

# TECH UP

Free  
instaPay

BANK ON WHEELS

UnionBank

SINGAPORE  
FINTECH FESTIVAL

UBP  
ACCELERATOR

SME  
Business Banking

SME BUSINESS PAYING KEY

BONDS.PH

EASILY OPEN AND FUND  
YOUR ACCOUNT  
THROUGH UNIONBANK ONLINE  
#Thefuturebeginswithu

# ABOUT THE COVER



The cover artwork portrays how sustainability in UnionBank is integrated with the digital transformation strategy. The financial technological breakthroughs and digital capability programs we have today prove that we can make co-creation of innovations happen, driven by our mission to “tech up” our customers, business partners, and other stakeholders.

UnionBank believes that by empowering and enabling its workforce and our fellow Filipinos with digital skills and capabilities, we can effectively design products, services, and programs that can help care for and sustain our planet. By championing innovation, we create a groundswell of communities that will have the capability to hack solutions that can address the wicked challenges of our world today.

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# ABOUT UNIONBANK

## PURPOSE STATEMENT AND BANK DNA

### VISION

To become one of the top three universal banks in the Philippines by building a bank of enduring greatness.

### PURPOSE

To co-create innovations for a better world.

### VALUES

As we co-create the future, we remain rooted to our three core values:

#### INTEGRITY

I do the right thing at all times. I am trustworthy, transparent, and authentic. I treat everyone with respect. I am fair, honest, and accountable for all my actions.

#### MAGIS

I am obsessed with the customer. I continuously innovate. I learn fast to build capabilities. I achieve great results with an agile mindset.

#### UBUNTU

I collaborate. I seek to understand through courageous conversations. I give feedback, real-time, and on-demand. I communicate clearly and openly.

### CORPORATE BRAND IDEA

Powering the future of banking.

### DISTINGUISHING BELIEFS

Forward thinking. Innovative. Open. Agile.

### EMPLOYER BRAND

Own the future. Co-create innovations.

### CREDO

We are a dynamic Bank committed to bringing the future of banking to the present by being forward thinking, innovative, open, and agile.

We seek to provide our customers with the best solutions and experiences. We are committed to driving our customers to success by powering our systems with advanced technology and platforms. We are accelerating their growth by connecting them to a whole new world of opportunities.

We are more than a bank. We seek to transform the lives of Filipinos and make their dreams a reality. Our goal is to co-create innovations for a better world.

### FOCUS

UnionBank is dedicated to becoming one of the top three universal banks in the Philippines by the year 2020. In fulfilling this mission, we commit ourselves to five key imperatives to help drive us forward:

- Financial Value
- Operational Excellence
- Superior Innovation
- Customer Franchise
- UnionBank Brand/Experience

## BUSINESS PROFILE

Union Bank of the Philippines (UnionBank) is a publicly listed universal bank and a pioneer of digital banking and financial technology in the Philippines. UnionBank's clientele encompasses retail, middle-market, and corporate customers, as well as major government institutions.

The bank, originally known as "Union Savings and Mortgage Bank", was incorporated on August 16, 1968. By 1982, it was given the license to operate as a commercial bank and a decade after, its common shares were listed in the Philippine Stock Exchange. On July 15, 1992 it was granted the license to operate as a universal bank. There were two mergers with the International Corporate Bank (Interbank) in 1994 and the International Exchange Bank (iBank) in 2006.

For the past 39 years, innovation has been at the forefront of our thrust to continually elevate customer experience while committing to enabling and empowering the underbanked and unbanked segments of the country.

UnionBank's main operating businesses are organized and managed separately according to the nature of products and services provided and the different markets served, with each segment representing a strategic business unit. Our main business segments are as follows:



### CONSUMER BANKING

This segment principally handles individual customers' deposits and provides consumer type loans, such as automobiles and mortgage financing, credit card facilities and funds transfer facilities.



### CORPORATE AND COMMERCIAL BANKING

This segment principally handles loans and other credit facilities and deposit and current accounts for corporate, institutional, small and medium enterprises, and middle market customers.



### TREASURY

This segment is principally responsible for managing the Bank's liquidity and funding requirements, and handling transactions in financial markets covering foreign exchange, fixed income trading and investments and derivatives.



### HEADQUARTERS

This includes corporate management, support and administrative units not specifically identified with Consumer Banking, Corporate and Commercial Banking or Treasury.

## MASS MARKET AND FINANCIAL INCLUSION

UnionBank leverages on its mass market reach and technology to promote financial inclusion. The bank has two major vehicles to achieve this.



### City Savings Bank

CitySavings is our thrift bank subsidiary and the mass market arm of the banking group. With its basic philosophy of "Simple is Good", CitySavings offers its clients simple and straightforward banking, coupled with warm and helpful customer service reaching the underserved markets in the rural areas of the Philippines. We have retained this "small bank" personality while growing our network mainly through teachers, motorcycle, and microfinance loans. CitySavings is geared towards making the financing experience for its niche customers easy and convenient, ensuring high touch at any level of customer interaction.



### UBX

With innovation and digital transformation in mind, we launched UBX, our technology arm that houses initiatives, platforms, and investments in fintech companies, with the aim to make banking natural, open, and accessible through embedded banking ecosystems. We want to positively impact financial inclusivity and business growth through technology. We will build platforms that bring businesses and people together, provide access to needed technology and services while creating marketplaces that aggregate supply and demand successfully.

## PARTNERSHIPS

We pursue strategic partnerships with organizations and institutions that align with our advocacy on innovation and digital transformation for social good, which is geared towards bringing to life the bank's Purpose of "co-creating innovations for a better world."

### Lombard Odier partnership

In 2016, UnionBank entered into a cooperation agreement with Lombard Odier, a Swiss global wealth and asset manager, to expand its wealth and asset management businesses. UnionBank and Lombard Odier work to offer estate planning solutions, and a global and diversified multi-asset fund customized for high-net-worth and ultra-high-net-worth clients. Both of our organizations are collaborating on developing appropriate and timely sustainability metrics that will not only comply with the regulatory environment but also strengthen the role of sustainable finance in facilitating endeavors that create social good, preserve the environment, and make life better for many people.

### Bancassurance partnership

In 2017, UnionBank and CitySavings entered into a bancassurance partnership with Insular Life Assurance Company, Ltd. (Insular Life) for the sale and distribution of Insular Life insurance products across the Bank's and City Savings' respective networks.

### Blockchain partnership

In 2018, UnionBank entered into a partnership with ConsenSys, a New York-based blockchain startup, to utilize Kaleido, an enterprise blockchain solution launched on top of the Ethereum blockchain protocol that is used to process information and transactions more securely and transparently. In connection with this partnership, the Bank launched "Project i2i" which aims to connect rural banks and financial institutions to the country's main financial infrastructure and help bring unbanked Filipinos under the mainstream financial system.

**BUSINESS PRESENCE  
AND ECONOMIC CONTRIBUTION**



**PHP 774.46 Billion**  
TOTAL ASSETS

**PHP 88.53 Billion**  
Market Capitalization \*as of March 2021



  
**PHP 33.71 Billion**  
Revenue Generated

  
**PHP 3.50**  
Dividend per Share



**PHP 5.78 Billion**  
Payments to Government



**PHP 7.81 Billion**  
Salaries of Employees



**PHP 8.50 Billion**  
Payment to Suppliers



**PHP 1.8 Billion**  
Innovation Expenses



**PHP 126 Million**  
CSR Fund



**5,177**  
Workforce  
\*including CitySavings



**>100**  
Products and  
Platforms Provided



**388**  
Branches Nationwide  
\*including CitySavings



**1,950,013**  
New Customers Served



**54,035**  
SMEs using GlobalLinker platform



**1,225**  
SME Linker Stores Opened

# ABOUT THIS REPORT

**W**hat role can UnionBank play in sustainable development? Our answer: Digital inclusion. Financial inclusion, yes, but we are also at the forefront of the banking sector's digital transformation here in the Philippines. We affirm that digital inclusion enables people to co-create innovations with us leading to better products, which ultimately lead to a better planet.

We present our third sustainability report that captures the latest development in UnionBank's sustainability journey.

This report provides the most recent iteration to our sustainability policy, framework, and metrics. We restated older metrics as well as added new ones to demonstrate further alignment of our environmental, social, and governance targets to our business goals. We strengthened our governance and structure and formalized a technical working group that is established to rapidly meet regulatory and stakeholder expectations.

Lastly, this report has been prepared in accordance with the GRI Standards: Core option.

Additionally, it follows the Sustainability Reporting Guidelines of the Securities and Exchange Commission (SEC) and refers to applicable guidance from the World Economic Forum's Integrated Reporting Document and the United Nations Sustainable Development Goals metrics. This report can also be downloaded at [www.unionbankph.com/sustainability/full-report](http://www.unionbankph.com/sustainability/full-report)

Reporting Framework Used:  
GRI Standards 2016  
Approach to GRI: In  
accordance 'Core'

Reporting Scope:  
Parent Bank and subsidiary  
City Savings Bank

Reporting Period:  
January to  
December 31, 2020

Reporting Cycle:  
Annual

Previous Report:  
UnionBank's 2019  
Sustainability Report,  
'Innovating Together',  
published in May 2020



## SCOPE AND MATERIALITY

This report presents data primarily on UnionBank’s sustainability performance, with additional data on subsidiary, CitySavings. This report follows the GRI Reporting Principles of stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness.

The Board Corporate Governance Committee has

the oversight on sustainability. The CSR and Sustainability Unit under the Human Resources Group is the steward of the report, tasked to lead the bank-wide technical working group composed of members coming from units in risk management, compliance and corporate governance, treasury, operations, private banking, information technology, facilities management, and business services.

