

2017-2018 SELF- RATING USING THE ASEAN CORPORATE GOVERNANCE SCORECARD

Level 1

A. The Rights of Shareholders

A.1 Basic Shareholder Rights

Guiding Reference

Supporting References

A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company pay the dividend within 60 days.	G20/OECD Principle II: The Rights of Shareholders and key ownership functions.	✓	<p>In compliance to existing regulatory mandates from the Bangko Sentral ng Pilipinas, the bank seeks prior approval from aforementioned for dividend payments.</p> <p>The dividend payout history of the Bank is found in the Investor Relations section of its website and subsequently published in the 2017 Annual Report page 101</p> <p>Timely and appropriate disclosures as evidenced by its submissions to the Philippine Stock Exchange and the Securities and Exchange Commission are documented in the bank’s website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance: https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Website: https://www.unionbankph.com/aboutus/investor-relations/shareholder-information ▪ Annual Report (page 101) https://www.unionbankph.com/aboutus/investor-relations/disclosures
-------	---	--	---	--

A.2 Right to participate in decisions concerning fundamental corporate changes.

Do shareholders have the right to participate in:				
A.2.1	Amendments to the company's constitution?	G20/OECD (2015) Principle II (B) Shareholders should be sufficiently informed about and have the right to approve or participate in decisions concerning fundamental corporate changes such as: (1) amendments to the statutes, or articles of incorporation or similar governing documents of the company.	✓	<p>As provided in the Bank's By-Laws, shareholders have the right to repeal or amend the articles of incorporation and its by-laws.</p> <p>Further, the Bank's Manual on Corporate Governance provides protection of shareholders' rights under Article IV Section A. Major decisions form part of the agenda in the Annual Stockholders' Meeting and are appropriately raised to a vote or ratified, as appropriate, as evidenced by the meeting's Agenda and subsequent Minutes of the Meeting.</p> <p>Source:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ By-Laws https://www.unionbankph.com/aboutus/corporate-governance/governance-policies Website ▪ https://www.unionbankph.com/aboutus/investor-relations/disclosures
A.2.2	The authorisation of additional shares?	G20/OECD (2015) Principle II (B): (2) the authorisation of additional shares.	✓	
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	G20/OECD (2015) Principle II (B): (3) extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the company.	✓	
A.3 Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.				
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	G20/OECD (2015) Principle II (C): (4) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board	✓	<p>All items subject for shareholders' approval are appropriately raised to a vote during the stockholders' meeting. These are timely disclosed in the Notice of Annual Stockholders' Meeting (before the ASM/AGM) and published in the company website as well as the Exchange' disclosure system (after the ASM/AGM).</p> <p>Further, evidence of such voting and/or ratification is duly reflected in the Minutes of the Annual Stockholders' Meeting which in turn is duly disclosed to the bank's regulators and published online thru its website.</p> <p>Sources:</p>

		members and employees should be subject to shareholder approval.		<ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?		✓	<p>Board seat nominations are sent to the Nominations Committee for appropriate screening.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?		✓	<p>Article IV Section 1 D & E of the By-laws detail the voting structure and procedure adopted by the Bank.</p> <p>The voting procedure during the ASM/AGM is narrated in the Minutes of the Stockholders' Meeting and duly disclosed in the Exchange' site and published timely in the company's website. Directors are elected, individually either personally or in absentia via proxy voting, on a one vote per share basis.</p> <p>The Bank's Information Statement likewise details the voting structure currently in place.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ By-Laws https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
A.3.4	Does the company disclose the voting used before the start of the meeting?	G20/OECD (2015) Principle II (C): Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.	✓	<p>The Bank's Information Statement likewise details the voting structure currently in place.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ By-Laws https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised	G20/OECD (2015) Principle II (C): (2) Shareholders should have the opportunity to ask questions to the board, including questions relating to the	✓	<p>As part of the Bank's commitment to honor the shareholders' Right to Information (Manual on Corporate Governance Article IV Section A 1.1.4), a question and answer portion is part of the program of the Annual Stockholders'</p>

	by shareholders and answers given recorded?	annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.		Meeting. This is duly documented in the Minutes of the Annual Stockholders' Meeting. Voting results in all agenda items which require shareholders' approval are duly documented, published and sent to the appropriate regulatory agency as part of the comprehensive Minutes of the Annual Stockholders' Meeting
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?		✓	<p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	G/20 OECD (2015) Principle II (C); and ICGN (2014) 1.4: The board directors should meet regularly to discharge its duties and directors should allocate adequate time to meeting and preparation of attendance. Board members should know the business, its operations and senior management well enough to contribute effectively to the board discussions and decisions.	✓	A complete documentation of what transpired in the Annual Stockholders' Meeting, in the form of the Minutes of the Stockholders' Meeting, is duly disclosed to the regulatory agencies and published in the Bank's website for the appreciation of the investing public. This includes the attendance list for the members of the board and the bank's key officers.
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?		✓	<p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
A.3.9	Does the company allow voting in absentia?	G20/OECD (2015) Principle II (C): (5) Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.	✓	Article IV Section 1.d of the By-laws stated that shareholders shall be allowed to vote either in person or by proxy duly executed in writing signed by the person represented and presented to the Secretary before the meeting commences. Section E of the same document details the voting procedure currently adopted by the Bank.
A.3.10	Did the company vote by poll (as opposed to show of hands) for all	G20/OECD (2015) Principle 11 (C):	✓	

	resolutions at the most recent AGM?			The Office of the Corporate Secretary tabulates the votes casted and releases the official results of the election. This is duly published in the Bank's website within 24 hours after the meeting and submitted to the appropriate regulatory agencies.
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?		✓	<p>Sources:</p> <ul style="list-style-type: none"> ▪ By-Laws https://www.unionbankph.com/aboutus/corporate-governance/governance-policies ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ https://www.unionbankph.com/aboutus/corporate-governance/board-governance
A.3.12	Does the company make publicly available by the next working day, the result of the votes taken during the most recent AGM/EGM for all resolutions?	G20/OECD (2015) Principle II (C); (1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.	✓	
A.3.13	Does the company provide at least a 21-day notice for all AGMs and EGMs?		✓	The Bank's ASM/AGM was held at the Marco Polo Hotel in Ortigas, beside the Bank's head office. Ortigas is one of the central business districts in the Philippines. Information on the details of the ASM/AGM is relayed to the investing public by way of disclosure to the regulatory agencies, website and print media.
A.3.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?		✓	<p>The Notice of Annual Stockholders' meeting was made public at least two full months prior the scheduled meeting. The document contains an annex which discusses every agenda item for the investing public's guidance.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ PSE EDGE http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=167 ▪ Print Media http://www.pressreader.com/philippines/the-philippine-star/20180504/

A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM	G20/OECD (2015) Principle II (C): (3) Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.	✓	<p>The Investor Relations Office (IRO) regularly communicates with its shareholders thru various mediums to ensure that the shareholders have an accessible channel for their concerns. Shareholders may course their suggestions on agenda items to the IRO.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/stakeholder-relations https://www.unionbankph.com/aboutus/investor-relations/contact-information
A.4 Markets for corporate control should be allowed to function in an efficient and transparent manner				
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	<p>G20/OECD (2015) Principle II (H):</p> <p>Markets for corporate control should be allowed to function in an efficient and transparent manner.</p> <p>(1) The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.</p>	✓	<p>The bank commissions an independent party for valuation of fairness of the terms surrounding a transaction as and when acquisitions and mergers arise.</p>

A.5 The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.

<p>A.5.1</p>	<p>Does the company disclose its practices to encourage shareholders to engage the company beyond AGM?</p>	<p>G20/OECD (2015) Principle II (D): Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.</p>	<p>✓</p> <p>Maximization of shareholders' wealth is a primary duty of the Bank. It is committed to protect shareholders' rights as expressed in the Bank's CG Manual, remove impediments to the exercise of these rights and allow shareholders opportunity to seek redress for violation of the same.</p> <p>The Bank encourages its shareholders to attend annual stockholders' meeting and exercise their right to elect directors. If shareholders cannot cast their votes personally, they are given the right to vote by proxy. A month before the annual meeting, shareholders are furnished with copies of the Bank's Preliminary Information Statement, accompanied by its Annual Report and Audited Financial Statements.</p> <p>Minority shareholders are granted the right to propose the holding of a meeting, and recommend items for inclusion in the agenda, provided these are for legitimate business purposes.</p> <p>Shareholders have the right to remove and replace directors and vote on certain corporate acts, inspect corporate books and records and be furnished with annual reports and financial statements. They may dissent from corporate acts and demand payment of the fair value of their shares in the manner provided for under the Corporation Code.</p> <p>Shareholders have the right to dividends, which shall be declared and paid out of the Bank's unrestricted retained earnings as often and at such times as the Board may determine after making provision for necessary reserves in accordance with law and the regulations of the BSP.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/stakeholder-relations
--------------	--	---	--

B. EQUITABLE TREATMENT OF SHAREHOLDERS				
B.1 Shares and Voting Rights				
B.1.1	Does the company's ordinary or common shares have one vote for one share?	OECD Principle II E. All shareholders of the same series of a class should be treated equally. Capital structures and arrangements that enable certain shareholders to obtain a degree	✓	As stated in Article IV Section 1 of the By-Laws, the bank follows a one vote per share policy.
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	of influence or control disproportionate to their equity ownership should be disclosed. 1. Within any series of a class, all shares should carry the same rights. All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase. Any changes in economic or voting rights should be subject to approval by those classes of shares which are negatively affected. ICGN Principle 9.1 Share classes Sufficient information about the material attributes of all of the company's classes and series of shares should be disclosed on a timely basis. Ordinary or common shares should feature one vote for each share. Divergence from a 'one-share, one-vote' standard which gives certain shareholders power disproportionate to their economic interests should be disclosed and explained. Dual class share	✓	Not applicable as the bank only has one share class, common.

		structures should be kept under review and should be accompanied by commensurate extra protections for minority shareholders, particularly in the event of a takeover bid.		
B.2 Notice of AGM				
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	<p>OECD Principle II</p> <p>C. Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern shareholder meetings:</p>	✓	<p>The Results of the Annual Stockholders' Meeting show that items that agenda items are discussed individually.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
B.2.2	Are the company's notices of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	<p>1. Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.</p> <p>2. Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.</p> <p>4. Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</p>	✓	<p>The Bank does not publish its Notice, AGM Minutes and Circulars in the local language. The notice may be downloaded from the bank's website, published in a major broadsheet and submitted to the appropriate regulatory agency/ies.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ PSE EDGE http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=167 ▪ Print Media http://www.pressreader.com/philippines/the-philippine-star/20180504/
Does the notice of AGM/circulars have the following details?				

B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	5. Shareholders should be able to vote in person or in absentia, ICGN Principle 3.1 Composition (Board) There should be a sufficient mix of individuals with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion and objective decision-making. 3.4 Appointment process	✓	<p>Director's and auditor's profiles are published in the Information Statement (downloadable) which are sent to the shareholders prior the Annual Stockholders' Meeting along with the proxy statement. The Annual Report (downloadable), distributed during the meeting itself. Further, the profiles are likewise uploaded in the bank's website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified		✓	
B.2.5	Were the proxy document made easily available?		✓	
		<p>The process for director nomination and election/re-election should be disclosed, along with information about board candidates which includes:</p> <p>a) board member identities and rationale for appointment;</p> <p>b) core competencies, qualifications, and professional background;</p> <p>c) recent and current board and management mandates at other companies, as well as significant roles on non-profit/charitable organisations;</p> <p>d) factors affecting independence, including relationship(s) with controlling shareholders;</p> <p>e) length of tenure;</p> <p>9.2 Major decisions</p>	✓	

		Shareholders should have the right to vote on major decisions which may change the nature of the company in which they have invested.		
B.3 Insider trading and abusive self-dealing should be prohibited.				
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	OECD Principle III E. Insider trading and market manipulation should be prohibited and the applicable rules enforced. ICGN Principle 4. Corporate Culture	✓	The Bank's Trading Guidelines and Blackout Policy (Trading Policy) provides for the necessary safeguards to ensure that the highest standards of ethics are duly complied with by the bank and its employees. Under the policy, directors are mandated to report their dealings to the Securities and Exchange Commission. These are duly published as SEC FORM 23-A & B in the disclosures section of the bank's website.
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	4.5 Employee share dealing There should be clear rules regarding any trading by directors and employees in the company's own securities. Individuals should not benefit directly or indirectly from knowledge which is not generally available to the market.	✓	Sources: <ul style="list-style-type: none"> ▪ Trading and Blackout Policy https://www.unionbankph.com/aboutus/corporate-governance/governance-policies ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
B.4 Related party transactions by directors and key executives.				
B.4.1	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	OECD Principle II F. Related-party transactions should be approved and conducted in a manner that ensures proper management of conflict of interest and protects the interest of the company and its shareholders.	✓	<p>In compliance to the regulatory mandates of the Bangko Sentral ng Pilipinas, the Bank adheres to a Conflict of Interest Policy</p> <p>As part of its on-going efforts to uphold equitable treatment of its shareholders and stakeholders, the Bank intensified its policies on conflict of interest and related party transactions which have long been in existence in the Bank's Code of Conduct. The Revised Manual provides that a conflict of interest exists when the personal, business or other related interest of a director, officer or employee adversely interfere in any way, or could reasonably be perceived to adversely interfere, with that of the Bank. It also provides for the duties of Directors, officers and employees to immediately disclose any involvement in</p>

