him by any individual or office in the Bank.</p> <p>Hence, anyone who retaliates against the whistleblower is subject to disciplinary action, including the possibility of termination or dismissal from the Bank service.</p>
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	<p>2019 Annual Report</p> <ul style="list-style-type: none"> Whistleblowing Mechanism, Corporate Governance (<i>Page 72–73</i>) LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>Whistleblower Policy</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/20-Whistleblower-Policy-OPP0393-17.pdf <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> Powers, Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.1. [c], Page 8</i>) Dealings with Related Parties (<i>Item 2.11, Page 39</i>) Code of Conduct and Business Ethics (<i>Item 7, Page 46</i>) Board Audit and Compliance Committee (<i>Annex B, Page 2</i>)

- LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

<p>1. Company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p>	<p>Although environmental concerns ranked lower in the Bank's materiality assessment, we consider these as an integral part of our business and operations. To show our commitment to mitigating climate change, we began to take concrete actions by raising environmental awareness among our employees through campaigns and initiatives for reducing the Bank's environmental footprint such as improving energy and water consumption, implementing proper waste management, and ensuring that the businesses, projects, and industries we support are also environmentally compliant.</p> <p>During the water and power crisis on the first and second quarters of 2019, the Bank encouraged all employees to contribute in reducing the use of electricity and conserving water at work and in their own homes by actively participating in the World Water Day last March 22, 2019 and the Earth Hour last March 30, 2019.</p> <p>The World Water Day is a yearly international day of observance declared by the United Nations to help spread awareness on the importance of water conservation and inspire people to take steps in making safe water available for everyone.</p> <p>The Earth Hour, on the other hand, is the annual 60-minute "lights-off" global movement led by the World Wildlife Fund for Nature (WWF) that aims to empower individuals, organizations, and governments to take tangible actions to help protect the planet. In solidarity with the rest of the country and the world, the Bank turned off all non-essential lights in its branches and offices from 8:30PM to 9:30PM, including the lights on all its billboards nationwide. The Bank also initiated a call tree advisory among its employees on March 29, 2019 and March 30, 2019 encouraging them to join the 60-minute symbolic switch off of non-essential lights and appliances in their own homes.</p>
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			<p>Moreover, on July 2019, we launched Project P.L.A.N.E.T. (Protect, Love, And Nurture the Environment Together), an internal campaign which aims to raise environmental and sustainability awareness among employees and inspire them to reduce their environmental footprint at work and in their own homes.</p> <p>A component of Project P.L.A.N.E.T. is a 6-month long campaign piloted at the PNB Financial Center and PNB Makati Center that aims to reduce the Bank's consumption of single-use plastics as our commitment to mitigate the effects of climate change, protect the seas and oceans, and preserve underwater wildlife.</p> <p>The Bank's Corporate Sustainability Unit, together with the Human Resource Group and the Food Committee, oriented the food concessionaires on the campaign. They were also consulted and requested to provide alternatives to single-use plastic packaging and utensils such as food-grade containers and paper boxes, paper cups, and bamboo-made or starch-made eating utensils. In addition, the employees were also encouraged to reduce their usage of single-use plastics by discontinuing the use of plastic straws and using their own food containers when buying meals or snacks from canteen concessionaires.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Environmental Impact, Sustainability Report (<i>Pages 85–88</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>PNB Website: Corporate Social Responsibility</p> <ul style="list-style-type: none"> • LINK: https://www.pnb.com.ph/corporate-social-responsibility.html <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> • Sustainability (<i>Page 53</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf
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Optional: Principle 16			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	<p>The Bank ensures that the businesses and industries we support are compliant with environmental regulations and laws through covenants provided for in financial agreements or contracts and submission of permits such as Environmental Compliance Certificates (ECC) issued by the Department of Environment and Natural Resources (DENR) and other pertinent government agencies.</p> <p>Businesses such as power, water, infrastructure, industrial, and mining projects situated in environmentally critical areas such as national parks, sanctuaries, and potential tourist spots are considered Environmentally Critical Projects (ECPs). Thus, these ECPs are required to submit Environmental Assessment Reports as part of their loan requirements, and their business proposals are reviewed and carefully deliberated on by relevant Bank committees. Upon granting approval on the loan, the Bank continuously monitors the environmental compliance, including the climate change related risks and impacts of these ECPs to the overall business during the period of engagement and partnership.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Environmental Impact, Sustainability Report (<i>Pages 85–88</i>) • LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p>	<p>Our commitment to incorporate and implement and corporate social responsibility (CSR) and sustainability initiatives and activities in our operations is primarily driven by our aspirations to make a positive contribution to the society as a partner in social development and nation building.</p> <p>With the creation of our new Corporate Sustainability Unit, we are currently developing our sustainability policy, framework, and roadmap. The same unit is also responsible for developing and implementing our CSR programs and activities, as well as leading employee volunteerism or community engagement for the Bank.</p> <p>2019 Annual Report</p> <ul style="list-style-type: none"> • Responsible Corporate Citizenship and Caring for Our Communities, Sustainability Report (<i>Pages 99–102</i>)