Reporting Process	Prioritize	Validate and Review
How we applied the GRI process and principles	We engage and consult the key stakeholder groups for the materiality of topics to be disclosed, including the revision of the sustainability policy, framework, and metrics on environmental, social, and governance.	Ranked the importance of identified topics, as informed by the materiality process, based on perceived scale of impact with the reasonable interests of the Bank and our stakeholders
	We comply with the mandate of Bangko Sentral ng Pilipinas on the development of sustainable finance roadmap, while beefing up our reports and disclosures according to industry best practices and some of the applicable standards of global sustainability raters.	Reviewed the sustainability framework, material topics, and KPIs by the Sustainability Advisory Council and Senior Management in relation to the strategic interests of the Bank and its units  Gathered data and reported on topics considered of interest to stakeholders  Internal review and assessment
Activities conducted by the Bank	Kick-off meeting, Sustainability learning and working sessions	Consultations (Chairman & CEO, members of the Reputation Council, Unit Heads, and data owners)
	Stakeholder engagement exercise (primarily internal stakeholders)	Story conference One-on-one interviews with business unit heads and subject matter experts
	Stakeholder concerns review (utilizing external stakeholder engagement channels)	

## STAKEHOLDER CONSULTATION

Sustainability reporting is an immersive experience requiring a review of significant concerns from our stakeholders—those who are in a position of influence and those who are in a position of vulnerability. We take note of their feedback and determine how to address their concerns effectively.

Below is the summary of the universe of stakeholders that we consult with on a regular basis, as well the modes of engagement. In 2020, we mostly conducted virtual ways to connect with them that allowed the lines of communication to remain open despite the lockdowns.

Stakeholder Group	Top Concerns in 2019	Engagement Channels	Frequency of Engagement	Unionbank Response
Customers	Access to customer service, product-related inquiries	Online channels (Facebook, e-mail, Twitter, Instagram, LinkedIn, Glassdoor, corporate pages)	Daily	UnionBank operates a 24-hour ISO-certified call center that handles customer relationship and care, including product queries.
		Customer service hotline		The Bank also maintains a 24/7 customer service chatbot dubbed “Rafa,” accessible through Facebook messenger.
Employees	Health and medical benefits; health & safety; loans and government-mandated benefits; inclusion (for example, health and safety includes workers in UnionBank-controlled workplaces)	HR Helpdesk	Daily (HR services), Bi-weekly (Employee Relations initiatives)	Branches under UnionBank and its subsidiary CitySavings are evaluated based on customer satisfaction. Scores in 2019 reached above 4, with 5 being the highest possible score.
				Health and medical assistance (outside of PhilHealth) are provided to employees
Regulators, LGUs, Government Agencies	Relevant and continuing community development projects	Assigned account managers per area	Immediate feedback (e.g., after a Go Beyond	Safety audits, ERT training
		Website		In-house clinics and accredited hospitals
	Labor issues, occupational health and safety	Reportorial submissions	Annual, or as needed	Tutok Kalusugan, health programs, Annual Physical Exams,
		Risk mitigation and effectiveness of approach		Financial results briefings
				Go Beyond Communities (GBC), UB Xcellerator, UHack MS Ambassadors (Database for Crop Diseases), SSS UMID, Pag-Ibig, i2i rural bank, GlobalLinker
				Sustainability Report Department of Labor and Employment (DOLE) workplace inspections
				Investor Relations briefs Sustainability Report

## MATERIALITY

For this 2020 Sustainability Report, UnionBank's Technical Working Group (TWG) revisited the previous year's materiality assessment. The process defined a long list of sustainability topics from the Global Reporting Initiative (GRI) Standards, and the Sustainability Reporting Guidelines for Publicly Listed Companies from the Security and Exchange Commission (SEC).

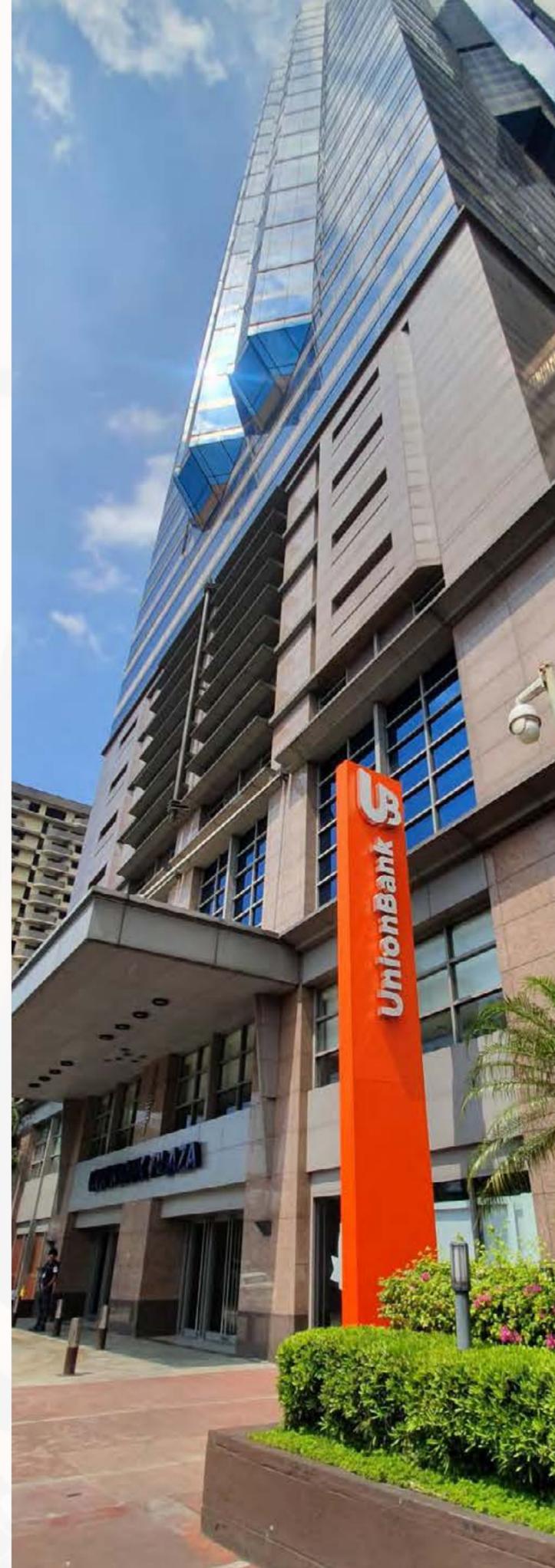
These topics were reviewed in light of the Bank's previously published sustainability reports. The list of topics was validated and cross-referenced against customer

feedback, branch customer satisfaction, and UnionBank's transformation strategy and key performance metrics.

Finally, the material topics were defined and prioritized based on their impact to UnionBank and their importance to stakeholders. The final list of topics includes those that have significant impact to UnionBank and are of the highest importance to our stakeholders. Employee and customer feedback from 2020 were used to update and prioritize the sustainability topics.

### MATERIAL TOPICS

PEOPLE AND DIGITAL TRANSFORMATION	PLANET AND SUSTAINABLE FINANCE	PURPOSE AND INCLUSIVE PROSPERITY
Employment (including Training and Development, Compensation and Benefits)	Environmental Compliance	Inclusive Prosperity
Employee Experience	Climate Change Issues	Financial Performance
Labor Standards and Human Rights	Risk Management for Sustainability Management	Sustainable Finance
Diversity and Inclusion		Indirect Economic Performance
Customer Experience		Business Ethics
Community Engagement		Anti-Corruption Practices
Employee Volunteerism		Procurement Practices
Socioeconomic Compliance		Risk Management
		Information Security (including Data Privacy and Integrity, Cybersecurity and Resilience)



## UN SDGS CONTRIBUTION

UnionBank supports the United Nations Sustainable Development Goals (UN SDGs) through existing initiatives of the Bank, many of which are tied to broader programs in the Aboitiz Group and in support of the national agenda of the government.

Ultimately, the Bank promotes long-term economic growth by increasing the capacity of individuals and organizations in wealth management, as well as by empowering small-scale businesses and entrepreneurs.

As a responsible company, UnionBank strives to minimize its environmental footprint by adopting the principles of Leadership in Energy and Environmental Design (LEED) design, among other environmental initiatives, to effectively manage the Bank's facilities and resources.

4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



# TECH UP PILIPINAS: **OUR HIGHER PURPOSE ON FULL THROTTLE**

**JOINT MESSAGE OF THE CHAIRMAN  
AND PRESIDENT & CEO**



**“Our digital transformation journey established years ago prepared us for this unprecedented disruption and allowed us to enter the crisis with robust fundamentals and clear business strategy.”**



Dear Stakeholders,

While the start of a new decade typically brings hope, we quickly saw the world come to a near standstill in 2020. The coronavirus pandemic was the perfect storm that hit us hard. The Philippine economy contracted and slumped to historical low of -9.5% in 2020, as a result of many businesses, big and small, folding up, which led to a record rate unemployment level.

Similar to the banking industry, your Bank was not spared from the adverse effects of the pandemic. We had to deal with lower loan growth and rise in non-performing loans. Nonetheless, UnionBank continued to post strong topline revenues and outperform the industry in terms of profitability.

Our digital transformation journey established years

ago prepared us for this unprecedented disruption and allowed us to enter the crisis with robust fundamentals and clear business strategy. Our assumptions and models were stress-tested and yet, they were also validated by the accelerated shift of consumer behavior towards digital.

**Digital as enabler of sustainability in times of crisis**

Indeed, the crisis has revealed the significance and necessity of 'going digital' to future-proof one's business. We saw this as both an opportunity and responsibility galvanized into our sustainability mission to Tech Up Pilipinas. Our aim is to leverage on the Bank's transformation to enable partners and customers to take their own digital journey and co-create innovations for a better world. We also believe that through our efforts in this space, we can contribute to the rebuilding of our economy and push forth into an era of renaissance where digital innovation is elevating people's lives.

This thrust of ours coincided with the clarion call of the Bangko Sentral ng Pilipinas (BSP) for the industry to take an active role in the country's sustainable development agenda by incorporating the environmental, social and governance (ESG) principles into every bank's strategy and operations.

We beefed up our governance to reflect our commitment to sustainability to the highest level with the Board of Directors' Corporate Governance Committee taking up the oversight role on ESG matters across the Bank. We updated our sustainability policy, created the bank-wide sustainability technical working group, and embedded culture building into our sustainability program under the Human Resources Group.