		<p>1. Conflicts of interest inherent in related-party transactions should be addressed.</p> <p>2. Members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.</p>		<p>material conflict of interest and not to participate in the decision-making process relating to the transaction.</p> <p>Sources:</p> <ul style="list-style-type: none"> Website https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	<p>ICGN Principle</p> <p>9.3 Conflicts of interest</p> <p>Policies and procedures on conflicts of interest should be established, understood and implemented by directors, management, employees and other relevant parties. If a director has an interest in a matter under consideration by the board, then the director should promptly declare such an interest and be precluded from voting on the subject or exerting influence.</p> <p>9.4 Related party transactions</p>	✓	<p>In compliance with the regulatory mandates of the Bangko Sentral ng Pilipinas, the Bank adheres to a Related Party Transactions Policy</p> <p>It is the policy of the Bank to ensure that related party transactions are all entered into at arm's length standard. These transactions are made and entered into substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks. Hence, they likewise go through the same process applicable to ordinary or unrelated party transactions as set forth in the Bank's Purchasing Guidelines. The Bank has in place a Procedural Guidelines for Monitoring Related Party Transactions approved by the Board of Directors.</p> <p>Sources:</p> <ul style="list-style-type: none"> Website https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	<p>The process for reviewing and monitoring related party transactions should be disclosed. For significant transactions, a committee of independent directors should be</p>	✓	<p>Refer to the Conflict of Interest Policy</p> <p>Sources:</p> <ul style="list-style-type: none"> Website

		established to vet and approve the transaction.		https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?		✓	<p>Refer to the Related Party Transactions Policy.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
B.5 Protecting minority shareholders from abusive actions				
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	<p>OECD Principle II</p> <p>E. All shareholders of the same series of a class should be treated equally.</p> <p>F. Related-party transactions should be approved and conducted in a manner that ensures proper management of conflict of interest and protects the interest of the company and its shareholders.</p> <p>G. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and</p>	✓	<p>In compliance to regulatory mandates, material RPT transactions are reported to the Bangko Sentral ng Pilipinas in a quarterly manner. Further, all material RPTs are duly disclosed in the SEC FORM 17-A (downloadable). All RPT transactions undergo the evaluation of the RPT Committee and follow the RPT policy.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Related Party Transactions Policy https://www.unionbankph.com/aboutus/corporate-governance/governance-policies

B.5.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	<p>should have effective means of redress. Abusive self-dealing should be prohibited.</p> <p>ICGN Principle</p> <p>9.3 Conflicts of interest</p> <p>Policies and procedures on conflicts of interest should be established, understood and implemented by directors, management, employees and other relevant parties. If a director has an interest in a matter under consideration by the board, then the director should promptly declare such an interest and be precluded from voting on the subject or exerting influence.</p> <p>9.4 Related party transactions</p> <p>The process for reviewing and monitoring related party transactions should be disclosed. For significant transactions, a committee of independent directors should be established to vet and approve the transaction.</p>	✓	<p>Related party transactions are duly ratified by the shareholders as evidenced by the Minutes of the Annual Stockholders' Meeting.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Related Party Transactions Policy https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
-------	---	---	---	--

C. ROLE OF STAKEHOLDERS

C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.

Does the company disclose a policy that:			
--	--	--	--

C.1.1	The existence and scope of the company's efforts to address customers' welfare?	<p>OECD Principle IV (A):</p> <p>The rights of stakeholders that are established by law or through mutual agreements are to be respected. In all OECD countries, the rights of stakeholders are established by law (e.g. labour, business, commercial and insolvency laws) or by contractual relations. Even in areas where stakeholder interests are not legislated, many firms make additional commitments to stakeholders, and concern over corporate reputation and corporate performance often requires the recognition of broader interests.</p>	<p>✓</p> <p>The Bank is conscious that the nature of its business relies heavily on public trust and perception which is why it subjects itself to a standard of governance that puts weight on disclosure and transparency.</p> <p>The Bank recognizes its obligation to be truthful and objective in its dealing with its customers. While it is entitled to employ all fair and honest means to promote its products and services, it does not knowingly make false representations to customers. All employees of the Bank deal with its depositors and customers in a manner that creates value for them through appropriate and sound banking practices.</p> <p>The Bank is cognizant of, and consistently observes the Bank Secrecy Law, Anti-Money Laundering Act, and other laws governing the banking industry. The Bank promotes consumer protection by disseminating information on safe surfing guidelines and other security awareness measures for its depositors and customers. To enhance financial consumer protection in accordance with BSP Circular No. 857, the Bank created a dedicated unit, the Consumer Affairs Group, to oversee the fast, reliable and expert response to consumer concerns and feedback to ensure that the Bank not only addresses common concerns but also improve its products and services.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/stakeholder-relations
C.1.2	Supplier/contractor selection procedures?		<p>✓</p> <p>The bank adheres to a Supplier Accreditation Policy.</p> <p>The Bank has a standard policy governing the assessment, selection and accreditation of suppliers delivering products and services to the Bank. It fairly and strictly implements its Supplier Accreditation Policy to all suppliers of products and services. The policy mandates the submission of comprehensive information sheet and applicable documentary requirements. The suppliers are then subjected to an assessment based on applicable criteria including but not</p>

			<p>limited to: the company's status in its respective industry; (2) liquidity based on business viability and; (3) freedom from any lawsuit or government action, among others. The policy aims to ensure that all suppliers who wish to do business with the Bank are capable of providing quality products, materials or services, and have technical, commercial and financial ability, adequate equipment and facilities, good service performance, or any other measure that will ensure quality and reliability.</p> <p>The Bank recognizes its partners' essential role in building the business and thus ensures that its relationships are developed in a manner that is consistent with the highest standards of business ethics.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/stakeholder-relations ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?		<p>✓ The bank's Sustainability Report provides various information on how it ensures that its operations promote sustainable growth and development especially to the environment and the community. The bank follows the GRI reporting standard for sustainability. A separate Sustainability microsite is likewise dedicated to discussing the bank's impact and contribution to the planet and the community.</p>
C.1.4	The company's efforts to interact with the communities in which they operate?		<p>✓</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/sustainability/planet.html ▪ Annual Report (Pages 107-131)

			https://www.unionbankph.com/aboutus/investor-relations/disclosures
C.1.5	The company's anti-corruption programmes and procedures?		<p>✓ The Bank's basic principles and practices to espouse a vigilant anti-money laundering culture are anchored on (1) compliance with the laws and regulations; (2) strict adherence to the KYC process; (3) cooperation with law enforcement; (4) information dissemination and continuing education and (5) implementation of its AML risk management system. The members of the Board and Senior Management of the Bank are cognizant of and strictly observes the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations and its own Money Laundering and Terrorist Financing Prevention Program (MLPP). To ensure that the tone from the top is cascaded to all of its employees, the Bank creates and promotes awareness by disseminating the MLPP Manual and related AML issuances. The AMLA Training program consists of: (1) Introductory course for new employees; (2) Certification program for critical branch personnel; (3) annual refresher course to all branch employees and (4) annual online learning course for all bank employees. The Anti-Money Laundering Act Committee (AMLACOM) was created to provide management oversight regarding the implementation of existing AML risk management policies and procedures of the Bank. The AMLACOM reports directly to the Corporate Governance Committee (CGC) which in turn assists the board in fulfilling its responsibilities in money laundering and terrorist financing prevention.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website >https://www.unionbankph.com/aboutus/corporate-governance/governance-policies ▪ Annual Report (Page 75) https://www.unionbankph.com/aboutus/investor-relations/disclosures

C.1.6	How creditors' rights are safeguarded?		✓	<p>Creditors form part of the bank's customers and thus the Bank ensures that its rights are likewise safeguarded accordingly.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/stakeholder-relations
C.1.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?		✓	<p>The bank has a Sustainability Report and a microsite that focuses on: People, Planet and Purpose.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/sustainability/planet.html ▪ Annual Report (Pages 107-131) https://www.unionbankph.com/aboutus/investor-relations/disclosures
C.2 Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.				

C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	<p>OECD Principle IV (B):</p> <p>The legal framework and process should be transparent and not impede the ability of stakeholders to communicate and to obtain redress for the violation of rights.</p>	✓	<p>The Bank has an Investor Relations Office (IRO) whose main thrust is to strengthen its relations with investors through the development and implementation of various programs. The IRO conducts face-to-face meetings with investors, financial analysts, investment banks, rating agencies, the investing public, and other interested parties on a per-need or per-request basis to provide deeper appreciation and understanding of the Bank's unique culture and competitive advantages.</p> <p>The contact details of the Investor Relations Officer are duly disclosed in the Annual Report (Page 149) and the bank's website</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Website https://www.unionbankph.com/aboutus/investor-relations/contact-information
C.3 Performance-enhancing mechanisms for employee participation should be permitted to develop.				
C.3.1	Does the company explicitly disclose the health, safety, and welfare policy for its employees?	<p>OECD Principle IV (C):</p> <p>The degree to which employees participate in corporate governance depends on national laws and practices, and may vary from company to company as well. In the context of corporate governance, mechanisms for participation may benefit companies directly as well as indirectly through the readiness by employees to invest in firm specific skills. Examples of mechanisms for employee participation include: employee representation on boards; and governance processes such as work</p>	✓	<p>The Bank affirms that its employees play very important roles in achieving its long-term success. The Bank's Sustainability Report provides for a report on how the bank gives value to its most valuable asset.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Sustainability Report (Page 107-131) https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Website https://www.unionbankph.com/sustainability/
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?		✓	
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?		✓	

C.3.4	Does the company publish relevant information on training and development programmes for its employees?	councils that consider employee viewpoints in certain key decisions. International conventions and national norms also recognise the rights of employees to information, consultation and negotiation. With respect to performance enhancing mechanisms, employee stock ownership plans or other profit sharing mechanisms are to be found in many countries. Pension commitments are also often an element of the relationship between the company and its past and present employees. Where such commitments involve establishing an independent fund, its trustees should be independent of the company's management and manage the fund for all beneficiaries.	✓	https://www.unionbankph.com/aboutus/corporate-governance/stakeholder-relations
C.3.5	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?		✓	
C.4 Stakeholders including individual employee and their representative bodies should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.				
C.4.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report	OECD Principle IV (E): Unethical and illegal practices by corporate officers may not only violate the rights of stakeholders but also be to the detriment of the company and its shareholders in terms of reputation effects and an increasing risk of future financial liabilities. It is therefore to the advantage of the company and its shareholders to establish procedures and safe-harbours for complaints by employees, either personally or through their representative bodies, and others	✓	<p>The bank adheres to a Whistleblowing Policy.</p> <p>In April 2017, the Board approved an amended Whistle Blower Policy that saw its departure from being embedded in the Code of Conduct to being a policy on its own. The improved policy aims to provide an avenue for its employees, business partners and other stakeholders to raise any serious or sensitive concerns and guarantee that such concerns are treated seriously, appropriately and with utmost confidentiality together with an assurance that any person raising a serious concern in good faith will be protected from reprisal or retaliation.</p> <p>A hotline was set up to warrant the anonymity and confidentiality of the reports whose merits will be evaluated by an investigating body, escalated to the Discipline Committee or the Compliance and Corporate Governance Office, as</p>
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour		✓	

	from retaliation? Illegal/unethical behaviour from retaliation?	outside the company, concerning illegal and unethical behaviour.		needed, and accorded the fitting course of action. Sources: <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/governance-policies ▪ Annual Report (Page 103) https://www.unionbankph.com/aboutus/investor-relations/disclosures
DISCLOSURE AND TRANSPARENCY				
D.1 Transparent ownership structure				
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	OECD Principle V: Disclosure and Transparency (A) Disclosure should include, but not limited to, material information on:	✓	Top 100 shareholders disclosed on a quarterly basis to the Philippine Stock Exchange (PSE) and duly published in the bank's website under its disclosures section. The ownership structure of the bank is likewise illustrated in the Annual Report.
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	(3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, and beneficial ownership. ICGN 7.6 Disclosure of ownership ... the disclosure should include a description of the relationship of the company to other companies in the corporate group, data on major shareholders and any other information necessary for a proper understanding of the company's relationship with its public shareholders.	✓	Sources: <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures https://www.unionbankph.com/aboutus/investor-relations/shareholder-information ▪ Annual Report (Page 74) https://www.unionbankph.com/aboutus/investor-relations/disclosures

D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?		✓	Quarterly Public Ownership duly disclosed to the PSE and subsequently published in the bank's website under its Disclosures section of the Annual Report.
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?		✓	The Information Statement (SEC FORM 20-IS, Page 4) discloses, in an annual basis, the security ownership of the members of the board and the bank's key officers. Sources: <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?		✓	The bank's website and its Annual Report both contain a conglomerate map that shows its subsidiaries and affiliates, among others. A similar report is likewise submitted periodically to the Bangko Sentral ng Pilipinas. Sources: <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/about-unionbank-of-the-philippines/conglomerate-map ▪ Annual Report (Page 98) https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.2 Quality of Annual Report				
Does the company's annual report disclose the following items:				
D.2.1	Corporate objectives	OECD Principle V (A):	✓	The Bank complies with the Annual Report disclosure requirements of the Bangko Sentral ng Pilipinas as stated in BSP Circular No. 956.
D.2.2	Financial performance indicators		✓	

D.2.3	Non-financial performance indicators	(1) The financial and operating results of the company;	✓	<p>Objectives: Page 3</p> <p>Financial and Non-financial performance indicators : Pages 6-19</p> <p>Biographical details : Pages 38-39; 80-83</p> <p>Attendance details :Pages 84-90</p> <p>Total Remuneration: Page 96; Information Statement Pages 21-22</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.2.4	Dividend policy	(2) Company objectives, including ethics, environment, and other public policy commitments;	✓	
D.2.5	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	(3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, beneficial ownership;	✓	
D.2.6	Attendance details of each director/commissioner in respect of meetings held	(4) Remuneration policy for members of the board and key executives, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board; 6) Foreseeable risk factors, including risk management system;	✓	
D.2.7	Total remuneration of each member of the board of directors/commissioners	(7) Issues regarding employees and other stakeholders;	✓	
		(8) Governance structure and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.		
		OECD Principle V (E):		
		Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.		