			<ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2019-AnnualReport.pdf <p>PNB Website: Corporate Social Responsibility</p> <ul style="list-style-type: none"> LINK: https://www.pnb.com.ph/corporate-social-responsibility.html
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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 _____ on _____.

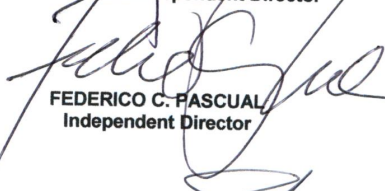
SIGNATURES


FLORENCIA G. TARRIELA
 Chairman of the Board/Independent Director


JOSE ARNULFO A. VELOSO
 President & Chief Executive Officer



FELIX ENRICO R. ALFILER
 Vice Chairman/Independent Director


EDGAR A. CUA
 Independent Director


FEDERICO C. PASCUAL
 Independent Director


DOMINGO H. YAP
 Independent Director


ISAGANI A. CORTES
 EVP & Chief Compliance Officer

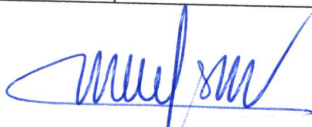

MAILA KATRINA Y. ILARDE - DELAPP
 Corporate Secretary

SUBSCRIBED AND SWORN to before me on JUL 22 2020, affiant(s) exhibiting to me their Passports/TIN, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Florencia G. Tarruela Passport No. P3341932A	June 9, 2017	DFA Manila
Jose Arnulfo A. Veloso Passport No. P1090101A	December 5, 2016	DFA Manila
Felix Enrico R. Alfiler Passport No. P2176568B	May 16, 2019	DFA NCR South
Edgar A. Cua Passport No. P3875616B	November 18, 2019	DFA Manila
Federico C. Pascual Passport No. EC7275885	April 7, 2016	DFA Manila
Domingo H. Yap Passport No. EC6886000	January 4, 2018	DFA Manila
Isagani A. Cortes Passport No. EC3605748	March 6, 2015	DFA NCR Northeast
Maila Katrina Y. Ilarde - DeLapp TIN 260-890-405		

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 Book No. IV
 Series of 2020.




ATTY. MICHELLE A. PAHATI
 Notary Public for Pasay City until 12/31/20; Commission No. 19-40
 Roll No. 45737/IBP Lifetime Member No. 013500
 PTR No. 7036050 / 07 January 2020 / Pasay City
 9F PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City



SECRETARY'S CERTIFICATE

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

- 1. The agenda and materials for all scheduled Board and Board Committee meetings are sent to the directors ahead of time to provide them ample time to review the same;
2. Directors attending the meetings through video/teleconferencing are likewise provided with the agenda and all materials for the meetings, in accordance with SEC Memorandum Circular No. 15, Series of 2001; and
3. Questions asked and discussions during Board and Committee meetings are fully documented in the minutes books which are available for examination during office hours at the Corporate Secretary's Office upon request of stockholders of record.

IN WITNESS WHEREOF, I have hereunto affixed my signature on _____ in Makati City, Metro Manila.

MAILA KATRINA Y. ILARDE - DELAPP
Corporate Secretary

JUL 22 2020

SUBSCRIBED AND SWORN to before me this _____ in _____, affiant exhibited to me her TIN ID No. 260-890-405.

Doc. No. 436
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Book No. IV
Series of 2020.