For us at the UnionBank, sustainability will be more than just compliance – this runs parallel with our digital transformation strategy and creates more opportunities to achieve our Tech Up Pilipinas mission.

**Multi-faceted Tech Up activation**

We are approaching our "Tech Up" mission in a multi-faceted manner.

One is through our FinTech initiatives geared towards leveraging technology to help promote financial inclusion. Our tech and innovation company, UBX, is at the forefront of this goal with its lineup of platforms which supports small and medium enterprises (SMEs) to participate in the digital space and scale their businesses.

Moreover, we are able to "tech up" more and more retail customers via our UnionBank Online App and corporate customers via The Portal, enabling them to perform bank transactions anytime, anywhere, in a safe and secure manner.

We also have People Tech initiatives, which aim to help employees, partners, and other stakeholders develop digital literacy and build the skills to prepare them for the future. We are banking on our in-house centers of excellence in Data Science and Artificial Intelligence, as well as our Xcellerator program to equip internal and external talents with emerging capabilities.

While People Tech builds our own talent pipeline, we are also using this to advocate for more Filipinos to learn the skills of the future, which will provide an opportunity for many of our countrymen who lost their jobs

to be able to retool themselves and get back into the labor market armed with relevant capabilities and employable skillsets.

An offshoot of our People Tech program is the partnership with the HEROES2021 Movement. Through our Microsoft-certified employee education volunteers, we developed digital modules designed to help public school teachers transition smoothly into the Department of Education's blended learning directive amid the pandemic. As of this writing, we have already trained 80,000 teachers and we target to accelerate the program to complete the 800,000 teachers nationwide.

To enable our Climate Tech program, we recently launched UnionBank's sustainable finance policy and framework. It is anchored on the belief that by supporting the development of innovative capabilities of individuals and sustainability missions of organizations, we can collectively reduce the toll of various products and services on our planet. To this end, we have in place a sustainable finance mechanism that facilitates issuances of green bonds, social bonds, and even tech bonds.

**Baselining our sustainability performance**

With these initiatives and more, your Bank performed well on its maiden participation in the global corporate sustainability assessment of S&P. UnionBank leads the pack among publicly listed banks boosted by its outstanding performance in social sustainability and governance. And yet we are just getting started. We

will maintain our strong performance by demonstrating results on three focus areas, namely: digital transformation, sustainable finance, and inclusive prosperity.

We will push for innovative thinking in designing products and developing programs that result to a sustainable way of life. We will pursue initiatives in digital capability building through internal and external trainings as well as through

innovation-driven partnerships for the communities we serve.

We understand the inherent responsibility of moving capital, and so, we will take an active role in mitigating environmental and social risks in our future financing activities. Most importantly, we will ensure that no one gets left behind in our sustainability and digital transformation journey.

**"Sustainability is more than just compliance – our goal is to fully align our digital transformation strategy with sustainable value creation. We will leverage on our strength in people, innovation, and digital technology to put into full gear mode our sustainability mission to Tech Up Pilipinas."**





**Time to accelerate towards renaissance**

With the pronounced shift of customer behavior towards digital, we will go full throttle on the Bank's transformation journey. We will compress our pre-COVID five-year plan into two years, by accelerating the onboarding of new customers onto our digital channels.

We shall ramp-up data science-backed digital marketing initiatives to encourage digital account opening among prospects. UBX will continue to grow MSME communities in i2i, Sentro, BUX, and SeekCap platforms, while CitySavings

will expand of its motorcycle and pension loan customers to further diversify its credit portfolio. We will continue to leverage data science and artificial intelligence to churn out our next best offers and go full speed ahead on our retail and MSME lending initiatives.

To support these growth aspirations, we are further beefing up our back-end capabilities. We accelerated our cloud transformation Program for the 100% migration of our systems and applications to a hybrid public cloud infrastructure. Moreover, we will be complementing Agile Ways of Working with DevSecOps. This aims to shorten the

timeframe between testing and deployment of applications, providing continuous delivery without compromising quality, as we move towards addressing customer needs at the exact moment of truth.

We are looking at increasing our participation in the trade finance market via a blockchain platform, being one of the processes that is most relevant to be disrupted by blockchain. Apart from ramping up growth of its platform startups, UBX, our technology and innovation firm, will also continue to test emerging business models via building its own startups or investment in fintechs or strategic partners.

**"Tech Up Pilipinas" efforts focused on promoting digital transformation across individuals and organizations to improve delivery of banking experiences, would allow all of us to create innovative solutions."**



**Full throttle to achieving our mission**

Your Bank is steadfast in its vision to build a bank of enduring greatness. Its edifice is made stronger not only by the crises that shook its foundation, but also made resilient by the passion and purpose to ensure the technology we build benefits everyone on the planet, including the planet itself.

Amid this disruption, what's clear is that we have a once-in-a-generation opportunity to harness digital technology to define the world we want to live in. And for that, we are optimistic. It is in times like these that our ability to stay true to our mission and corporate purpose is of the utmost importance. We must always use technology to help address the world's challenges, not create new ones.

We are confident that the Bank's "Tech Up Pilipinas"

efforts focused on promoting digital transformation across individuals and organizations to improve delivery of banking experiences, would allow all of us to create innovative solutions.

We would like to thank you, our stakeholders for the unwavering support throughout the years. To our Board of Directors, we are grateful for your active role in setting the Bank's guiding principles and direction. To all UnionBankers, thank you for your dedication in our purpose and pushing through difficult circumstances. Finally, thank you to our customers, partners, and shareholders for your continued loyalty to the Bank.

We will weather this crisis and emerge more resilient than before. Together, as a nation, we will power the Future of Banking, guided by the constancy of our purpose: To co-create innovations for a better world.

*Erramon I. Aboitiz*  
**Erramon I. Aboitiz**  
 Chairman

*Edwin R. Bautista*  
**Edwin R. Bautista**  
 President & CEO

# SUSTAINABILITY

The UnionBank Sustainability Policy outlines our commitment to the collective effort towards sustainable development. This policy is aligned with the Bank's Purpose to co-create innovations for a better world and our sustainability mission is to tech up Filipinos by focusing on digital transformation, sustainable finance, and inclusive prosperity.

In 2020, we refreshed our policy and its accompanying framework and metrics to fully align with the business strategy, to stay in tune with regulatory changes, and most importantly, to model a focused sustainability program that reflects who we are and what we do.

## **UNIONBANK SUSTAINABILITY POLICY**

UnionBankers contribute to sustainability by pursuing digital transformation and investing in relevant social and environmental programs, which benefit our stakeholders. We power the future of banking by co-creating innovations for a better world. In our day-to-day activities and throughout the banking group, we commit to:

- Uphold, protect, and respect the environment, human rights, and labor standards.
- Contribute to enhancing positive social & environmental impacts.
- Provide products and services that contribute to the wellbeing of people, the environment, and the economy; reduce or avoid unsustainable practices; and demonstrate positive impacts to the most important issues of the business.
- Implement inclusive business programs and initiatives.
- Engage internal and external stakeholders for continuous improvement and to promote cooperation.
- Foster the development of in-house learning, management capacity, and leadership on sustainability issues.
- Comply with all national laws and regulations.
- Communicate transparently about our sustainability performance.

# UNIONBANK SUSTAINABILITY FRAMEWORK

## OUR FOCUS AREAS



DIGITAL TRANSFORMATION

SUSTAINABLE FINANCE

INCLUSIVE PROSPERITY

## SUSTAINABILITY GOVERNANCE

CORE VALUES: INTEGRITY, MAGIS, UBUNTU



PEOPLE

PLANET

PURPOSE

## OUR THREE PILLARS OF SUSTAINABILITY

# UNIONBANK SUSTAINABILITY SCORECARD

PEOPLE, PLANET AND PURPOSE METRICS

	2018	2019	2020	
<b>PEOPLE</b>	<b>Employee Count</b>	4,769	5,174	5,177
	<b>Average Training</b> (in Hours)	25.54 <small>(UnionBank)</small> 16.94 <small>(CitySavings)</small>	16.21 <small>(UnionBank)</small> 25.47 <small>(CitySavings)</small>	22.79 <small>(UnionBank)</small> 25.38 <small>(CitySavings)</small>
	<b>Employee Volunteerism</b> (in Hours)	35,873	44,386	5,418 <small>(Note: The pandemic reduced community visits but sustained reach via digital CSR)</small>
	<b>Employee Engagement Score</b>	4.23	4.24	4.39 <small>(UnionBank)</small> 4.49 <small>(CitySavings)</small>
<b>PLANET</b>	<b>Energy</b> (in GJ)	73,075	85,612	46,119
	<b>GHG</b> (in TCoe)	11,190	25,503	466.77
	<b>Water</b> (in m <sup>3</sup> )	134,832	120,787	68,546
	<b>LEED-Certified Branches</b>	20	20	22
	<b>Paper</b> (in reams)	39,461	74,861	44,185
	<b>Ink Toners</b> (in cartridges)	8,887	11,103	5,131
<b>PURPOSE</b>	<b>Customer Service Satisfaction Rating</b>	4.28	4.61	UnionBank: 4.904 (out of 5) CitySavings: 90.80% <small>100 scale as the highest</small>
	<b>Number of Customers Served</b> <small>(cumulative recorded deposits and loans accounts)</small>	8.10 Million	8.50 Million	UnionBank: 10.44 Million CitySavings: 9,637
	<b>CSR Beneficiaries</b>	1,982,475	2,050,373	2,330,703
	<b>GlobalLinker MSME sign ups</b>	35,000	40,000	54,035

# 2020 TECH UP PILIPINAS METRICS

PROSPERITY  
INCLUSIVITY



## PHP 25.64 MILLION

Investment on LEED-certified branches and buildings  
 ▶ **22 LEED-certified**  
 Branches and buildings



## 5,177 EMPLOYEES

- ▶ **2,159 FILIPINOS**  
Educated by the UBPXcellerator Program
- ▶ **1,576 OUTSOURCED PERSONNEL AND CONTRACTORS**