		<p>ICGN 2.4 Composition and structure of the board</p> <p>ICGN 2.4.1 Skills and experience</p> <p>ICGN 2.4.3 Independence</p> <p>ICGN 5.0 Remuneration</p> <p>ICGN 5.4 Transparency</p> <p>UK Corporate Governance Code (2010)</p> <p>A.1.2 - the number of meetings of the board and those committees and individual attendance by directors.</p> <p>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2</p> <p>(I) CG rules and practices</p> <p>(19) Disclose the exact remuneration of individual directors.</p>	
<p>Corporate Governance Confirmation Statement</p>			

D.2.8	<p>Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?</p>	<p>OECD PRINCIPLE V (A) (8)</p> <p>UK CODE (JUNE 2010): Listing Rules 9.8.6 R (for UK incorporated companies) and 9.8.7 R (for overseas incorporated companies) state that in the case of a company that has a Premium listing of equity shares, the following items must be included in its Annual Report and accounts: a statement of how the listed company has applied the Main Principles set out in the UK CG Code, in a manner that would enable shareholders to evaluate how the principles have been applied; a statement as to whether the listed company has complied throughout the accounting period with all relevant provisions set out in the UK CG Code; or not complied throughout the accounting period with all relevant provisions set out in the UK CG Code, and if so, setting out:</p> <p>(i) those provisions, if any, it has not complied with;</p> <p>(ii) in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and</p> <p>(iii) the company's reasons for non-compliance.</p> <p>ASX CODE:</p>	<p>✓ A statement of compliance is found in page 80 of the Annual Report</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
-------	---	---	---

		<p>Under ASX Listing Rule 4.10.3, companies are required to provide a statement in their Annual Report disclosing the extent to which they have followed the Recommendations in the reporting period. Where companies have not followed all the Recommendations, they must identify the Recommendations that have not been followed and give reasons for not following them. Annual Reporting does not diminish the company's obligation to provide disclosure under ASX Listing Rule 3.1.</p>	
<p>D.3 Disclosure of related party transactions (RPT)</p>			
<p>D.3.1</p>	<p>Does the company disclose its policy covering the review and approval of material/significant RPTs?</p>	<p>OECD Principle V: Disclosure and Transparency: (A) Disclosure should include, but not limited to, material information on: (5) Related party transactions ICGN 2.11.1 Related party transactions: The company should disclose details of all material related party transactions in its Annual Report.</p>	<p>✓ In compliance with the regulatory mandates of the Bangko Sentral ng Pilipinas, the Bank adheres to a Related Party Transactions Policy</p> <p>It is the policy of the Bank to ensure that related party transactions are all entered into at arm's length standard. These transactions are made and entered into substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks. Hence, they likewise go through the same process applicable to ordinary or unrelated party transactions as set forth in the Bank's Purchasing Guidelines. The Bank has in place a Procedural Guidelines for Monitoring Related Party Transactions approved by the Board of Directors.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/governance-policies

D.3.2	Does the company disclose the name of the related party and relationship for each material/significant RPT?		<p>✓ In compliance to regulatory mandates, material RPT transactions are reported to the Bangko Sentral ng Pilipinas in a quarterly manner. Further, all material RPTs are duly disclosed in the SEC FORM 17-A (downloadable). All RPT transactions undergo the evaluation of the RPT Committee and follow the RPT policy.</p> <p>The Annual Report includes a page disclosing the material RPT transactions for the year.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Related Party Transactions Policy https://www.unionbankph.com/aboutus/corporate-governance/governance-policies ▪ Annual Report (Page 97) https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.4 Directors and commissioners dealings in shares of the company			
D.4.1	Does the company disclose trading in the company's shares by insiders?	<p>OECD Principle V (A): (3) Major share ownership and voting rights</p> <p>ICGN 3.5 Employee share dealing</p> <p>Companies should have clear rules regarding any trading by directors and employees in the company's own securities.</p> <p>ICGN 5.5 Share ownership</p>	<p>✓ The Bank's Trading Guidelines and Blackout Policy (Trading Policy) provides for the necessary safeguards to ensure that the highest standards of ethics are duly complied with by the bank and its employees. Under the policy, directors are mandated to report their dealings to the Securities and Exchange Commission. These are duly published as SEC FORM 23-A & B in the disclosures section of the bank's website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Trading and Blackout Policy https://www.unionbankph.com/aboutus/corporate-governance/governance-policies

		Every company should have and disclose a policy concerning ownership of shares of the company by senior managers and executive directors with the objective of aligning the interests of these key executives with those of shareholders.		<ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.5 External Auditor and Auditor Report				
Where the same audit firm is engaged for both audit and non-audit services				
D.5.1	Are audit fees disclosed?	<p>An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>OECD Principle V (D):</p>	✓	<p>Audit fees are disclosed in the Information Statement (SEC FORM 20-IS) The non-audit fees paid by the Bank to Punongbayan & Araullo (P&A) did not exceed the audit fees paid in 2017.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Information Statement (Page 54) https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.5.2	Does the non-audit fee exceed the audit fees?	<p>External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.</p> <p>ICGN 6.5 Ethical standards (Audit)</p> <p>The auditors should observe high-quality auditing and ethical standards. To limit the possible risk of possible conflicts of interest, non-audit services and fees paid to auditors for non-audit services should be both approved in advance by the</p>	✓	<p>(A) Audit and Audit Related fees</p> <p>For the year 2017, audit fees billed by P&A amounted to P10,958,000 exclusive of VAT and out-of-pocket expenses.</p> <p>For the year 2016, audit fees billed by P&A amounted to P10,555,000 exclusive of VAT and out-of-pocket expenses.</p> <p>Fees for other special audit, assurance and related services rendered by P&A for 2017 were as follows:</p> <ol style="list-style-type: none"> 1. P1,700,000 for the audit of the consolidated financial statements of the UnionBank Group as of and for the year ended December 31, 2017 in accordance with accounting practices prescribed by BSP. 2. P4,209,085 for the Bank's issuance of Senior Debt in 2017.

		audit committee and disclosed in the Annual Report.		<p>Fees for other special audit, assurance and related services rendered by P&A for 2016 amounted to P1,650,000. This represents payment for the audit of the consolidated financial statements of UnionBank Group as of and for the year ended December 31, 2016 in accordance with accounting practices prescribed by BSP.</p> <p>(B) Tax Fees</p> <p>No tax service fees were paid by the Bank to P&A for the years 2017 and 2016.</p> <p>(C) All Other Fees</p> <p>Other fees billed by P&A in 2017 in relation to review of accounts as of December 31, 2016 amounted to P200,000.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Information Statement (Page 54) <p>https://www.unionbankph.com/aboutus/investor-relations/disclosures</p>
--	--	---	--	---

D.6 Medium of communications

Does the company use the following modes of communication?

D.6.1	Quarterly reporting	<p>OECD Principle V (E):</p> <p>Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.</p> <p>ICGN 7.1 Transparent and open communication</p> <p>Every company should aspire to transparent and open communication</p>	✓	The Bank ensures timely and accurate submission and public disclosure (through website uploads) for all its report to all of its regulatory agencies (Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Philippine Stock Exchange, Philippine Deposit Insurance Corporation, among others)
D.6.2	Company website		✓	Its website is updated, regularly to include information that are timely to ensure that the investing public can make informed business decisions.
D.6.3	Analyst's briefing		✓	The Bank participates in the regular conduct of analysts' briefings by one of its principal stockholders, Aboitiz Equity Ventures. IRO conducts face-to-face meetings with investors, financial analysts, investment banks, rating agencies, the investing public, and other interested parties on a per-need or per-request basis. Discussions are held with business reporters to provide deeper appreciation and understanding of the Bank's unique culture and competitive
D.6.4	Media briefings /press conferences		✓	

		<p>about its aims, its challenges, its achievements and its failures.</p> <p>ICGN 7.2 Timely disclosure</p> <p>Companies should disclose relevant and material information concerning themselves on a timely basis, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sales of shares.</p>		<p>advantages. Conference calls are conducted for investors and analysts located outside the Philippines. If the subject matters of interest call for expertise on a specific subject, the IRO may invite other Bank executives to participate in the discussion. The IRO immediately responds to investors' and analysts' queries or concerns via telephone and e-mail.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Investor Relations https://www.unionbankph.com/aboutus/corporate-governance/stakeholder-relations ▪ Website disclosures (Briefing presentation) https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.7 Timely filing/release of annual/financial reports				
D.7.1	Are the audited annual financial report / statement released within 120 days from the financial year end?	<p>OECD Principle V (C)</p> <p>OECD Principle V (E) OECD Principle V-(A).</p>	✓	<p>The 2017 Audited Financial Statement and Annual Report was submitted to the Bureau of Internal Revenue, 102 days after the end of the financial year.</p> <p>Sources:</p>
D.7.2	Is the annual report released within 120 days from the financial year end?	<p>ICGN 7.2 Timely disclosure</p> <p>ICGN 7.3 Affirmation of financial statements</p> <p>The board of directors and the corporate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.</p>	✓	<ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?		✓	<p>The Annual Report and Audited Financial Statement was signed by the SVP Financial Controller, SEVP Chief Financial Officer & Treasurer, President and Chief Operating Officer and lastly by the Chairman of the Board and Chief Executive Officer.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website

				https://www.unionbankph.com/aboutus/investor-relations/disclosures
Does the company have a website disclosing up-to-date information on the following:				
D.8.1	Financial statements/reports (latest quarterly)	OECD Principle V (A) OECD Principle V (E) ICGN 7.1 Transparent and open communication	✓	Sources: <ul style="list-style-type: none"> SEC Filings https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.8.2	Materials provided in briefings to analysts and media	ICGN 7.2 Timely disclosure	✓	Sources: <ul style="list-style-type: none"> Briefing Presentation https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.8.3	Downloadable Annual Report		✓	Sources: <ul style="list-style-type: none"> SEC Filings (SEC FORM 17-A) https://www.unionbankph.com/aboutus/investor-relations/disclosures Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.8.4	Notice of AGM and/or EGM		✓	Sources: <ul style="list-style-type: none"> Notice of Annual Stockholders' Meeting https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.8.5	Minutes of AGM and/or EGM		✓	Sources: <ul style="list-style-type: none"> Minutes of Annual Stockholders' Meeting

				<ul style="list-style-type: none"> ▪ https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)		✓	Sources: <ul style="list-style-type: none"> ▪ Articles of Incorporation, By-Laws, Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/investor-relations/disclosures
D.9 Investor relations				
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	ICGN 7.1 Transparent and open communication	✓	Sources: <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/contact-information ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures
E. Responsibilities of the Board				
E.1 Board Duties and Responsibilities				
Clearly defined board responsibilities and corporate governance policy				
E.1.1	Does the company disclose its corporate governance policy / board charter?	G20/OECD PRINCIPLE V: Disclosure and Transparency (A) Disclosure should include, but not be limited to, material information on: 9. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.	✓	Governance policies are duly published in the bank's website, Annual Report and Information Statements (SEC FORM 20-IS) Sources: <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance, other governance policies https://www.unionbankph.com/aboutus/corporate-governance/governance-policies ▪ Annual Report and SEC FORM 20-IS

				https://www.unionbankph.com/aboutus/investor-relations/disclosures
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	<p>OECD PRINCIPLE VI (D) G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <ol style="list-style-type: none"> 1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures. 	✓	<p>The Bank adheres to the disclosure requirements set forth by its various regulatory agencies and the governing policies set forth in the bank's Manual on Good Corporate Governance.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	<ol style="list-style-type: none"> 2. Monitoring the effectiveness of the company's governance practices and making changes as needed. 3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. 4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders. 5. Ensuring a formal and transparent board nomination and election process. 	✓	<p>The duties and responsibilities of the members of the board are detailed accordingly in the bank's Manual on Good Corporate Governance and further discussed on a per committee basis in the individual committee charters.</p> <p>Sources :</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Committee Charters https://www.unionbankph.com/aboutus/corporate-governance/board-governance
Corporate Vision/Mission				