Handwritten signature of Atty. Michelle A. Pahati

ATTY. MICHELLE A. PAHATI
Notary Public for Pasay City until 12/31/20; Commission No. 19-40
Roll No. 45737/IBP Lifetime Member No. 013500
PTR No. 7036050 / 07 January 2020 / Pasay City
9F PNB Financial Center, Pres. D. Macapagal Blvd. Pasay City

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

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P.O. Box 410 (Pasay City)
www.pnb.com.ph

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Member: PDIC



SECRETARY'S CERTIFICATE

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

IN WITNESS WHEREOF, I have hereunto affixed my signature on _____ in Makati City, Metro Manila.

[Signature]
MAILA KATRINA Y. ILARDE - DELAPP
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUL 22 2020 in PASAY CITY, affiant exhibited to me her TIN ID No. 260-890-405.

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Page No. 89
Book No. IV
Series of 2020.



[Signature]
ATTY. MICHELLE A. PAHATI
Notary Public for Pasay City until 12/31/20; Commission No. 19-40
Roll No. 45737/IBP Lifetime Member No. 013500
PTR No. 7036050 / 07 January 2020 / Pasay City
PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City

Philippine National Bank
PNB Financial Center
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"ANNEX C"



OFFICE OF THE CORPORATE SECRETARY

Direct Line: 536-0540
Trunk Lines: 891-6040 to 70
Locals: 4106/4782

September 16, 2019

MR. SISENANDO BENGZON

Chief Operating Officer and Head of Fellow Relations
Institute of Corporate Directors (ICD)
14th Floor, Trident Tower,
312 Senator Gil Puyat Avenue, Makati City

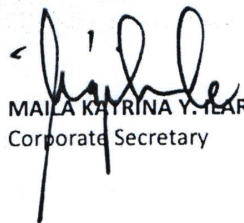
Dear Mr. Bengzon,

The Philippine National Bank ("PNB", the "Bank") Corporate Governance and Sustainability Committee (the "Committee") will soon undertake its annual evaluation of potential nominees to the PNB Board of Directors. Pursuant to the evaluation process, the Committee reviews the qualifications of Board members pursuant to applicable rules and regulations, and takes into careful consideration a combination of other relevant factors, which include skills, relevant experience, core competencies, and educational backgrounds of nominees.

In addition to inviting our stockholders to submit names of recommended nominees, we likewise seek external sources or search firms in sourcing out potential and qualified directors. We are aware that the Institute of Corporate Directors (the "ICD") is composed of Fellows and Members who are recognized for their experience in their respective fields of expertise, and we hope that the ICD can partake in the Committee's annual nominee evaluation procedure.

In line with the foregoing, we would like to request for the ICD's favorable assistance in furnishing us a list of its Fellows and Members, which we believe to be an outstanding and reliable source of potential nominees. We are grateful for the privilege of working alongside your organization in this regard.

Thank you and regards,



MAILA KAYRINA Y. ILARDE
Corporate Secretary

Philippine National Bank
PNB Financial Center
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Pasay City, Metro Manila 1300,
Philippines

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“ ANNEX D ”
Office of the FVP & CAE for Internal Audit Group

Direct Lines: 833-4796 Fax: 526-3044
Trunk Lines: 526-3131 to 70/891-6040 to 70
Locals: 4667

April 27, 2020

CERTIFICATION

This is to certify that the Board Audit and Compliance Committee (BACC) annually meets with the External Auditor without the presence of Management.

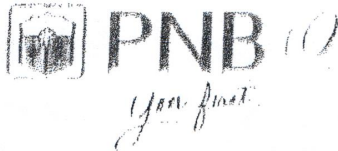
For 2019 and 2020, the meetings were held on September 23, 2019 and February 27, 2020, respectively attended by the following members of the BACC and the External Auditor.

Date	Attendees		Agenda
	BACC Members	External Auditor	
September 23, 2019	Dir. Edgar A. Cua, Chairman Dir. Felix Enrico R. Alfiler, Member Dir. Florencia G. Tarriela, Member	SGV & Co. - Janeth T. Nunez – Javier, Partner-In-Charge	Planning Meeting with the BACC (for the 2019 Audit Engagement)
February 27, 2020		SGV & Co. - Janeth T. Nunez – Javier, Partner-In-Charge	Closing Meeting with the BACC (for the 2019 Audit Engagement)

This certification is being issued as an integral part of the Integrated Annual Corporate Governance Report (I-ACGR) of PNB.