## PHP 32 BILLION

Economic value plowed back to society

DIGITAL

## UBPXCELLERATOR PROGRAM

**70 MODULES**  
Offered to the Public



## PHP 14.41 MILLION

Investment on Employee Development and Training

- ▶ **29 Programs**  
On Digital Learning
- ▶ **28 Squads**  
On Digital Learning
  - 10 in Gestation
  - 5 Launched Products
  - 13 Generating Revenues



## 3.1 MILLION

Digital Platform Users

- ▶ **438,607**  
New Digital Accounts Opened



## 14.80 MILLION

Transactions

**8.64 MILLION**  
Digital/ Paperless Transactions

- ▶ **3.92 Million**  
Digital Transactions (Mobile App / UnionBank Online, InstaPay, PesoNet, and SWIFT)
- ▶ **4.72 Million**  
Paperless Transactions in the Branches



## SeekCap

## PHP 1.5 BILLION

Loans disbursed through online lending platform (Seekcap)



## 181 FINANCIAL INSTITUTION SIGN-UPS

- In Project i2i
- ▶ **89 rural banks**  
Onboarded in the blockchain platform



## 38,000 MSMEs

Registered on SME Business Banking Platform (includes both App and Web platforms)



## GLOBALLINKER

## 48,000 BUSINESS OWNERS

who are active users of GlobalLinker business management tool

- > **PHP 5 Million**  
Sales generated by GlobalLinker merchants via online stores and payment gateways



## Sentro

## 30,000 SIGNUPS

for Sentro online shop builder



## bux

## 98,000 SIGNUPS

on BUX payment gateway for e-sellers

TRANSFORMATION

SUSTAINABLE

FINANCE

## CitySavings

## PHP 53.1 BILLION

Loans disbursed by CitySavings

- ▶ **PHP 46.5 Billion**  
Teacher's loans disbursed
- ▶ **PHP 4.3 Billion**  
Motorcycle loans disbursed
- ▶ **PHP 2.3 Billion**  
SME loans disbursed



## 9 PARTNERS

On Digital Corporate Citizenship

- ▶ **29**  
Communities Served
- ▶ **81,610**  
Beneficiaries
- ▶ **1,353 hrs.**  
Volunteer Hours (virtual sweat equity)



## PHP 126 MILLION

Investment on Corporate Social Responsibility Program



## PHP 1.9 BILLION

Investment on Innovation

- > **100 Products and Platforms**  
Offered to Customers



# PEOPLE AND DIGITAL TRANSFORMATION



“

**W**hile we learn more about building a virtual-first organization, UnionBankers are prepared for a future that constantly and rapidly evolves. The future of banking will be driven by digital technologies and influenced by unprecedented shifts; but for the Bank, it will continue to be powered by a strong, technologically enabled workforce.

”

**Michaela Sophia E. Rubio**  
Chief Human Resource Officer

Our human capital development strategy focuses on nurturing the social capital that we have built over the years and using this to pivot our people's skills, behavior, and mindset to achieve our digital transformation goal. In these pages, we report on our performance in building the skills of the future, which summarizes our overall approach to human capital development.

## OUR WORKFORCE AT-A-GLANCE

UnionBankers from across the group are the building blocks of our digital transformation strategy, harnessing their talent to power the machinery of our growth. Our setup is a workplace that is agile, collaborative, empowering, and inclusive in nature. We have policies and programs in place for talent attraction and retention, total wellbeing, productivity, recognition, and the potential for innovation.

### WORKFORCE TOTAL

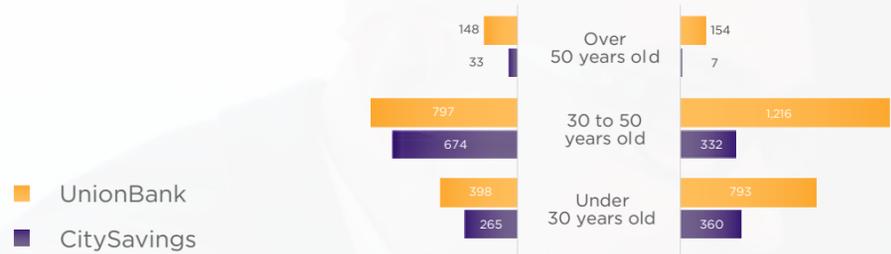


### ATTRITION RATE



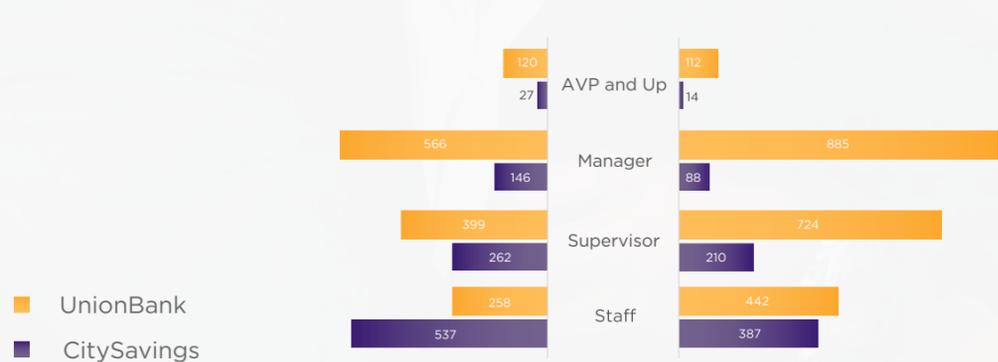
### WORKFORCE BREAKDOWN BY GENDER AND AGE

#### Male Female



### WORKFORCE BREAKDOWN BY GENDER AND RANK

#### Male Female



### WORKFORCE BREAKDOWN BY TENURE AND RANK

UNIONBANK	<1	1-5	6-10	11-15	16-20	21-25	>25
Staff	46	382	69	89	22	49	43
Supervisor	72	536	215	207	34	40	19
Managers	81	534	205	247	136	154	94
AVP and Up	12	100	33	27	22	19	19
<b>TOTAL</b>	<b>211</b>	<b>1,552</b>	<b>522</b>	<b>570</b>	<b>214</b>	<b>262</b>	<b>175</b>

CITYSAVINGS	<1	1-5	6-10	11-15	16-20	21-25	>25
Staff	110	557	184	61	5	5	2
Supervisor	14	136	195	108	15	2	2
Managers	4	73	88	32	27	7	3
AVP and Up	8	20	5	1	3	1	3
<b>TOTAL</b>	<b>136</b>	<b>786</b>	<b>472</b>	<b>202</b>	<b>50</b>	<b>15</b>	<b>10</b>

## WORKFORCE BREAKDOWN BY LOCATION AND RANK

Region	UNIONBANK			CITYSAVINGS		
	Luzon	Visayas	Mindanao	Luzon	Visayas	Mindanao
Staff	560	92	48	584	211	129
Supervisor	960	108	53	308	116	48
Managers	1297	102	52	143	66	25
AVP and Up	223	6	3	30	11	0
<b>TOTAL</b>	<b>3,042</b>	<b>308</b>	<b>156</b>	<b>1,065</b>	<b>404</b>	<b>202</b>

## WORKFORCE BREAKDOWN BY EMPLOYMENT TYPE



### Young Majority

Most of our bank employees belong to the 30-50 age range, followed by those below 30 years old.

### UNIONBANK



### CITYSAVINGS BANK



### Talent Management

By the end of 2020, very few of our employees were on Contractual status; the majority had already been on-boarded as regular employees.

### UNIONBANK



### CITYSAVINGS BANK



## WORKFORCE COVERED BY COLLECTIVE BARGAINING AGREEMENT

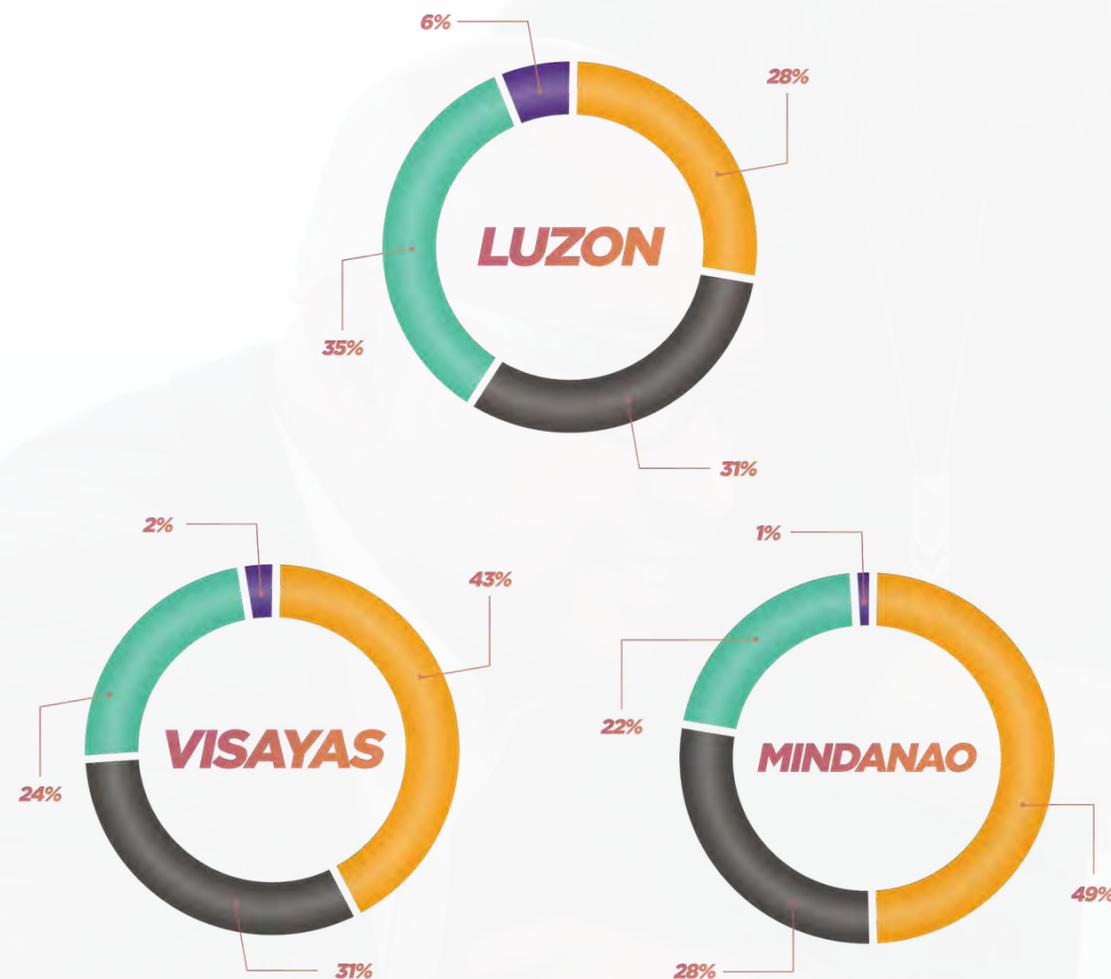
**700**  
**or 20%**



**731**  
**or 44%**



Note: All rank-and-file employees are automatically covered by a CBA as part of their employee union membership