E.1.4	Does the company have an updated vision and mission statement?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>ICGN (2014): 4.1 Codes of Conduct/Ethics</p> <p>The board should adopt high standards of business ethics through codes of conduct/ethics (or similar instrument) and oversee a culture of integrity, notwithstanding differing ethical norms and legal standards in various countries. This should permeate all aspects of the company's operations, ensuring that its vision, mission and objectives are ethically sound and demonstrative of its values. Codes should be effectively communicated and integrated into the company's strategy and operations, including risk management systems and remuneration structures.</p>	✓	<p>Review of the bank's vision and mission statements is done annually to ensure that it remains relevant. The latest vision and mission statements are disclosed in the website and published in the bank's Annual Report</p> <p>Sources :</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/about-unionbank-of-the-philippines/mission-and-vision ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>D. The board should fulfil certain key functions, including:</p> <p>Reviewing and guiding corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing</p>	✓	<p>The board of directors play a central role in reviewing bank strategy. Article III Section D of the bank's Manual on Good Corporate Governance lists the duties and responsibilities of the members of the board. Item 4 specifically states that it is the director's duty to determine each corporations' purpose, their visions and missions and strategies to carry out their objectives;</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance

		major capital expenditures, acquisitions and divestitures.		
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	<p>ICGN (2014): 4.1 Codes of Conduct/Ethics</p> <p>The board should adopt high standards of business ethics through codes of conduct/ ethics (or similar instrument) and oversee a culture of integrity, notwithstanding differing ethical norms and legal standards in various countries. This should permeate all aspects of the company's operations, ensuring that its vision, mission and objectives are ethically sound and demonstrative of its values. Codes should be effectively communicated and integrated into the company's strategy and operations, including risk management systems and remuneration structures.</p> <p>ICGN (2014): 1.2 Responsibilities</p> <p>The board is accountable to shareholders and relevant stakeholders and is responsible for protecting and generating sustainable value over the long term. In fulfilling their role effectively, board members should:</p> <p>a) guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments</p>	✓	<p>Article III Section E of the Manual on Good Corporate Governance details the ethical duties and responsibilities of the members of the board.</p> <p>A director shall have the following duties and responsibilities:</p> <ol style="list-style-type: none"> 1. To conduct fair business transaction with the corporation and to ensure that personal interest does not bias Board decisions; 2. To devote time and attention necessary to properly discharge his duties and responsibilities; 3. To act judiciously; 4. To exercise independent judgment; 5. To have a working knowledge of the statutory and regulatory requirements affecting the corporation he is representing, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies; 6. To observe confidentiality; and 7. To ensure the continuing soundness, effectiveness and adequacy of the corporation control environment. 8. For non-executive board members, to meet regularly, other than in meetings of the audit and risk oversight committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions. <p>The duties and responsibilities of the Board of Directors as provided by BSP Circular 969 on the Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions, in so far as they are not inconsistent with the</p>

				<p>foregoing provisions, are being incorporated by reference as part of this Manual.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance <p>https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance</p>
E.2 Board structure				
Code of Ethics or Conduct				
E.2.1	Are the details of the code of ethics or conduct disclosed?	G20/OECD PRINCIPLE VI: Responsibilities of the Board	✓	<p>The Bank's Code of Business Conduct and Ethics ensures the placement of clear mandates for its employees to observe responsible business banking in the performance of their functions. The same is duly disclosed in the bank's website under the "Ethical Standards and Policies" page of the "About Us" section.</p> <p>The Bank follows ethical standards which are expected to be followed by everyone in the Bank. A discussion of the same is likewise found in the Annual Report which may be downloaded from the "Disclosures" section of the "About Us" page of the website.</p>
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	<p>(C) The board should apply high ethical standards. It should take into account the interests of stakeholders.</p> <p>The board has a key role in setting the ethical tone of a company, not only by its own actions, but also in appointing and overseeing key executives and consequently the management in general. High ethical standards are in the</p>	✓	

E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	<p>long term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies have found it useful to develop company codes of conduct based on, inter alia, professional standards and sometimes broader codes of behaviour. The latter might include a voluntary commitment by the company (including its subsidiaries) to comply with the OECD Guidelines for Multinational Enterprises which reflect all four principles contained in the ILO Declaration on Fundamental Labour Rights. Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgement in dealing with varying and often conflicting constituencies. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law, which should always be a fundamental requirement.</p>	<p>Distribution of the Code of Conduct is mandatory to all new employees of the Bank. An acknowledgement receipt is duly requested to be signed by all employees who received a copy thereof.</p> <p>Great2BeU is a website accessible to Unionbankers and contains various information relating to one’s employment or association with the Bank. The Code of Conduct has been duly approved by the Board and may be downloaded through the page.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.Unionbankph.com/aboutus/corporate-governance/ethical-standards ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures
E.2 Board structure			
Board Structure & Composition			

E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	G20/OECD PRINCIPLE VI: Responsibilities of the Board (E) The board should be able to exercise objective independent judgement on corporate affairs.	✓	The Board consists of five (5) Independent Directors in compliance w/ the Manual on Regulations for Banks from the Bangko Sentral ng Pilipinas. Sources: <ul style="list-style-type: none">Website https://www.unionbankph.com/aboutus/about-unionbank-of-the-philippines/board-of-directors
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years ¹ each for its independent directors/commissioners?	UK CODE (2016): B.2.3 Non-executive directors should be appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a director. Any term beyond six years for a non-executive director should be subject to particularly rigorous review and should take into account the need for progressive refreshing of the board and to succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board.	✓	In compliance with the mandates of its regulatory agencies, an independent director of the bank may only serve as such for a maximum cumulative term of nine (9) years. Moving forward, he/she may only serve as a regular director. The reckoning year for this term limit shall be set to 2012 in accordance to Bangko Sentral ng Pilipinas Circular 969. Sources: <ul style="list-style-type: none">Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	G20/OECD PRINCIPLE VI: Responsibilities of the Board (E) The board should be able to exercise objective independent judgement on corporate affairs.	✓	The non-executive directors of the Board may concurrently serve as directors to a maximum of five (5) publicly listed companies in accordance to the regulatory mandate. The Bank does not have any Executive Director that serves in any other publicly-listed company.

E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	<p>3. Board members should be able to commit themselves effectively to their responsibilities.</p> <p>Service on too many boards can interfere with the performance of board members. Some countries have limited the number of board positions that can be held. Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders.</p> <p>Disclosure about other board memberships to shareholders is therefore a key instrument to improve board nominations. Achieving legitimacy would also be facilitated by the publication of attendance records for individual board members (e.g. whether they have missed a significant number of meetings) and any other work undertaken on behalf of the board and the associated remuneration.</p>	✓	<p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance <p>https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance</p>
Nominating Committee (NC)				
E.2.8	Does the company have a Nominating Committee?	G20/OECD PRINCIPLE II: The Rights and Equitable Treatment of Shareholders and Key Ownership Functions	✓	<p>The Bank has a Nominations Committee.</p> <p>The Nominations Committee is comprised of seven (7) members of the Board, one of whom is an Independent Director, and one (1) non-voting member in the person of the Human Resources Director. The Committee is responsible for reviewing the qualifications of and screening candidates for the Board and key officers of the Bank. It oversees the implementation of programs for</p>

E.2.9	Is the Nominating Committee comprised of a majority of independent directors/commissioners?	<p>(C) Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings:</p> <p>With respect to nomination of candidates, boards in many companies have established Nominating Committees to ensure proper compliance with established nomination procedures and to facilitate and coordinate the search for a balanced and qualified board. It is increasingly regarded as good practice in many countries for independent board members to have a key role on this committee. To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p> <p>The recognition of Independent Party in the composition of the</p> <p>Nomination Committee can be counted as committee members. However, to score "Y", the Independent Party should meet the independence requirement and has fiduciary duties. Moreover, their</p>	✓	<p>identifying, retaining and developing critical executives or officers and the succession plan for various units in the organization. In 2017, the Nominations Committee held 1 meeting.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Annual Report (Page 88) https://www.unionbankph.com/aboutus/investor-relations/disclosures
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	<p>The recognition of Independent Party in the composition of the</p> <p>Nomination Committee can be counted as committee members. However, to score "Y", the Independent Party should meet the independence requirement and has fiduciary duties. Moreover, their</p>	✗	<p>In compliance with the bank's Manual on Good Corporate Governance, the Chairman of the Nominations Committee is a Non-Executive Director.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Board of Directors https://www.unionbankph.com/aboutus/about-unionbank-of-the-philippines/board-of-directors

		<p>profile must be disclosed and must be approved by its board.</p> <p>G20/OECD PRINCIPLE VI (E)</p> <p>1. Boards should consider assigning a sufficient number of nonexecutive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.</p>		
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p>	✓	<p>The Bank has a Nominations Committee.</p> <p>The Nominations Committee is comprised of seven (7) members of the Board, one of whom is an Independent Director, and one (1) non-voting member in the person of the Human Resources Director. The Committee is responsible for reviewing the qualifications of and screening candidates for the Board and key officers of the Bank. It oversees the implementation of programs for identifying, retaining and developing critical executives or officers and the succession plan for various units in the organization. In 2017, the Nominations Committee held 1 meeting.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Annual Report (Page 88) https://www.unionbankph.com/aboutus/investor-relations/disclosures

		<p>Where justified in terms of the size of the company and its board, the use of committees may improve the work of the board. In order to evaluate the merits of board committees it is important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the many jurisdictions where boards have established independent audit committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Audit committees should also be able to oversee the effectiveness and integrity of the internal control system.</p> <p>Other such committees include those dealing with nomination, compensation, and risk. The establishment of additional committees can sometimes help avoid audit committee overload and to allow more board time to be dedicated to those issues. Nevertheless, the accountability of the rest of the board and the board as a whole should be clear. Disclosure need not extend to committees set up to deal with, for example, confidential commercial transactions.</p> <p>Given the responsibilities of the NC spelt out in codes of corporate governance, the NC is unlikely to be fulfilling these responsibilities effectively if it is only</p>		
E.2.12	<p>Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?</p>		✓	<p>In compliance to the regulatory mandate of the Bangko Sentral ng Pilipinas, the Annual Report contains the committee attendance of the various committees, the Nominations Committee included. In 2017, the committee held one (1) meeting.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures

		<p>meeting once a year. Globally, the NC of large companies would meet several times a year.</p> <p>G20/OECD PRINCIPLE VI (E)</p> <p>2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p>		
Remuneration Committee/ Compensation Committee				
E.2.13	Does the company have a Remuneration Committee?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p>	✓	<p>The Bank has a Compensation and Remuneration Committee</p> <p>The Committee is composed of seven (7) members of the Board of which two (2) are independent directors. The Committee also includes the Human Resource Director as a non-voting member. The Committee is tasked to provide recommendations and oversee the implementation of a program of salaries and benefits for Directors and Senior Management that allows the Bank to attract the best talents by periodically benchmarking with practices/offers of other leading financial institutions Likewise, the Committee shall monitor adequacy, effectiveness in upholding and consistency of the compensation program vis-à-vis corporate philosophy and strategy. In 2017, the Compensation and Remuneration Committee held 4 meetings.</p>
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors/commissioners?	<p>It is regarded as good practice for boards to develop and disclose a remuneration policy statement covering board members and key executives. Such policy statements specify the relationship between remuneration and performance, and include measurable</p>	✓	<p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance

		standards that emphasise the longer run interests of the company over short term considerations. Policy statements generally tend to set conditions for payments to board members for extra-board activities, such as consulting. They also often specify terms to be observed by board members and key executives about holding and trading the stock of the company, and the procedures to be followed in granting and re-pricing of options. In some countries, policy also covers the payments to be made when hiring and/or terminating the contract of an executive.	<ul style="list-style-type: none"> ▪ Annual Report (Page 90) https://www.unionbankph.com/aboutus/investor-relations/disclosures
E.2.15	Is the chairman of the Remuneration Committee an independent director/commissioner?	<p>In large companies, it is considered good practice that remuneration policy and contracts for board members and key executives be handled by a special committee of the board comprising either wholly or a majority of independent directors and excluding executives that serve on each other's remuneration committees, which could lead to conflicts of interest. The introduction of malus and claw-back provisions is considered good practice. They grant the company the right to withhold and recover compensation from executives in cases of managerial fraud and other circumstances, for example when the company is required to restate its financial statements due to</p>	<p>✓ The Chairman of the Compensation and Remuneration Committee is an Independent Director</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Board of Directors https://www.unionbankph.com/aboutus/about-unionbank-of-the-philippines/board-of-directors