MARTIN G. TENGCO, JR. (APPROVED VIA ELECTRONIC MAIL)
FVP & Chief Audit Executive

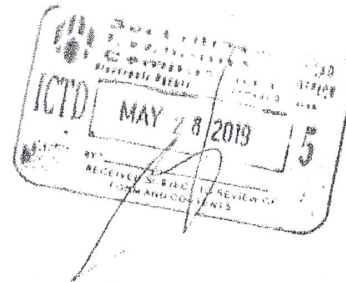
"ANNEX E"



Global Compliance Group
Direct Line: 573-4051
Trunk Lines: 891-6040 to 70
Locals: 4051, 4543, 2174 & 4715

May 24, 2019

MS. RACHEL ESTHER J. GUMTANG-REMALANTE
Officer in Charge (OIC)
Corporate Governance and Finance Department
Securities and Exchange Commission
G/F Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City, 1307



Dear Ms. Remalante:

We are pleased to submit to the Commission Philippine National Bank's revised Manual on Corporate Governance, duly approved by its Board in its meeting on May 24, 2019.

The Manual was revised to incorporate among others, the following sections:

1. **Board Diversity Policy**

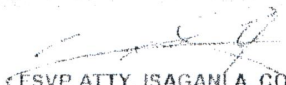
- Expanded the diversity requirement in the composition of the Board and transformed it into a formal policy consistent with the standards of the ASEAN Corporate Governance Scorecard

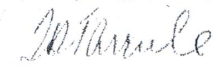
2. **Sustainability**

- Specified the responsibility of the Board and the Corporate Governance & Sustainability Committee in overseeing and ensuring the disclosure of the Bank's non-financial information pertaining to economic, environmental, social & governance (EESG) issues pursuant to SEC Memorandum Circular 4, Series of 2019

Thank you very much

Very truly yours,


FSVP ATTY. ISAGANI A. CORTES
Chief Compliance Officer


FLORENCIA G. FARRIELA
Chairman of the Board



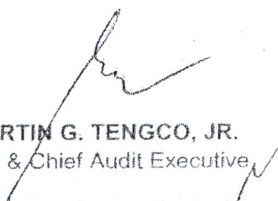
PRESIDENT AND CHIEF AUDIT EXECUTIVE ATTESTATION

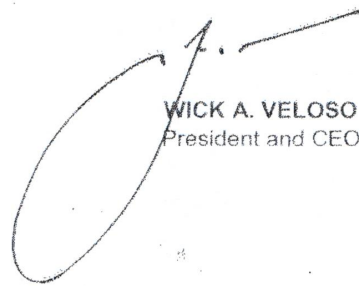
The results of the 2018 independent audit work performed by the Internal Audit Group and the reviews undertaken by the external reviewers comprised of the Bank's external auditors, by Bangko Sentral Ng Pilipinas (BSP) as the Bank's supervising regulator, and by the various foreign regulators on the Bank's overseas branches and subsidiaries, disclosed that the Bank's overall risk management system, internal control systems, governance processes, and compliance with policies, procedures and regulations as generally effective in all material respects. We likewise attest that the audit scope and coverage are adequate, comprehensive, risk-based and process-focused, that Management is aware of its responsibility for internal control, and that the accomplishment of audit activities and reporting of relevant issues and other pertinent information to the Board Audit and Compliance Committee and the Board of Directors is free from any interference.

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

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

PHILIPPINE NATIONAL BANK


MARTIN G. TENGCO, JR.
FVP & Chief Audit Executive


WICK A. VELOSO
President and CEO



SECRETARY'S CERTIFICATE

I, MAILA KATRINA Y. ILARDE - DELAPP, Corporate Secretary of the Philippine National Bank ("PNB", the "Bank"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, do hereby certify that PNB engaged Roxas delos Reyes Laurel Rosario & Leagogo Law Offices for the validation of proxies and votes cast for the Bank's 2019 Annual Stockholders' Meeting held on April 30, 2019.

IN WITNESS WHEREOF, I have hereunto affixed my signature on _____ in Makati City, Metro Manila.

MAILA KATRINA Y. ILARDE - DELAPP
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUL 22 2020 in _____, affiant exhibited to me her TIN ID No. 260-890-405.

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Book No. IV
Series of 2020.



ATTY. MICHELLE A. PAHATI
Notary Public for Pasay City until 12/31/20; Commission No. 19-40
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