● AVP and Up ● Staff ● Supervisors ● Managers

## ACHIEVING DIGITAL TO THE CORE

Throughout our digital transformation journey, we have been bringing our employees, customers, and other stakeholders to the same level of mindset, attitude, and capability, so that all of us move with the same speed towards

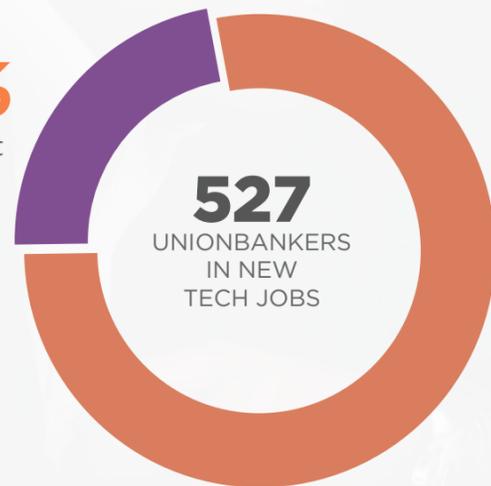
building a bank of enduring greatness.

We do this by facilitating super learning in a virtual first workplace. UnionBank's capability framework is instrumental in making this happen, starting with

embedding the digital DNA traits in everything that we do. These digital DNA traits enable every employee - not just the IT group, fintech, or product developers - to be truly digital.



**24%**  
Tech Talents Bought



**76%**  
Tech Talents Built

## THE 23 DIGITAL DNA TRAITS

● 2018 Results ● 2019 Results ● 2020 Results	Exploring Digital	Doing Digital	Becoming Digital	Being Digital
Flattening & Changing Hierachy		●	●	●
Fail Early, Fail Fast, Learn Faster			●	●
Continuously Innovating			●	●
Fluidity		●	●	●
Agility			●	●
Iterative			●	●
Continuous Ecosystem Disruption			●	●
Multi-Modal Operations			●	●
Uneven Velocity between Digital & Legacy			●	●
Dynamic Skill Requirements			●	●
Chainging Nature & Typology of Work			●	●
Real Time & On-Demand			●	●
Democratizing Information			●	●
Ongoing Shifts in Decision Rights & Power		●	●	●
Morphing Team Structures		●	●	●
Changing Mix of Traditional & Non-Traditional Stakeholders			●	●
Increased Customer Involvement			●	●
Intentionally Collaborative			●	●
Geography Agnostic			●	●
Productive Mobility	●	●	●	●
Constant Disruption			●	●
Constantly Changing Decision Criteria		●	●	●
Modulating Risk & Security Boundaries			●	●

1 < 2.52      2.52 < 3.68      3.68 < 4.52      4.52 >

All UnionBankers, including those not directly working on digital products, are expected to be at least at the effective level where each one is a skilled

practitioner who can apply skills to complete problems that may require a new process or approach. After all, digital transformation is not just about developing

apps and platforms, it is also using digital technology to make backend operations and customer service more efficient and automated.

## FROM AGILE TO 'DEVSECOPS'

Our rich experience in digital transformation now allows us to embark onto the next phase of our journey. We are evolving the agile way of working to a more seamless interplay of

design, operations, and risk management through the 'DevSecOps' way of working.

DevSecOps will enable us to create new solutions for complex product

development processes within an agile framework. By embedding IT security early in the process, we will increase shared responsibility in the entirety of the project cycle.



### WATERFALL/LEGACY



### AGILE



### DEVSECOPS



In other words, technology security protocols that are baked into the development process rather than added as a “layer on top” allows our squads to harness the power of agile methodologies—

together as a team—without short circuiting the goal of creating secure code. The benefits of moving into DevSecOps primarily include the ability to respond to

change and needs rapidly, better collaboration and communication among teams, more opportunities to unlock automated builds, and our people assets are freed to perform more high-value work.



## DIVERSITY AND EQUAL OPPORTUNITY

**With prime focus given to skill sets, UnionBank ensures equal opportunities for all.**

Throughout this natural progression, we continue to provide a fair and non-discriminatory workspace for a future-ready, interdisciplinary workforce. We are committed to

enhancing diversity in our workforce as these values are embedded in the bank’s DNA, and thus has zero tolerance to discrimination of any kind.

Female share of total workforce (%)



Females in junior management positions, i.e. first level of management (as % of total junior management positions)



Females in junior management positions, i.e. first level of management (as % of total junior management positions)\*



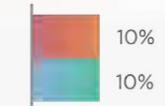
Females in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions)



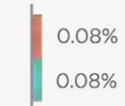
Females in management positions in revenue-generating functions (e.g. sales) as a % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)



Breakdown of workforce based on other minority group(s): Age above 50



Breakdown of workforce based on other minority group(s): PWD



2020  
2019

\*Rank from the Executive Vice President  
Note: This data covers the Parent Bank only.

## NO ONE GETS LEFT BEHIND

Our human capital development program follows a comprehensive approach to identifying skill gaps, measuring human capital management, and

developing systems to share knowledge across the company, in a manner that is timely to keep up with the fast changes in the industry. This approach keeps us within

our promise not to leave any one behind. We aim to bring everyone to the same level of productivity, performance, and competitiveness.



## BOOSTING CAPABILITIES



### BUY

Expand our network to find the right talents and build our talent pool

Ally with local and international professional organizations

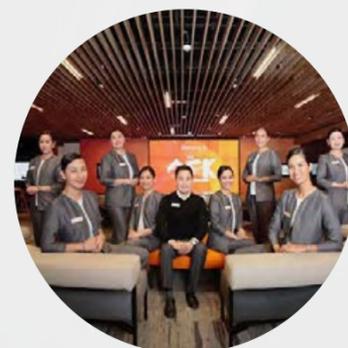
Engage global talents



### BUILD

Partner with internal and external experts to increase capabilities within

Invest in certifications for deep skills



### CENTERS OF EXCELLENCE

In-depth research and development to provide leadership and direction for leading-edge capabilities

Focus on building expertise and enablement of Tribes and Squads through experimentation

Transfer knowledge of leading-edge capabilities through its academics

### Average training hours per employee

Part of our learning delivery approach is the shift to a more prevalent use of digital platforms to train our employees. What used to take around 8 hours

of training can now be done efficiently to 2 to 4 hours. When the pandemic resulted to lockdowns, we relied heavily on our virtual trainings through

our UnionBank University portal, eliminating the use of physical classrooms and allowing for an on-demand, paced learning approach.

UNIONBANK	2017	2018	2019	2020
Overall - UnionBank Average	31.47	25.54	16.21	22.79
<b>By Gender</b>				
♂ Male	29.08	21.48	14.25	17.17
♀ Female	32.94	28.02	17.40	26.28
<b>By Employment Category</b>				
👤 Senior Management	22.89	25.55	13.34	10.79
👥 Middle Management	39.54	30.53	16.48	16.95
👤 Supervisor	19.73	23.72	19.09	28.16
👤 Rank-and-File	31.73	19.56	11.90	30.55

### Training Hours by Gender:

**82,559.10 HOURS**

Total training hours



**58,730.60 HOURS**

Female employees



**23,828.50 HOURS**

Male employees

\*Restated 2017 data to standardize formula for all indicated years: Ave. Training Hours = Total training hours / No. of distinct trained employees

CITYSAVINGS	2019	2020
Overall - CitySavings Average	25.47	25.73
<b>By Gender</b>		
Male	22.93	24.08
Female	28	28.02
<b>By Employment Category</b>		
Senior Management	11.16	21.21
Middle Management	26.92	39.45
Supervisor	N/A	26.55
Rank-and-File	25.04	22.04

### Training Hours by Gender:

**42,995 HOURS**

2020 Total training hours provided to employees, by gender



**19,589 HOURS**

Female employees



**23,406 HOURS**

Male employees

### Training and development inputs

UNIONBANK	2019	2020
Average hours per FTE of training and development	16.21	22.79
Average amount spent per FTE on training and development (in PHP)	10,894.08	4,110.47

### Percentage of employees receiving regular performance and career development reviews

UNIONBANK & CITYSAVINGS	2019	2020
<b>By Gender</b>		
Male	100%	100%
Female	100%	100%
<b>By Employment Category</b>		
Senior Management	100%	100%
Middle Management	100%	100%
Supervisor	100%	100%
Rank-and-file	100%	100%

## HEALTH, SAFETY, AND WELLBEING

Beyond our focus and orientation on occupational safety and health, we also implement wellness programs, welfare policies and well-being initiatives, with active participation of our employees across all levels. We believe that by taking a proactive approach, we can enhance our preparedness to manage various issues and concerns in relation to health and safety. Our goal is to positively contribute

to high productivity and performance.

The bank has a dedicated Occupational Health and Safety (OHS) Office, tasked with ensuring regulatory compliance including environmental standards, Philippine Central Bank requirements, and local laws applicable to our branches whose host local governments implement their own ordinances.

This office continually monitors and coordinates with the various branches regarding their status and concerns through the bank-wide committee on safety and occupational health with members including the employee union. To streamline this process, we launched a digital tracking and monitoring system that allows the branches access to their pending OHS concerns.