		<p>material noncompliance with financial reporting requirements.</p> <p>The recognition of Independent Party in the composition of the Remuneration Committee can be counted as committee members. However, to score “Y”, the Independent Party should meet the independence requirement and has fiduciary duties. Moreover, their profile must be disclosed and must be approved by its board</p>		
E.2.16	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>E) The board should be able to exercise objective independent judgement on corporate affairs.</p>	✓	<p>The Bank has a Compensation and Remuneration Committee</p> <p>The Committee is composed of seven (7) members of the Board of which two (2) are independent directors. The Committee also includes the Human Resource Director as a non-voting member. The Committee is tasked to provide recommendations and oversee the implementation of a program of salaries and benefits for Directors and Senior Management that allows the Bank to attract the best talents by periodically benchmarking with practices/offers of other leading financial institutions Likewise, the Committee shall monitor adequacy, effectiveness in upholding and consistency of the compensation program vis-à-vis corporate philosophy and strategy. In 2017, the Compensation and Remuneration Committee held 4 meetings.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Annual Report (Page 90) https://www.unionbankph.com/aboutus/investor-relations/disclosures
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?	<p>2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company’s size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p> <p>Where justified in terms of the size of the company and its board, the use of committees may improve the work of the board. In order to evaluate the merits of board committees it is</p>	✓	

		<p>important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the many jurisdictions where boards have established independent audit committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Audit committees should also be able to oversee the effectiveness and integrity of the internal control system. Other such committees include those dealing with nomination, compensation, and risk. The establishment of additional committees can sometimes help avoid audit committee overload and to allow more board time to be dedicated to those issues. Nevertheless, the accountability of the rest of the board and the board as a whole should be clear. Disclosure need not extend to committees set up to deal with, for example, confidential commercial transactions.</p>	
Audit Committee			
E.2.18	Does the company have an Audit Committee?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(E) The board should be able to exercise objective independent judgement on corporate affairs.</p>	<p>✓ The Audit Committee is composed of five (5) members of the Board who are knowledgeable in accounting, auditing, or related financial management matters. The committee is composed of non-executive directors and two (2) independent directors including the Chairman. In behalf of the Board of Directors, the Audit Committee provides oversight of the Bank's financial reporting and internal control, as well as internal and external audit function. It</p>

		(1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.		is also responsible for setting up the Internal Audit Division (IAD) and the appointment of the internal auditor and the independent external auditor who both report to the Audit Committee. In 2017, the Audit Committee held 16 meetings Sources: <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Annual Report (Page 80) https://www.unionbankph.com/aboutus/investor-relations/disclosures
E.2.19	Is the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	G20/OECD PRINCIPLE VI: Responsibilities of the Board (E) The board should be able to exercise objective independent judgement on corporate affairs.	✓	
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.	✓	
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Where justified in terms of the size of the company and its board, the use of committees may improve the work of the board. In order to evaluate the merits of board committees it is	✓	

		<p>important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the many jurisdictions where boards have established independent audit committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Audit committees should also be able to oversee the effectiveness and integrity of the internal control system. Other such committees include those dealing with nomination, compensation, and risk. The establishment of additional committees can sometimes help avoid audit committee overload and to allow more board time to be dedicated to those issues. Nevertheless, the accountability of the rest of the board and the board as a whole should be clear. Disclosure need not extend to committees set up to deal with, for example, confidential commercial transactions.</p> <p>The recognition of Independent Party in the composition of the Remuneration Committee can be counted as committee members. However, to score “Y”, the Independent Party should meet the independence requirement and has fiduciary duties. Moreover, their profile must be disclosed and must be approved by its board</p>	
--	--	---	--

E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	<p>UK CODE (2016)</p> <p>C.3.1 The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.</p> <p>As many of the key responsibilities of the Audit Committee are accounting-related, such as oversight of financial reporting and audits, it is important to have someone specifically with accounting expertise, not just general financial expertise.</p>	✓	<p>A comprehensive description of competencies and qualification of the members of the board, including Audit Committee members may be found in the Information Statement (SEC Form 20-IS)</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Information Statement (SEC FORM 20-IS) https://www.unionbankph.com/aboutus/investor-relations/disclosures
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	<p>UK CODE (JUNE 2010) C.3.1. The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.</p> <p>As many of the key responsibilities of the Audit Committee are accounting-related, such as oversight of financial reporting and audits, it is important to have someone specifically with accounting expertise, not just general financial expertise.</p>	✓	<p>The Audit Committee held 16 meetings in 2017. Attendance of the members of the board can be found in the Annual Report which may be downloaded from the “Disclosures” section of the “About Us” page of the website.</p> <p>Item 29 of the Audit Committee’s Charter states that: “On a regular basis, meet separately with the Board and the Internal Audit Division Head to discuss any matter that the committee or the Internal Audit Division believes should be discussed privately without the presence of the CEO or other management team members”</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures ▪ Audit Committee Charter https://www.Unionbankph.com/aboutus/corporate-governance/board-governance#committee9
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the	<p>UK CODE (2016)</p> <p>C.3.6 The Audit Committee should have primary responsibility for making a</p>	✓	<p>Item 27 of the Audit Committee Charter states that: “Reviews and concurs the appointment, replacement, or dismissal of the Internal Audit Division Head and Deputy Head.”</p>

	<p>appointment, and removal of the external auditor?</p>	<p>recommendation on the appointment, reappointment and removal of the external auditor. If the board does not accept the Audit Committee’s recommendation, it should include in the Annual Report, and in any papers recommending appointment or re-appointment, a statement from the Audit Committee explaining the recommendation and should set out reasons why the board has taken a different position.</p>	<p>It is one of the duties of the Audit Committee to set up the internal audit division and the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the committee as stated in Article III of the Manual on Good Corporate Governance. The Manual may be downloaded from the “About Us” section of the website.</p> <p>Section 20 of the By-Laws sets a precedent to the Manual on Good Corporate Governance which directs the Audit Committee to oversee the appointment/ replacement of the Internal Audit Head. The By-Laws may be downloaded from the “Governance Policies” section of the “About Us” tab of the website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Audit Committee Charter https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ By-Laws https://www.Unionbankph.com/aboutus/corporate-governance/governance-policies
--	--	---	--

E.3 Board Processes

Board meetings and attendance

E.3.1	<p>Are the board of directors meeting scheduled before the start of financial year?</p>	<p>Scheduling board meetings before or at the beginning of the year would allow directors to plan ahead to attend such meetings, thereby helping to maximise participation, especially as non-executive directors often have other commitments. Additional ad hoc meetings can always be scheduled if and when necessary. It is common practice</p>	<p>✓ The Board Calendar is released by December of the previous year, at the latest.</p>
-------	---	---	--

		for boards in developed markets to schedule meetings in this way.		
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	WORLD BANK PRINCIPLE 6 (VI.1.24) Does the board meet at least six times per year?	✓	The complete attendance of the member of the board is publicly disclosed in the Bank's Annual Report. In 2017, the Board held sixteen (16) meetings. The Annual Report may be downloaded. Sources:
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	G20/OECD PRINCIPLE VI: Responsibilities of the Board (E) The board should be able to exercise objective independent judgement on corporate affairs.	✓	<ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	WORLD BANK PRINCIPLE 6 (VI.1.28) Is there a minimum quorum of at least 2/3 for board decisions to be valid?	✓	The complete attendance of the member of the board is publicly disclosed in the Bank's Annual Report. In 2017, the Board held sixteen (16) meetings. The Annual Report may be downloaded from the "Disclosures" section of the "About Us" page of the bank's website. The Committee charters set the minimum quorum requirement for every committee. The Charters may be downloaded from the bank's website under the "Board Governance" section in the "About Us" tab. Article V Section 6 of the bank's By-Laws. states that: "A majority of directors shall constitute a quorum at any meeting and a majority if the Board present at any meeting may, in the absence of a quorum, adjourn to a later date, but cannot transact any business until a quorum is secured." The By-Laws may be downloaded from the "Governance Policies" section of the "About Us" page of the bank's website. Sources :
				<ul style="list-style-type: none"> ▪ Annual Report

				<p>https://www.Unionbankph.com/aboutus/investor-relations/disclosures</p> <ul style="list-style-type: none"> ▪ Committee Charters https://www.Unionbankph.com/aboutus/corporate-governance/board-governance#committee2 ▪ By-Laws https://www.Unionbankph.com/aboutus/corporate-governance/governance-policies
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	<p>WORLDBANK PRINCIPLE 6 (VI.E.1.6) Does the corporate governance framework requires or encourages boards to conduct executive sessions?</p> <p>G20/OECD PRINCIPLE VI (E)</p> <p>Independent board members can contribute significantly to the decision making of the board. They can bring an objective view to the evaluation of the performance of the board and management. In addition, they can play an important role in areas where the interests of management, the company and its shareholders may diverge such as executive remuneration, succession planning, changes of corporate control, take-over defences, large acquisitions and the audit function. In order for them to play this key role, it is desirable that boards declare who they consider to be independent and the criterion for this judgement. Some jurisdictions also require separate meetings of</p>	✓	<p>Article III Section E item 8 of the Manual on Good Corporate Governance states that : “ For non-executive board members, to meet regularly, other than in meetings of the audit and risk oversight committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.” The Manual on Good Corporate Governance may be downloaded from the “About Us” section of the website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance

		independent directors on a periodic basis.		
Access to information				
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.</p> <p>Board members require relevant information on a timely basis in order to support their decision-making. Non-executive board members do not typically have the same access to information as key managers within the company. The contributions of non-executive board members to the company can be enhanced by providing access to certain key managers within the company such as, for example, the company secretary, the internal auditor, and the head of risk management or chief risk officer, and recourse to independent external advice at the expense of the company. In order to fulfil their responsibilities, board members should ensure that they obtain accurate, relevant and timely information. Where companies rely on complex risk management models, board members should be made aware of the possible shortcomings of such models.</p>	*	Distribution is dependent on the nature of the material to be distributed. Some committees will require month-end reports hence some committees distribute their materials two days prior the committee meeting.

		<p>WORLDBANK PRINCIPLE 6</p> <p>(VI.F.2) Does such information need to be provided to the board at least five business days in advance of the board meeting?</p>		
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.</p> <p>ICSA Guidance on the Corporate Governance Role of the Company Secretary</p>	✓	<p>The creation of the Corporate Secretary’s position is found in Article VIII Section 12 of the By-laws. A copy of the By-laws is available for download at the Bank’s website under “Governance Policies” from the “About Us” tab.</p> <p>Article III Section H of the Bank’s Manual on Good Corporate Governance states the description, minimum qualifications, duties and responsibilities of the Corporate Secretary. The Manual is available for download at the Bank’s website under the “About Us” section.</p> <p>The SEC Form 20-IS includes a write-up on the bank’s key officers including that of the Corporate Secretary’s. His write-up is found on page 18 of the document which may be downloaded from the “Disclosures” tab of the “About Us” section of the website.</p>
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?	<p>WORLDBANK PRINCIPLE 6 (VI.D.2.12) Do company boards have a professional and qualified company secretary?</p>	✓	<p>In compliance to the regulatory requirements of the BSP under Circular No. 956, the Annual Report contains the description of the Corporate Secretary including his educational and professional background. The Annual Report can be downloaded from the Bank’s website under its “Disclosures” tab from the “About Us” section.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ By-laws https://www.Unionbankph.com/aboutus/corporate-governance/governance-policies ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Information Statement

				https://www.Unionbankph.com/aboutus/investor-relations/disclosures <ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	<p>G20/OECD PRINCIPLE II (C) (4):</p> <p>To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p>	✓	<p>Article III of the Manual on Good Corporate Governance provides the qualification requirements, nomination and election process for the members of the Board.</p> <p>Further, the Manual also provides for the rights of the minority shareholders. The Board is also tasked to promote shareholders' rights. The Manual on Good Corporate Governance may be downloaded from the "About Us" section of the website.</p>
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>5. Ensuring a formal and transparent board nomination and election process.</p> <p>These Principles promote an active role for shareholders in the nomination and election of board members. The board has an essential role to play in ensuring that this and other aspects of the nominations and election process are respected. First, while actual procedures for nomination may differ among countries, the board or a nomination committee has a special responsibility to make sure that established procedures</p>	✓	<p>The Bangko Sentral ng Pilipinas conducts its evaluation based on documentary submissions, among others, made by financial institutions thus ensuring that the "fit and proper" rule is duly observed.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance

		are transparent and respected. Second, the board has a key role in defining the general or individual profile of board members that the company may need at any given time, considering the appropriate knowledge, competencies and expertise to complement the existing skills of the board. Third, the board or nomination committee has the responsibility to identify potential candidates to meet desired profiles and propose them to shareholders, and/or consider those candidates advanced by shareholders with the right to make nominations. There are increasing calls for open search processes extending to a broad range of people.	
E.3.11	<p>Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years² each?</p> <p>(The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011)</p>	<p>CGN (2014): 3.6 Elections</p> <p>Board members should be conscious of their accountability to shareholders. Accountability mechanisms may require directors to stand for election on an annual basis or to stand for election at least once every three years. Shareholders should have a separate vote on the election of each director, with each candidate approved by a simple majority of shares voted.</p> <p>WORLDBANK PRINCIPLE 6</p> <p>(VI.I.18) Can the re-election of board members be staggered over time? (Staggered boards are those where only</p>	<p>✓</p> <p>In compliance with the mandates of its regulatory agencies, an independent director of the bank may only serve as such for a maximum cumulative term of nine (9) years. Moving forward, he/she may only serve as a regular director. The reckoning year for this term limit shall be set to 2012 in accordance to Bangko Sentral ng Pilipinas Circular 969.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance <p>https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance</p>

		a part of the board is re-elected at each election, e.g. only 1/3 of directors are re-elected every year.)	
Remuneration Matters			
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>It is regarded as good practice for boards to develop and disclose a remuneration policy statement covering board members and key executives.</p> <p>Such policy statements specify the relationship between remuneration and performance, and include measurable standards that emphasise the longer run interests of the company over short term considerations. Policy statements generally tend to set conditions for payments to board members for extra-board activities, such as consulting. They also often specify terms to be observed by board members and key executives about holding and trading the stock of the company, and the procedures to be followed in granting and re-pricing of options. In some countries, policy also</p>	<p>✓</p> <p>The remuneration of the members of the board are duly discussed in the Annual Report. It states that:” The Compensation and Remuneration Committee oversees the implementation of the programs for the salaries and benefits of the Bank’s Senior Management and Directors, as may be applicable Executive Directors of the Bank receive compensation from the Bank in the form of guarantee salaries, per diem for attendance to meetings, and variable pay or profit sharing, as prescribed by the Bank’s By-Laws.” The Annual Report may be downloaded from the “Disclosures” section of the “About Us” page of the website.</p> <p>By periodically benchmarking with practices/offers of other leading financial institutions, the Committee shall monitor adequacy, effectiveness and consistency of compensation program vis-à-vis corporate philosophy and strategy. The complete list of the duties and responsibilities of the Compensation and Remuneration Committee is found in the “Manual on Good Corporate Governance” from the “About Us” section of the website.</p> <p>The Information Statement, duly submitted to the Securities and Exchange Commission and publicly disclosed in the bank’s website as well as that of the Exchange’ states that : “The non-executive directors receive per diems of P120,000.00 for each attendance in meeting of the Board except for the Chairman of the Board who receive P150,000.00, while the executive director who is the President and Chief Executive Officer receive per diem of P1,500.00 for each attendance in Board meetings and P3,000.00 for each committee meetings.</p> <p>The Chairman of each committee is paid a per diem of P85,000.00 per meeting actually attended and a committee member attending a committee meeting receives per diem of P60,000.00. Per diem and bonuses of some directors who</p>

		covers the payments to be made when hiring and/or terminating the contract of an executive.		represent institutional shareholders are received for and on behalf of their institution. “
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	<p>UK CODE (2016)</p> <p>D.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.</p> <p>Disclosure of fee structure for non-executive directors allows shareholders to assess if these directors are remunerated in an appropriate manner, for example, whether they are paid for taking on additional responsibilities and contributions, such as chairing committees.</p>	✓	<p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures ▪ Manual on Good Corporate Governance(Compensation and Remuneration Committee) https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Information Statement (SEC FORM 20-IS) https://www.Unionbankph.com/aboutus/investor-relations/disclosures
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>4. Aligning key executive and board remuneration with the longer-term interests of the company and its shareholders.</p> <p>ICGN (2014): 6.1 Alignment</p> <p>Remuneration should be designed to effectively align the interests of the CEO and senior management with those of the company and its shareholders. Remuneration should be reasonable and</p>	✓	<p>Increases in the compensation of the members of the Board undergo review of the Remuneration and Compensation Committee and require the ratification by its stockholders during the Annual Stockholders’ Meeting</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/governance-policiesn ▪ Minutes of the Meeting https://www.unionbankph.com/aboutus/investor-relations/disclosures

		equitable and the quantum should be determined within the context of the company as a whole.		
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	<p>ASX CODE (2016)</p> <p>Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> <p>The disclosures regarding the remuneration of executive directors and other senior executives should include a summary of the entity's policies and practices regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the entity's financial statements.</p> <p>G20/OECD PRINCIPLE VI (D)</p> <p>4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>It is regarded as good practice for boards to develop and disclose a remuneration policy statement covering board members and key executives. Such policy statements specify the</p>	✓	<p>In compliance to BSP Circular 969, Unionbank's Annual Report includes the Remuneration Policy effectively being used for its directors and officers. It refers to the Compensation and Remuneration Committee as it oversees the implementation of the programs for salaries and benefits of the Bank's Senior Management and Directors. Further, it states that "Compensation policies and procedures for Senior Management follow a market-based compensation structure, anchored on the principles of meritocracy or pay-for-performance." The Annual Report may be downloaded from the "Disclosures" tab of the "About Us" section of the website.</p> <p>Article III Section G of the Manual on Good Corporate Governance specifically requires that the remuneration packages for officers and directors are "consistent with the Bank's corporate culture, strategy and control environment"</p> <p>Further, the same document prohibits any director to decide on his own remuneration.</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance

		relationship between remuneration and performance, and include measurable standards that emphasise the longer run interests of the company over short term considerations.		
E.3.16	Does the company have a separate internal audit function?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p>	✓	<p>Internal Audit Division (IAD) is designated to meet the functions set forth in the Internal Audit Charter. IAD's mission is to ensure that the Bank's operations are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. Through a systematic and disciplined approach, Internal Audit helps the Bank accomplish its objectives by evaluating and improving effectiveness of risk management, control and governance processes. IAD functionally reports to the Audit Committee of the Bank and administratively reports to the President. Its work is conducted and managed in accordance with the Institute of Internal Auditor (IIA) and International Standards for the Professional Practice of Internal Auditing (ISPPA). The Annual Report includes a write-up on the Internal Audit function and may be downloaded from the "Disclosures" section of the "About Us" tab of the bank's website.</p> <p>Article III Section L of the Manual discusses the need for the Internal Auditor, his/her functions and responsibilities. The Internal Auditor heads the Internal Audit Division. The Manual may be downloaded from the "About Us" section of the bank's website.</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance ▪ Annual Report ▪ https://www.Unionbankph.com/aboutus/investor-relations/disclosures

E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Companies often disclose that they have an internal audit but, in practice, it is not uncommon for it to exist more in form than in substance. For example, the in-house internal audit may be assigned to someone with other operational responsibilities. As internal audit is unregulated, unlike external audit, there are firms providing outsourced internal audit services which are not properly qualified to do so. Making the identity of the head of internal audit or the external service provider public would provide some level of safeguard that the internal audit is substantive.	✓	<p>The Internal Audit Head is identified under the Management section of the Bank's website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/about-unionbank-of-the-philippines/management
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	OECD PRINCIPLE VI (D) (7) In some jurisdictions it is considered good practice for the internal auditors to report to an independent Audit Committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. WORLDBANK PRINCIPLE 6 (VI.D.7.9) Does the internal auditors have direct and unfettered access to the board of directors and its independent Audit Committee? ASX Principles on CG "...companies should consider a second reporting line from the internal audit function to the board or relevant committee." Under the ASX Principles it is also recommended that the Audit	✓	<p>Item 27 of the Audit Committee Charter states that: "Reviews and concurs the appointment, replacement, or dismissal of the Internal Audit Division Head and Deputy Head."</p> <p>It is one of the duties of the Audit Committee to set up the internal audit division and the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the committee as stated in Article III of the Manual on Good Corporate Governance. The Manual may be downloaded from the "About Us" section of the website.</p> <p>Section 20 of the By-Laws sets a precedent to the Manual on Good Corporate Governance which directs the Audit Committee to oversee the appointment/ replacement of the Internal Audit Head. The By-Laws may be downloaded from the "Governance Policies" section of the "About Us" tab of the website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Audit Committee Charter https://www.unionbankph.com/aboutus/corporate-governance/board-governance#committee9 ▪ Manual on Good Corporate Governance

		Committee have access to internal audit without the presence of management, and that "the audit committee should recommend to the board the appointment and dismissal of a chief internal audit executive."		https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance <ul style="list-style-type: none"> ▪ By-Laws https://www.Unionbankph.com/aboutus/corporate-governance/governance-policies
Risk Oversight				
E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?	OECD PRINCIPLE 6 (VI) (D) (7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.	✓	<p>In compliance to the Bangko Sentral ng Pilipinas Circular 956, the bank discussed its risk management framework, culture and strategy in its Annual Report.</p> <p>Its enterprise risk management framework is likewise discussed in its website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report (Pages 74-75) https://www.unionbankph.com/aboutus/investor-relations/disclosures <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/enterprise-risk-management
E.3.20	Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	<p>UK CODE (2016)</p> <p>C.2.3 The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the annual report.¹⁴ The monitoring and review should cover all material controls, including financial, operational and compliance controls.</p>	✓	<p>The Annual Report discloses that : In behalf of the Board of Directors, the Audit Committee provides oversight of the Bank's financial reporting and control, as well as internal and external audit functions.</p> <p>An annual Audit Report is likewise submitted by the Internal Audit Division to the Audit Committee for board review and approval.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report (Pages 74-75) https://www.unionbankph.com/aboutus/investor-relations/disclosures

E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	<p>G20/OECD PRINCIPLE V: Disclosure and Transparency</p> <p>(A) Disclosure should include, but not be limited to, material information on:</p> <p>7. Foreseeable risk factors</p> <p>Disclosure of risk is most effective when it is tailored to the particular industry in question. Disclosure about the system for monitoring and managing risk is increasingly regarded as good practice.</p>	✓	<p>Pages 14-17 covers the Bank's key risks. The Annual Report may be downloaded from the "Disclosures" section of the "About Us" page of the bank's website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including: 7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent audit committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. It should also be regarded as good practice</p>	✓	<p>The Annual Report is signed by the Chairman, President, Chief Finance Officer & Treasurer, Financial Controller, the Chief Certified Public Accountant and the Partner of its External Auditing Firm.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures

		for this committee, or equivalent body, to review and report to the board the most critical accounting policies which are the basis for financial reports. However, the board should retain final responsibility for ensuring the integrity of the reporting systems. Some countries have provided for the chair of the board to report on the internal control process.		
PEOPLE ON THE BOARD				
Board Chairman				
E.4.1	Do different persons assume the roles of chairman and CEO?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>In a number of countries with single tier board systems, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and chairman, or, if these roles are combined, by designating a lead non-executive director to convene or chair sessions of the outside directors.</p>	✓	<p>Chairman and CEO positions are assumed by different persons.</p> <p>The Chairman of the Board of Directors is Mr. Justo A. Ortiz.</p> <p>The CEO of the Bank is Mr. Edwin R. Bautista.</p> <p>The profiles of the Chairman and the CEO are found in the "Board of Directors" page of the "About Us" section of the bank's website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.Unionbankph.com/aboutus/about-Unionbank-of-the-philippines/board-of-directors
E.4.2	Is the chairman an independent director/commissioner?	Separation of the two posts may be regarded as good practice, as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capacity for	✓	Chairman is a Non-Executive Director
E.4.2	Is any of the directors a former CEO of the company in the past 2 years.		✓	Mr. Justo A. Ortiz was the former Chief Executive Officer of the bank. He stepped down in December 2017.