### Work Safety

INJURY PYRAMID	UNIONBANK	CITYSAVINGS <sup>1</sup>
Fatality	0	0
Lost Time Incidents (LTI)	2	0
Restricted Work Case (RWC)*	3 <sup>3</sup>	0
Medical Treatment Case (MTC)*	0	27
First Aid Case	22	0
OTHER STATISTICS	UNIONBANK	CITYSAVINGS <sup>1</sup>
Total number of employees	3,506	1,671
Number of employees who are members of the Health & Safety Committee	22	12
Percentage of Employees under Health & Safety Committee	0.63%	0.7%
Total work hours	7,012,000	3,163,360
Total lost days*	42 <sup>3</sup>	0

<sup>1</sup>Includes COVID-19 cases

### Employee tardiness

<b>ABSENTEE RATE</b>	<b>2020</b>
 Employees	0.0052%

### Workplace conditions, labor standards, and human rights

DISCLOSURE	UNIONBANK	CITYSAVINGS <sup>1</sup>
 Safe Man-Hours	3,506,000	3,163,360
 No. of work related injuries	2	0
 No. of work related fatalities	0	0
 No. of work related ill health	13	To be reported in next cycle
 Number of safety drills	4*	Performed by all 149 branches online (1 representative per branch)

\*-2 call tree exercises, 2 evacuation drills



### Safety performance

No. of LTI	0
Total Hours Worked	2,955,106
<b>LTIFR (Employees)</b>	
Number of Employees (in this report)	1,576
Number of Employees (expected)	1,576
<b>Data Coverage (as % employees)</b>	<b>100%</b>

We have in place a wellbeing program that caters to developing the employees' physical, mental, and financial wellness. We actively promote living a healthy and active lifestyle through proper exercise and nutrition, regular health risk assessment, health education, and preventive measures such as immunization.

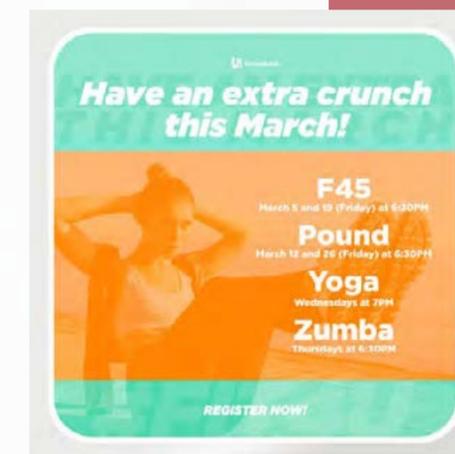
We maintain the implementation of our mental health activities as part of our mental health policy. To help with the anxiety brought about by the pandemic, we intensified our programs on counseling and providing avenues to destress like stress management campaign, mindfulness exercises, employee assistance programs, and support groups.

Recreational activities such as team day, family day, halloween, and special events have been designed and ran on virtual platforms to

continue the sense of belongingness among our employees and their families.

We offer financial wellness program to educate employees on financial literacy, which covers retirement and savings plans, and pension funds. To ensure that our employees are well-equipped to achieve their short-term and long-term financial goals, the Bank also organizes forums and retirement fairs.

Our wellbeing activities are good jumping boards to further design activities where the families of our employees can take part. Our family welfare policy outlines how we can align engagement and wellness programs into the family welfare program. Our goal is to help build an enriching organizational culture where our people are highly engaged and thrives in an intrinsically rewarding workplace.



**SUSTAINING ENGAGEMENT IN THE TIME OF DISRUPTION**

In a world of paradoxes, speed, complexity, and machines, we need to lead by doing uniquely human things. People imagine the future; people compose music, work, businesses; and people activate curiosity, passion, connectedness, and belonging. We sometimes need to be reminded that we invented all of this technology.

We are cognizant of this and therefore, we embedded this mindset too in our employee engagement programs. This was challenged in many ways then the pandemic hit us. Just like our squads, we sprinted those challenges and come up with solutions as a team. Doing more of the same, and doing it faster, is not where the magic happens—the magic

is when workers and teams can solve new problems and create new value, services, and relationships.

As a result, we sustained our engagement scores and always focused on this as a priority. In the 2020 survey, we scored 4.39, which allowed us to move closer to Gallup’s global best business practice of 4.41.



**2020 YEAR-END ENGAGEMENT GRAND MEAN SCORE**

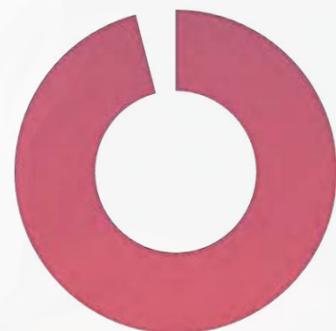
An incremental increase from the midyear bankwide mean score of 4.38 and close to global best practice of 4.41.

A meaningful growth of 0.15 from last year’s mean score of 4.24

This exceeds the 2020 Bankwide Balanced Scorecard target of 4.27.

**SURVEY PARTICIPATION**

**96%** eligible UnionBankers who are regular and probationary employees hired on or before August 23, 2020 responded to the survey.



**4.51**  
OVERALL SATISFACTION

**4.57**  
GREAT PLACE TO WORK FOR

**SPURRING INNOVATION TO HELP COMMUNITIES**

**Our corporate social responsibility program GoBeyond Communities continues to provide opportunities for our employees to fulfill personal advocacies and reach out to communities in the spirit of volunteerism. We empower UnionBankers to take an active role in these community projects centered on education, environment, livelihood and inclusion.**

Being trained to be innovative, open, agile, and forward-thinking, UnionBankers were challenged to think – and help – outside the box during the lockdown when the coronavirus pandemic struck.

While government restrictions may have inevitably led to fewer projects and reduced volunteer hours, that did not necessarily mean lesser impact to community stakeholders. Actually, UnionBank’s CSR impact scorecard showed that there were significantly more communities and beneficiaries served in 2020 with a minimal increase in volunteers and volunteer hours.

**STARTING SMALL**

One of the earliest examples was at one branch, where the employees found sewers in their barangay who lost their jobs when the economy slowed down. Instead of buying imported personal protective

equipment (PPEs) to donate to frontliners, the UnionBankers hired the sewers to make them. The sewers earned income, the PPEs were given to a nearby hospital, and the employees were able to help their community without them physically spending time with the beneficiaries.

And that is how the idea of virtual sweat equity – volunteerism with little or no physical presence – was born. From there, GBC evolved to become an incubator for ideas – pilot-tested in local communities – that could turn into bigger and wider strategic CSR programs and sustainability programs for the Bank.

**ENTER THE INTERNS**

Some of the most promising ideas came from UnionBank’s interns under its Student Mentorship Program (SMP). These college students rolled out creative projects such as UB Pasahero. They made use of Sentro and Bux, an online shop builder and payment platform,

respectively, developed by the Bank’s fintech company UBX. They invited MSMEs, including some UnionBankers, to sell products online and donate a portion of their sales to jeepney drivers, who were their target GBC beneficiaries.

Another project was in partnership with Local Goodness PH a social enterprise spun off from Meaningful Travel, which was focused on sustainable tourism. Having been hit by the pandemic, the organization had to pivot to promoting community products from local artisans, small businesses, and farming cooperatives. The SMP interns created marketing campaigns and sold products to UnionBankers, with the proceeds going to the farmers who are now enjoying the benefits of doing their small trade using digital banking services.



“

Truly, we got a taste of the UnionBank DNA, culture and core values. I learned so many things and not just the technical aspects of our on-the-job training. Being able to leave a positive impact on the lives of fellow students is a fulfilling experience, one that made me feel good about myself and one that I will remember even after my internship.

”

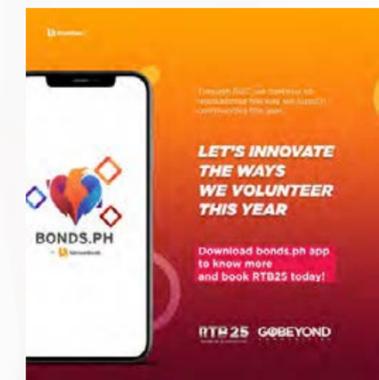
**Nico Lozano**  
SMP Student Intern and GBC Volunteer

ambassadors who created 18 training modules and conducted live sessions to public school teachers in the Bicol region and CALABARZON. In addition, the Bank contributed cash sponsorship to the project.

Another ingenious GBC project was the sale of retail treasury bonds (RTBs) called Premyo bonds, sold by the government for its COVID relief projects. Using the new Bonds.PH app, volunteers promoted the RTBs and the app to fellow UnionBank employees and their families. Not only did the campaign encourage personal savings, it also contributed to nation building.

This new kind of CSR shows that UnionBank and UnionBankers can create more, reach more, and make a bigger impact by doing what they do best – innovate and accelerate.

With the same spirit of Ubuntu – that sense of being part of a community – and a compassion for others in need, UnionBankers can leverage its DNA of innovation and digital tools to make a difference. As shown by our experience, technology can be used to overcome physical limitations, elevate traditional approaches, and power the future of CSR.



CSR AT-A-GLANCE		
UNIONBANK & CITYSAVINGS	2019 <sup>5</sup>	2020 <sup>6</sup>
Number of Direct and Group Beneficiaries	<b>43,542</b>	<b>280,330</b>
Amount of CSR allocation	<b>P54 M</b>	<b>P142 M</b>
Number of CSR Projects	<b>149</b>	<b>911</b>
Total Volunteer Hours	<b>54,186</b> (restated)	<b>5,437</b>
Total Volunteers	<b>9,337</b> (restated)	<b>2,150</b> <small>(Note: Community outreach activities decreased to ensure employee safety amid the pandemic)</small>

#### DIGITAL'S MULTIPLIER EFFECT

Another project was Add to Cart, Fill a Heart, a branch-initiated online fundraising bazaar where they sold food and home products on social media. The group raised Php 100,000, double their target, with proceeds used to buy headsets and hard drives to help teachers of a public school transition to online teaching.