		<p>decision making independent of management.</p> <p>UK Code (2016)</p> <p>A.3.1 The chairman should on appointment meet the independence criteria set out in B.1.1 below. A chief executive should not go on to be chairman of the same company. If, exceptionally, a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next Annual Report.</p> <p>ASX (2016)</p> <p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should</p> <p>be an independent director and, in particular,</p> <p>should not be the same person as the CEO of</p> <p>the entity.</p>	
--	--	---	--

E.4.4	Are the role and responsibilities of the chairman disclosed?	ICGN (2014): Leadership and Independence	✓	<p>The duties and responsibilities of the Chairman and the Chief Executive Officer are delineated as clearly defined in Article III Section F of the Manual on Good Corporate Governance. The said document may be downloaded from the “About Us” section of the bank’s website.</p> <p>Source:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
Lead Independent Director				
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	<p>King Code 2009</p> <p>2. Boards and directors</p> <p>Role and function of the board - The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfill the role of the chairman of the board 2.16.3 A lead independent director should be appointed in the case where an executive chairman is appointed or where the chairman is not independent or conflicted.</p> <p>ICGN (2014): 2.2 Lead independent director</p> <p>The chair should be independent on the date of appointment. If the chair is not independent, the company should adopt an appropriate structure to mitigate any potential challenges arising from this, such as the appointment of a lead</p>	✗	<p>The Bank complies with the regulatory requirements set forth by the Bangko Sentral ng Pilipinas with regards the requirements for board Chairmanship.</p>

		independent director. The board should explain the reasons why this leadership structure is appropriate and keep the structure under review. A lead independent director also provides shareholders and directors with a valuable channel of communication should they wish to discuss concerns relating to the chair.	
Skills and Competencies			
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	<p>ICGN (2014): 3.1 Composition</p> <p>The board should comprise a majority of non-executive directors, the majority of whom are independent, noting that practice may legitimately vary from this standard in controlled companies where a critical mass of the board is preferred to be independent. There should be a sufficient mix of individuals with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion and objective decision-making.</p>	<p>✓</p> <p>The “About Us” section of the website dedicates a tab for the biographical data of the members of the board. The data includes his educational and professional background as well as current directorships and affiliations.</p> <p>Item No. 5 (Directors and Officers) of the SEC FORM 20-IS includes pages describing the educational and professional background of each member of the board. The Information Statement may be downloaded from the Bank’s website at the Disclosures tab of the “About Us” section.</p> <p>In compliance to BSP Circular 969, the biographical data of the members of the board are published in the Corporate Governance section of the report. The Annual Report may be downloaded from the “Disclosures” tab of the “About Us” section of the website.</p> <p>All members of the board of directors of any financial institution shall undergo a vetting process subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The BSP measures each director against their own set of standards using the fit and proper rule. In this regard, the public is assured that the Chairman of the Board has not only undergone</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.Unionbankph.com/aboutus/about-Unionbank-of-the-philippines/board-of-directors

				<ul style="list-style-type: none"> ▪ Information Statement ▪ Annual Report (Pages 38-39, 81-83) https://www.Unionbankph.com/aboutus/investor-relations/disclosures
E.5 Board Performance				
Directors Development				
E.5.1	Does the company have orientation programmes for new directors/commissioners?	This item is in most codes of corporate governance	✓	<p>As stated in section X141.2 under the Manual of Regulations for Banks (MORB) of the Bangko Sentral ng Pilipinas (BSP), Banks are required to have first-time directors undergo a special seminar on corporate governance conducted or accredited by the BSP within a period of six (6) months from the date of his/her election otherwise their election will not be granted approval by the BSP. As such, all current Unionbank directors have undergone aforementioned orientation program.</p> <p>The Corporate Governance section of the Glossy Annual Report includes the following details with regards to continuing learning for directors:</p> <ul style="list-style-type: none"> a. Date of annual corporate governance seminar. (December 11 & 13 2017) b. SEC- accredited seminar provider (Sycip, Gorres, Velayo & Co.) c. number of hours of corporate governance seminar (4 hours) <p>This is found under the Training and Orientation section of the report. The Annual Report may be downloaded thru the “Disclosures” tab of the “About Us” section of the website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures

E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>3. Board members should be able to commit themselves effectively to their responsibilities.</p> <p>In order to improve board practices and the performance of its members, an increasing number of jurisdictions are now encouraging companies to engage in board training and voluntary self-evaluation that meets the needs of the individual company. This might include that board members acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.</p>	✓	<p>The task of training needs identification and provision has been delegated by the Manual on Good Corporate Governance to the Chairman of the board and the Compliance Officer.</p> <p>Article III Section F</p> <p>Among the duties and responsibilities of the Chairman of the Board includes:</p> <p>“7. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors in coordination with the Compliance and Corporate Governance Office (CCGO) of the Bank;”</p> <p>Article III Section I</p> <p>Among the duties and responsibilities of the Chief Compliance Officer includes:</p> <p>“6. Ensures proper onboarding of new directors (i.e., orientation on the company’s business, charter, articles of incorporation and by-laws, among others) and attendance of board members and key officers to relevant trainings;”</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
CEO/Executive Management Appointments and Performance				

E.5.3	<p>Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?</p>	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.</p> <p>In two tier board systems the supervisory board is also responsible for appointing the management board which will normally comprise most of the key executives.</p>	✓	<p>In compliance to BSP Circular 969, the Corporate Governance section of the Annual Report includes a section on Retirement and Succession. This mainly discloses the Bank’s succession management policy called Building Organizational Muscle (BOM 2.0). The Annual Report may be downloaded from the “Disclosures” tab of the “About Us” section of the website.</p> <p>Under Article III Section G 2.1.F, the Corporate Governance Committee is tasked to " Make recommendations to the Board regarding the continuing education of Directors and their assignments to various Board committees, succession plan for the Board members and Senior Officers, and their remuneration commensurate with corporate and individual performance through its sub-committees."</p> <p>The SEC Form 20-IS, in Item 7 (Discussion on Compliance with Leading Practice on Corporate Governance), restates the Bank’s commitment to promoting diversity in the board. The document states: “The Bank is committed to have diversity in membership in the Board. Subject to the qualifications and disqualifications set forth in the Bank’s CG Manual, there exists no discrimination against gender and age in the nomination of the members of the Board.”</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report ▪ Information Statements https://www.Unionbankph.com/aboutus/investor-relations/disclosures ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
-------	---	--	---	---

E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>2. Monitoring the effectiveness of the company’s governance practices and making changes as needed.</p> <p>Monitoring of governance by the board also includes continuous review of the internal structure of the company to ensure that there are clear lines of accountability for management throughout the organisation. In addition to requiring the monitoring and disclosure of corporate governance practices on a regular basis, a number of countries have moved to recommend or indeed mandate self-assessment by boards of their performance as well as performance reviews of individual board members and the CEO/Chairman.</p>	✓	<p>The Bank, in its Annual Report, includes a section that tackles how the Bank maintains its own Perform Management and Career Development System called My Performance and MyCareer. The Annual Report may be downloaded from the “Disclosures” section of the “About Us” page of the website. As resource officers of their respective committees (Chief Risk Officer for Operational Risk Management Committee, Chief Audit Executive for Audit Committee and Chief Compliance Officer for Corporate Governance Committee), the evaluation of their annual performance is conducted by either the Chairman of the respective committees or the entire committee.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.Unionbankph.com/aboutus/investor-relations/disclosures
Board Appraisal				
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	<p>G20/OECD PRINCIPLE VI: Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <p>2. Monitoring the effectiveness of the company’s governance practices and making changes as needed.</p>	✓	<p>A formal Board Performance Assessment policy has been approved in 2017 and has since been implemented. The assessment consists of three (3) components namely, (1) Individual self-assessment of all members including the Chairman; (2) Individual assessment of the board and the committees as a collegial body and (3) Independent review by the heads of the control functions. The details of which may be downloaded from the “Board Governance” section of the “About Us” tab of the bank’s website.</p>
E.5.6	Does the company disclose the process followed in conducting the board assessment?		✓	<p>Source:</p> <ul style="list-style-type: none"> ▪ Board Assessment Policy

		<p>G20/OECD PRINCIPLE VI (E)</p> <p>4. Boards should regularly carry out evaluations to appraise their performance and assess whether they possess the right mix of background and competences.</p> <p>In order to improve board practices and the performance of its members, an increasing number of jurisdictions now encourage companies to engage in board training and voluntary board evaluation that meet the needs of the individual company.</p>		<p>https://www.Unionbankph.com/aboutus/corporate-governance/board-governance</p>
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	<p>UK CODE (2016)</p> <p>B.6 Evaluation: The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.</p>	✓	
LEVEL 2- BONUS ITEMS				
(B) A. RIGHTS OF SHAREHOLDERS				
(B)A.1 Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.				
(B) A.1.1. 1	Does the company practice secure electronic voting in absentia at the general meetings of shareholders?	<p>OECD Principle II (C)</p> <p>(5) The objective of facilitating shareholder participation suggests that jurisdictions and/or companies promote the enlarged use of information technology in voting, including secure</p>	✓	<p>Article IV Section 1 D & E of the By-laws detail the voting structure and procedure adopted by the Bank.</p> <p>The voting procedure during the ASM/AGM is narrated in the Minutes of the Stockholders' Meeting and duly disclosed in the Exchange' site and published</p>

		<p>electronic voting in all listed companies. The principles recommend that voting by proxy be generally accepted. Indeed, it is important to the promotion and protection of shareholders rights that investors can place reliance upon directed proxy voting</p>		<p>timely in the company's website. Directors are elected, individually either personally or in absentia via proxy voting, on a one vote per share basis.</p> <p>The Bank's Information Statement likewise details the voting structure currently in place.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ By-Laws https://www.unionbankph.com/aboutus/corporate-governance/governance-policies
(B) B.	EQUITABLE TREATMENT OF SHAREHOLDERS			
(B) B.1	Notice of AGM			
(B)B.1 .1	<p>Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?</p>	<p>OECD Principle II (C)</p> <p>(1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.</p> <p>(3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</p> <p>OECD Principle III (A)</p> <p>ICGN 8.3.2 Shareholder participation in governance</p>	✓	<p>The Notice of Annual Stockholders' meeting was made public at least two full months prior the scheduled meeting. The document contains an annex which discusses every agenda item for the investing public's guidance.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ PSE EDGE http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=167 ▪ Print Media http://www.pressreader.com/philippines/the-philippine-star/20180504/

		<p>Shareholders should have the right to participate in key corporate governance decisions, such as the right to nominate, appoint and remove directors on an individual basis and also the right to appoint external auditors.</p> <p>ICGN 8.4.1 Shareholder ownership rights</p> <p>The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders timely and adequate notice of all matters proposed for shareholder vote.</p> <p>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2.</p> <p>(I) CG rules and practices</p> <p>(25) Do company release their AGM notices (with detailed agendas and explanatory circulars) at least 28 days before the date of the meeting?</p>		
(B) C. ROLE OF STAKEHOLDERS				
(B). C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.				
(B) C.1.1. 1	Does the company adopt an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)	OECD - IV. The role of Stakeholders	✓	<p>In 2016, the Bank adopted the GRI Standard for sustainability reporting and implemented integrated reporting in 2017.</p> <p>Sources :</p> <ul style="list-style-type: none"> ▪ Annual Report https://www.unionbankph.com/aboutus/investor-relations/disclosures

(B) D. DISCLOSURE AND TRANSPARENCY			
(B) D.1			
(B) D.1.1	Are the audited annual financial report /statement released within 60 days from the financial year end?	<p>OECD Principle V (A) (1) The financial and operating results of the company. Audited financial statements showing the financial performance and the financial situation of the company (most typically including the balance sheet, the profit and loss statement, the cash flow statement and notes to the financial statements) are the most widely used source of information on companies.</p> <p>OECD Principle V (E)</p> <p>ICGN 7.2 Timely disclosure</p> <p>ICGN 7.3 Affirmation of financial statements</p> <p>The board of directors and the corporate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.</p>	<p>✓ The audited financial statements were disclosed to the public thru the Philippine Stock Exchange and the bank's website in less than 60 days (February 26, 2018)</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ PSE Edge Disclosure System http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=167
B) D.1.2	Does the company disclose details of remuneration of the CEO?	<p>OECD Principle V (A)</p> <p>(4) Disclosure on an individual basis (including termination and retirement provisions) is increasingly regarded as good practice and is now mandated in many countries. In these cases, some jurisdictions call for remuneration of a</p>	<p>✓ Executive compensation is disclosed in the Information Statement (SEC FORM 20-IS) and discussed in the Annual Report.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Annual Report (Page 96) https://www.Unionbankph.com/aboutus/investor-relations/disclosures

		certain number of the highest paid executives to be disclosed, while in others it is confined to specified positions.		<ul style="list-style-type: none"> Information Statement (SEC FORM 20-IS) https://www.Unionbankph.com/aboutus/investor-relations/disclosures
(B) E. RESPONSIBILITIES OF THE BOARD				
(B) E.1 Board Competencies and Diversity				
(B) E.1.1	Does the company have at least one female independent director/commissioner?	<p>OECD Principle VI (E)</p> <p>(4) Countries may wish to consider measures such as voluntary targets, disclosure requirements, boardroom quotas, and private initiatives that enhances gender diversity on boards and in senior management</p>	✓	<p>Ms. Nina Perpetua D. Aguas is a non-executive director of the bank.</p> <p>Sources:</p> <ul style="list-style-type: none"> Website https://www.unionbankph.com/aboutus/about-unionbank-of-the-philippines/board-of-directors Annual Report (Pages 34,38 & 82) https://www.unionbankph.com/aboutus/investor-relations/disclosures
(B) E.1.2	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?	<p>OECD Principle VI (E)</p> <p>(4) Countries may wish to consider measures such as voluntary targets, disclosure requirements, boardroom quotas, and private initiatives that enhances gender diversity on boards and in senior management</p>	✗	<p>The Bank is committed to have diversity in membership in the Board. Subject to the qualifications and disqualifications set forth in the Bank’s CG Manual, there exists no discrimination against gender and age in the nomination of the members of the Board.</p> <p>Sources:</p> <ul style="list-style-type: none"> Website https://www.unionbankph.com/aboutus/corporate-governance/board-governance
(B)E.2 Board Structure				
(B) E.2.1	Is the Nominating Committee comprise entirely of Independent Directors?	<p>ICGN 2.4.4 Composition of board committees</p> <p>The members of these key board committees should be solely non-</p>	✗	<p>The Bank ensures that the committee includes representative of its major shareholders as well as an Independent Director.</p> <p>Sources:</p> <ul style="list-style-type: none"> PSE Edge Disclosure (Results of the Organizational Meeting)

		executive directors, and in the case of the audit and remuneration committees, solely independent directors. All members of the nominations committee should be independent from management and at least a majority should be independent from dominant owners.		http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=167
(B)E.2 .2	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?	OECD Principle VI (5) Ensuring a formal and transparent board nomination and election process. While actual procedures for nomination may differ among countries, the board or a nomination committee has a special responsibility to make sure that established procedures are transparent and respected. The board or nominating committee has a key role in (but not limited to): (i) Defining the general or individual profile of board members that the company may need at any given time; (ii) Considering the appropriate knowledge, competencies and expertise to complement the existing skills of the board; (iii) Identifying potential candidates to meet desired profiles and proposing them to shareholders, and/or (iv) Considering those candidates advanced by shareholders with the right to make nominations	✓	<p>Article III of the Manual on Good Corporate Governance provides the qualification requirements, nomination and election process for the members of the Board.</p> <p>Further, the Manual also provides for the rights of the minority shareholders. The Board is also tasked to promote shareholders' rights. The Manual on Good Corporate Governance may be downloaded from the "About Us "section of the website.</p> <p>The Bangko Sentral ng Pilipinas conducts its evaluation based on documentary submissions, among others, made by financial institutions thus ensuring that the "fit and proper" rule is duly observed.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
(B)E.3	Board appointments and Re-Election			