On an even bigger scale, UnionBank also partnered with HEROES2021.org, an intensive online training program aimed to rapidly build the capability of 800,000 DepEd public school teachers across the Philippines who had to shift to e-learning. This is a collaboration among Thames International, an international college; EduRescue, a provider of Massive Open Online Courses (MOOCs) for teachers; and Akadasia, a Singaporean edtech company.

UnionBank tapped its 25 Microsoft-certified education

## ***PLANET AND SUSTAINABLE FINANCE***

“

**W**e will utilize Sustainability to enhance the traditional notion of environmental preservation and protection; we will create a social sustainability model that leverages on UnionBank’s strengths in digital technology and innovation. With these in mind, we will pursue sustainable finance efforts that are based on cooperation and co-creation of innovative solutions for our society.

”

**Jose Emmanuel Hilado**  
Chief Financial Officer

The banking sector holds a unique position in advancing the sustainability agenda. We can no longer afford to ignore climate change or sustainability issues as a governance priority. By deciding to finance sustainable projects, we can create more value for our shareholders. We can address the broader environmental, social, and governance issues that could test the resilience of banks and overall financial system. What we envision for UnionBank’s sustainable finance thrust is to enable stakeholders to design solutions that not only elevate customer experience but also lessen the impact on our planet.

## OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

**UnionBank is fully committed to achieve our energy efficiency goal, which is ultimately to mitigate the environmental impact of our operations. This is translated through our digital transformation. Processes and services are updated to continually improve resource management and carbon footprint.**

Our aim is to adopt the LEED design wherever applicable to promote the reduction of carbon emissions. We also join the Race to Reduce program of one of our principals, the Aboitiz Group. These initiatives encourage UnionBank branches all over the country to reduce consumption of water, electricity, and paper. We are engaged in digital and tech-driven business and banking services. As such, we do not generate air pollutants in our operations.

Our emerging climate technology program is founded on our desire to enable people to co-create with us solutions and innovations that address the wicked problems including those that affect our environment. The backbone of climate technology is an extension of our sustainable

finance program, which will lay down a holistic approach to how the bank can facilitate the movement of financial capital so that our stakeholders can utilize them for better environmental practices in the conduct of their businesses.

As mover of capital, UnionBank directly affects economic development, and we are therefore in a position wherein we can promote and inspire the adoption of sustainable business practices, protection of ecosystems, and diversity for our clients. While other environmental topics like ecosystem, biodiversity, air pollutants, and effluents are considered not material to the bank, we are studying how we can take them into consideration as part of our risk assessment for prospective clients.

In a dedicated section of this report, we outline our sustainable finance framework and the ongoing work on developing our very own environmental and social risk monitoring system which will cover these indirect environmental impacts.

We have an Occupational Safety and Health Division that monitors, enforces, and ensures compliance of national regulations and policies as issued by the Department of Environment and Natural Resources, and other relevant government agencies. We conduct the following initiatives as part of our environmental risk management: conduct

monthly meetings with the Environmental, Occupational Safety and Health Committee, and monitor GHG emissions and waste management.

For the former, we are working with our parent company, the Aboitiz Equity Ventures, for the standard formula that we will apply in our GHG tracking program moving forward. For the latter, the volume of waste generated are reflected in the quarterly self-monitoring report that we submit to the environmental management department of the Philippine government. Guidelines and procedures for proper waste management and trainings in collaboration with concerned units were established to provide rules and guidelines for decision-making and consistency across organizational operations.

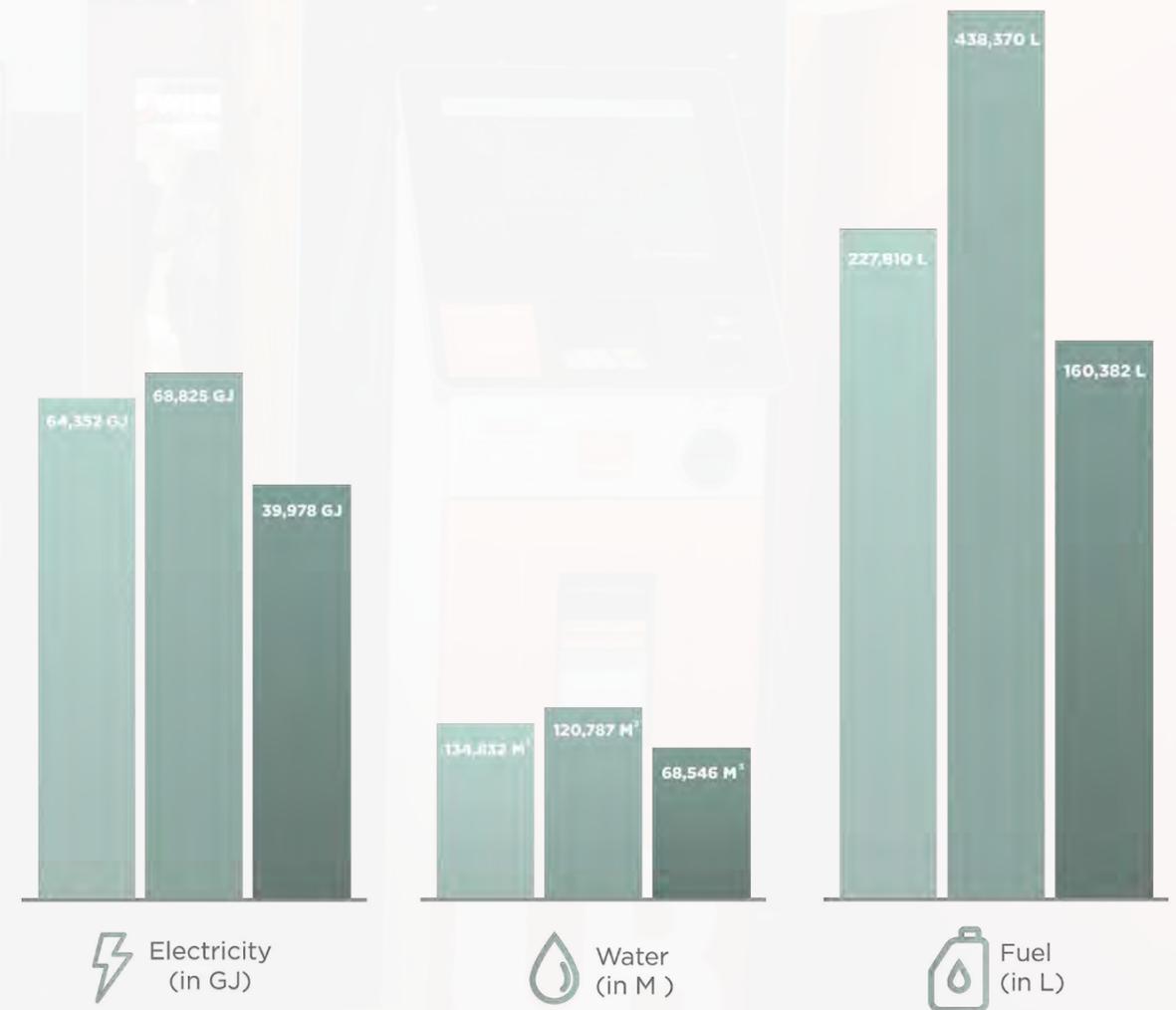
## RESOURCE EFFICIENCY IN OUR OPERATIONS

Sustainability is also about the efficient management of finite resources, allowing us to create more with less wastage. Resource efficiency is often a practical, cheap and faster way to address the intermittent uses of our water, electricity and paper resources in the office.

We are fully committed to minimizing our carbon footprint by greening our workspaces and the network of branches where we engage with our customers. UnionBank Plaza, our headquarters, was the first high-rise financial center in the Philippines to operate fully

through a renewable energy source in 2017. In 2020, we used 3.4 MW of energy sourced from renewable power.

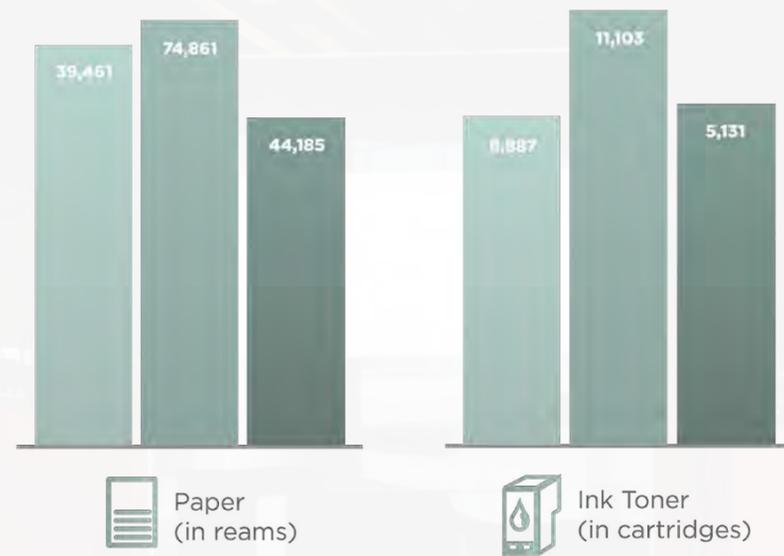
### OUR RESOURCE CONSUMPTION



Note on water: The Bank mostly sources its water from a local water utility. The Bank does not recycle or reuse wastewater.

■ 2018 ■ 2019 ■ 2020

## OUR RESOURCE CONSUMPTION



We convey to our customers that digital is another way they can help reduce carbon footprint. In 2020 when we fully rolled our digital transaction portal, we were able to switch 58% of our total transactions to paperless or online processing. This alone helped offset almost 160,000 kWh in energy consumption and save 637 trees.