B)E.3. 1	Does the company use 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/commissioners?	<p>OECD Principle VI (D)</p> <p>(5) The board or nomination committee has the responsibility to identify potential candidates to meet desired profiles and propose them to shareholders, and/or consider those candidates advanced by shareholders with the right to make nominations. There are increasing calls for open search processes extending to a broad range of people.</p> <p>WORLDBANK PRINCIPLE 6</p> <p>(VI.I.21) Are boards known to hire professional search firms when proposing candidates to the board?</p>	✘	<p>The Bank finds that its rigid, internal nomination process coupled with the vetting process implemented by the Bangko Sentral ng Pilipinas already provides ample security in terms of screening nominees to the board.</p>
(B)E.4 Board Appointments and Re-Election				
B)E.4. 1	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners for a company with independent chairman?	<p>OECD Principle VI (E)</p> <p>(1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.</p>	✔	<p>The Board is composed of fifteen (15) members, including five (5) independent directors (ID), nine (9) non-executive directors (NED), and one (1) executive director (ED). Profiles of the members of the Board are provided in the Bank's Annual Report (SEC Form 17-A) and Definitive Information Statement (SEC Form 20- IS).</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Information Statements https://www.unionbankph.com/aboutus/investor-relations/disclosures ▪ Website https://www.unionbankph.com/aboutus/corporate-governance/board-governance

(B)E.5 Risk Oversight			
<p>(B)E.5 .1</p>	<p>Does the board describe its governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board?</p>	<p>King Code 2009</p> <p>5. The governance of information technology</p> <p>The board should be responsible for information technology (IT) governance</p> <p>5.1.1. The board should assume the responsibility for the governance of IT and place it on the board agenda.</p> <p>5.1.2. The board should ensure that an IT charter and policies are established and implemented.</p>	<p>✓</p> <p>The bank, recognizing its role in the economy, has in place, a business recovery plan that allows the same to provide continued banking services in the face of disaster and or/disruptions.</p> <p>The Technology Steering Committee has oversight functions on IT Governance . Its duties and responsibilities for IT Governance is discussed in Article III Section G of the Manual on Good Corporate Governance which may be downloaded from the “About Us” section of the bank’s website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
<p>(B)E.6 Board Performance</p>			
<p>(B)E.6 .1</p>	<p>Does the company have a separate board level Risk Committee?</p>	<p>ICGN 5.5 Risk Committee</p> <p>While ultimate responsibility for a company's risk management approach rests with the full board, having a risk committee (be it a stand-alone risk committee, a combined risk committee with nomination and governance, strategy, audit or other) can be an effective mechanism to bring the transparency, focus and independent judgement needed to oversee the company's risk management approach</p>	<p>✓</p> <p>Three board committees are dedicated on overseeing the risk functions. These are namely: (1) Risk Management Committee; (2) Operations Risk Management Committee and (3) Market Risk Committee. The bank saw fit, the creation of these risk- dedicated committees, in consideration of its operations, size and complexity of transactions. Their charters may be downloaded from the website under its “Board Governance” section in the “About Us” tab.</p> <p>Also, the Manual on Good Corporate Governance contains the primary duties and responsibilities and may be downloaded from the “About Us” section of the bank’s website.</p> <p>Sources:</p> <ul style="list-style-type: none"> ▪ Website

			https://www.Unionbankph.com/aboutus/corporate-governance/board-governance <ul style="list-style-type: none"> Manual on Good Corporate Governance https://www.Unionbankph.com/aboutus/corporate-governance/manual-on-corporate-governance
LEVEL 2: PENALTY ITEMS			
(P)A Rights of Shareholders			
(P)A.1	Basic Shareholder Rights		
(P)A.1.1	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	OECD Principle II (A)	No
(P)A.2	Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.		
(P)A.2.1	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	OECD Principle II (G) Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.	None
(P)A.3	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.		
(P)A.3.1	Did the company include any additional and unannounced agenda item into the notice of AGM/EGM?	OECD Principle II (C) 2	No

(P)A.3 .2	Did the Chairman of the Board, Audit Committee Chairman and CEO attend the most recent AGM?	OECD Principle II (C) ICGN 2.4.2 Time Commitment All directors need to be able to allocate their time effectively and attendance at AGMs to meet and directly communicate with shareholders is a key responsibility of all directors and the CEO.	
(P)A.4	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.		
(P)A.4 .1	Shareholders Agreement?	OECD Principle II (D)	None
(P)A.4 .2	Voting cap?		
(P)A.4 .3	Multiple Voting Rights?		
(P)B. EQUITABLE TREATMENT OF SHAREHOLDERS			
(P)B.1	Insider trading and abusive self-dealing should be prohibited.		
(P)B. 1.1	Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?	OECD Principle III: The Equitable Treatment of Shareholders (B) Insider trading and abusive dealing should be prohibited. ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do not benefit from	None.

		<p>knowledge which is not generally available to the market.</p> <p>ICGN 8.5 Shareholder rights of action</p> <p>... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	
(P) B.2	Protecting minority shareholders from abusive action		
(P) B.2.1	<p>Has there been any cases of non compliance with the laws, rules and regulations pertaining to material related party transactions in the past three years?</p>	<p>OECD Principle III</p> <p>(B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 2.11.1 Related party transactions</p> <p>Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</p> <p>ICGN 2.11.2 Director conflicts of interest</p> <p>Companies should have a process for identifying and managing any conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public</p>	None

		perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.	
(P)B.2 .2	Were there any RPTs that can be classified as financial assistance (i.e not conducted at arms length) to entities other than wholly-owned subsidiary companies?	OECD Principle III (G) Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress. Abusive self-dealing should be prohibited.	None
(P)C. ROLE OF STAKEHOLDERS			
(P)C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
(P)C.1 .1	Have there been any violations of any laws pertaining to labour/employment/consumer/in solvency/commercial/competition or environmental issues?	OECD Principle IV (A) The rights of stakeholders that are established by law or through mutual agreements are to be respected. OECD Principle IV (D) (7) Companies are also well advised to establish and ensure the effectiveness of internal controls, ethics, and compliance programmes or measures to comply with applicable laws, regulations, and standards, including statues criminalizing the bribery of foreign public officials, as required under the OECD Anti-Bribery Convention, and other forms of bribery and corruption. Moreover, compliance must also relate to other laws and regulations such as those covering	None

		securities, competition and work and safety conditions.	
(P)C.2	Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.		
P)C.2.1	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	OECD Principle IV (B) Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.	None
(P)D. DISCLOSURE AND TRANSPARENCY			
(P)D.1 Sanctions from regulator on financial reports			
P)D.1.1	Did the company receive a "qualified opinion" in its external audit report?	OECD Principle V: Disclosure and Transparency (B) Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosures.	None
(P)D.1.2	Did the company receive an "adverse opinion" in its external audit report?		None
(P)D.1.3	Did the company receive a "disclaimer opinion" in its external audit report?	(C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.	None
(P)D.1.4	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?	(D) External auditors should be accountable to the shareholders and owe a duty to the	None

		<p>company to exercise due professional care in the conduct of the audit.</p> <p>ICGN 6.2 Annual audit</p> <p>The annual audit carried out on behalf of shareholders is an essential part of the checks and balances required at a company. It should provide an independent and objective opinion that the financial statements fairly represent the financial position and performance of the company in all material respects, give a true and fair view of the affairs of the company and are in compliance with applicable laws and regulations.</p> <p>ICGN 7.3 Affirmation of financial statements</p> <p>The board of directors and the appropriate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.</p> <p>International Auditing Standard (ISA) No. 705 "Modifications to the Opinion in the Independent Auditor's Report" (2009).</p> <p>Paras. 7, 8 and 9 specify the three types of modifications to the auditor's opinion; that is, Qualified opinion, Adverse opinion, and Disclaimer opinion respectively.</p>	
(P)E. RESPONSIBILITIES OF THE BOARD			
(P)E.1	Compliance with listing rules, regulations and applicable laws		

(P)E.1.1	<p>Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?</p>	<p>OECD Principle VI (D)</p> <p>(7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Companies are also well advised to set up internal programmes and procedures to promote compliance with applicable laws, regulations and standards, including statutes to criminalise bribery of foreign officials that are required to be enacted by the OECD Anti-bribery Convention and measures designed to control other forms of bribery and corruption. Moreover, compliance must also relate to other laws and regulations such as those covering securities, competition and work and safety conditions. Such compliance programmes will also underpin the company's ethical code.</p>	None
(P)E.1.2	<p>Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?</p>	<p>UK CODE (JUNE 2010)</p> <p>A.4.3 Where directors have concerns which cannot be resolved about the running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.</p>	None

(P)E.2	Board Structure		
(P)E.2.1	<p>Does the Company have any independent directors/commissioners who have served for more than nine years or two terms of five years¹ each (which ever is higher) in the same capacity?</p> <p>1 The five years term must be required by legislation which pre-existed before the introduction of the ASEAN Corporate Governance Scorecard in 2011</p>	<p>ICGN 3.3 Tenure</p> <p>Non-executive directors should serve for an appropriate length of time to properly serve the board without compromising the independence of the board. The length of tenure of each director should be reviewed regularly by the nomination committee to allow for board refreshment and diversity.</p>	None
(P)E.2.2	<p>Did the company fail to identify who are the independent director(s) / commissioner(s)?</p>	ICGN 2.5 Independence	No.
(P)E.2.3	<p>Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?</p>	<p>OECD PRINCIPLE VI (E)</p> <p>(3) Board members should be able to commit themselves effectively to their responsibilities.</p> <p>Service on too many boards can interfere with the performance of board members. Companies may wish to consider whether multiple board memberships by the same person are compatible with effective board performance and disclose the information to shareholders.</p>	None
(P)E.3 External Audit Guiding Reference			

<p>P)E.3. 1</p>	<p>Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?</p>	<p>OECD Principle V</p> <p>(C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.</p>	<p>None.</p>
<p>(P)E.4</p>	<p>Board Structure and Composition</p>		
<p>(P)E.4. 1</p>	<p>Has the chairman been the company CEO in the last three years?</p>	<p>OECD Principle VI (E)</p> <p>The board should be able to exercise objective independent judgement on corporate affairs. In countries with single tier board system, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and Chair.</p>	<p>Yes. Mr. Justo A. Ortiz stepped down as the CEO last December 2017.</p>

		<p>Separation of the two posts is generally regarded as good practice, as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capability for decision making independent management. The presence of a recent CEO as Chairman may unduly influence the views of the board</p>	
(P)E.4.2	<p>Do independent non-executive directors/commissioners receive options, performance shares or bonuses?</p>	<p>UK CODE (JUNE 2010)</p> <p>(D.1.3) Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options or other performance-related elements. If, by exception, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the non-executive director leaves the board. Holding of share options could be relevant to the determination of a non-executive director's independence (as set out in provision B.1.1).</p> <p>ASX CODE</p> <p>Box 8.2: Guidelines for non-executive director remuneration</p> <p>Companies may find it useful to consider the following when considering non-executive director remuneration:</p>	No

		<ol style="list-style-type: none">1. Non-executive directors should normally be remunerated by way of fees, in the form of cash, noncash benefits, superannuation contributions or salary sacrifice into equity; they should not normally participate in schemes designed for the remuneration of executives.2. Non-executive directors should not receive options or bonus payments.3. Non-executive directors should not be provided with retirement benefits other than superannuation.	
--	--	--	--