We have turned our bank branches and workspaces into sustainably designed structures following the principles of

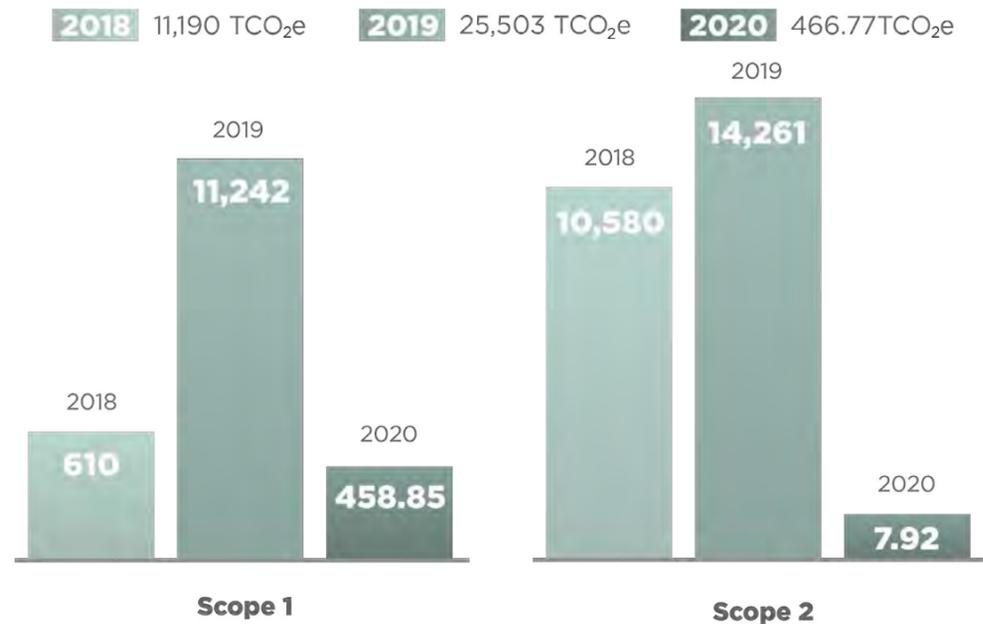
Leadership in Energy and Environmental Design (LEED). This thrust complemented our move to convert traditionally structured branches into ARK and ARK Lite centers that are even more resource-efficient while incorporating paperless, digital features.

Even our thrift bank branches outside of the national capital has adopted this resource-efficient way of operating. Some of our CitySavings branches generate their own electricity using

a 7.5-kW solar thin film flexi system installed on the roof, which harnesses the sun's rays and converts it to direct electricity (DC). A typical CitySavings branch consumes an average of 1,900 kilowatt-hours of electricity per month. The newly installed solar power generator can produce an estimated 1,125 kilowatt-hours of AC power per month, effectively providing almost 60% of their power needs.

## CARBON FOOTPRINT

Total GHG (in TCO<sub>2</sub>e)



Note: Realigned computation for diesel under Scope 1, separated computation for Luzon/Visayas sites from Mindanao Sites for Scope 2. Recent coverage includes 47 sites for UnionBank and 150 sites for CitySavings.

■ 2018 ■ 2019 ■ 2020

**In 2020, we were able to offset almost 160,000 kWh in energy consumption and save 637 trees.**



**159,330 KWh**



**637 trees**

## E-WASTE DISPOSAL PARTNERSHIP WITH GLOBE

We renewed our Race to Zero partnership with Globe telecoms to encourage our customers and stakeholders to recycle electronic waste. As we encourage them to do digital transactions, we are also cognizant that the gadgets they use tend to be replaced as soon as new models are out in the market. We advocate to extend the usage of existing electronic gadgets and responsibly recycle those that are end of life so they the toxic materials don't go to landfills.

The program, formerly known as Project 1 Phone provides a platform for businesses, organizations, and the general public to donate their old,

out-of-use electronic and electrical devices. Raw materials from these e-wastes are then recycled, thereby conserving natural resources, preventing air and water pollution caused by hazardous waste disposal, and avoiding the production of new materials that contribute to energy consumption and greenhouse gas emissions.

As in the past, we will redesign how we collect e-wastes and most importantly, influence the behavior of our customers to be responsible in disposing these gadgets.

After we collect them, Globe picks them up and delivers to

accredited treatment, storage, and disposal (TSD) centers where they are segregated to recover plastic materials, electronic components, and precious metals in the country. Proceeds from e-waste processing are used to provide connectivity and communication needs of public school teachers and students. This e-waste recycling program is very timely especially now that the country has adopted the blended learning for all education levels.

**SUSTAINABLE FINANCE:  
OPPORTUNITIES UNLOCKING TOMORROW'S ESG**

We join the Bangko Sentral ng Pilipinas on its clarion call for local banks to adopt sustainable finance mechanism, which is one of the key enablers as we rebuild the economy in the aftermath of the pandemic. For us in UnionBank, sustainability will be more than just compliance - our goal is to fully align our digital transformation strategy with sustainable value creation.

We will leverage on our digital and innovation strengths to model a sustainability path that is driven by investments in people, technology, and digitalization. This is an opportunity for us to fulfill the Bank's purpose statement of co-creating innovative solutions for a better world.

We are happy to announce that we have launched our sustainable finance policy and framework. Said framework is in parallel with relevant global sustainability principles and standards while fully aligning with our Focus 2030 digital transformation strategy.

The framework reinforces our commitment to sustainable development, focusing on people, planet and purpose, while managing risks and opportunities of a changing world.

The UnionBank Sustainable Finance Framework fulfils the requirements of the following guidelines. It is our intention to follow the best market practice as standards develop. ICMA Green Bond Principles ("ICMA GBP")

- ICMA Social Bond Principles ("ICMA SBP")

- ICMA Sustainability Bond Guidelines ("ICMA SBG", and together with the ICMA GBP and ICMA SBP, the "ICMA Principles")
- ASEAN Green Bond Standards ("ASEAN GBS")
- ASEAN Social Bond Standards ("ASEAN SBS")
- ASEAN Sustainability Bond Standards ("ASEAN SUS", and together with the ASEAN GBS and ASEAN SBS, the "ASEAN Standards")
- LMA, APLMA, and LSTA Green Loan Principles

From now on, this framework enables us and our subsidiaries to raise the following types of financing for specific assets and projects that catalyze positive environmental and social benefits.

- Green Bonds, in accordance with ICMA GBP and ASEAN GBS.
- Social Bonds, in accordance with ICMA SBP and ASEAN SBS.
- Sustainability Bonds, in accordance with ICMA SBG and ASEAN SUS
- Green Loans, in accordance with GLP

Furthermore, the Framework details the following components in compliance with the ICMA Principles, ASEAN Standards, and the GLP. Use of Proceeds

- Process for Project Evaluation and Selection
- Management of Proceeds

- Reporting
- External Review

A Sustainable Finance Taskforce has been set up and will be the designated body to evaluate and select projects that will be funded by our sustainable finance program. The Taskforce is chaired by UnionBank's Chief Financial Officer and includes senior-level individuals from the bank's specialist teams such as Treasury, Corporate Banking, and Sustainability Group, which are tasked to do the following:

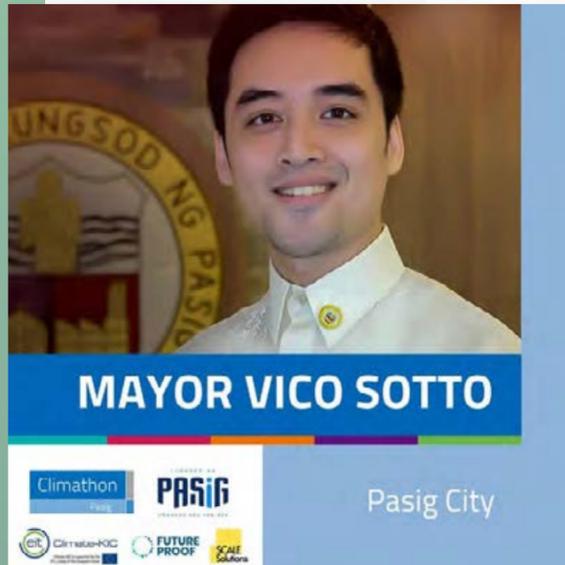
- Review and validation of selected Eligible Assets based on the eligibility criteria described more fully under 'Use of Proceeds'.
- Monitor all Eligible Assets for required exclusion or replacement.
- Manage any future updates of the Framework and Second Party Opinion (or successor external review or certification).

Once screened and eligibility is confirmed, projects or the eligible assets will be classified under either one of the green or social asset portfolios. The Taskforce will meet periodically to ensure the aggregate amount in both portfolios is equal to or greater than the aggregate amount of net proceeds from Sustainable Finance Instruments.

**Below is the overview of possible endeavors of our sustainable financing:**

Use of proceeds	Projects	Alignment with UN SDG
<b>Green</b>	Energy efficiency	SDG 7: Affordable and clean energy SDG 13: Climate action
	Pollution prevention and control	SDG 12: Responsible consumption and production
	Sustainable waste and wastewater management	SDG 6: Clean water and sanitation SDG 13: Climate action
	Green buildings	SDG 9: Industry innovation and infrastructure SDG 13: Climate action
<b>Social</b>	Access to essential services	SDG 3: Good health and wellbeing SDG 4: Quality education
	Employment generation	SDG 8: Decent work and economic growth
	Socioeconomic advancement and empowerment	SDG 5: Gender equality SDG 10: Reduced inequality

**SUSTAINABILITY SPOTLIGHT:**  
**HACKATHONS THAT SPARK**  
**ENVIRONMENTAL JOY**



Many organizations undertake efforts thinking of the kind of planet they will leave behind for their children. But we ask the opposite: **what kind of children are we leaving behind for our planet?** The only legacy we all leave behind is the effect we have on others, the changes we create in them by interacting with them, and thus the world. It is incumbent upon us to teach these values of caring for the environment to those who will succeed us in the business, and to those who will live tomorrow in the communities that our businesses are serving today.

We strive to instill in them an immutable lesson—the rules of business must align with the laws of nature. And so, we turn to the core of human values to establish a living guide for the care of our planet; this as we build a bank of enduring greatness that future UnionBankers can continue to be proud of.

By supporting collective efforts, we ultimately set up the ground for innovation in climate technology to happen. In 2020, we focused our environmental sponsorships to innovation challenges organized by the academe and young entrepreneurs. Once such collaboration was the staging of the Climathon in the Philippines.

UnionBank partnered with Pasig City, the European

Institute of Innovation and Technology, Future Proof PH, and Scale Solutions in staging a hackathon event that pushes for a zero-carbon, climate resilient society.

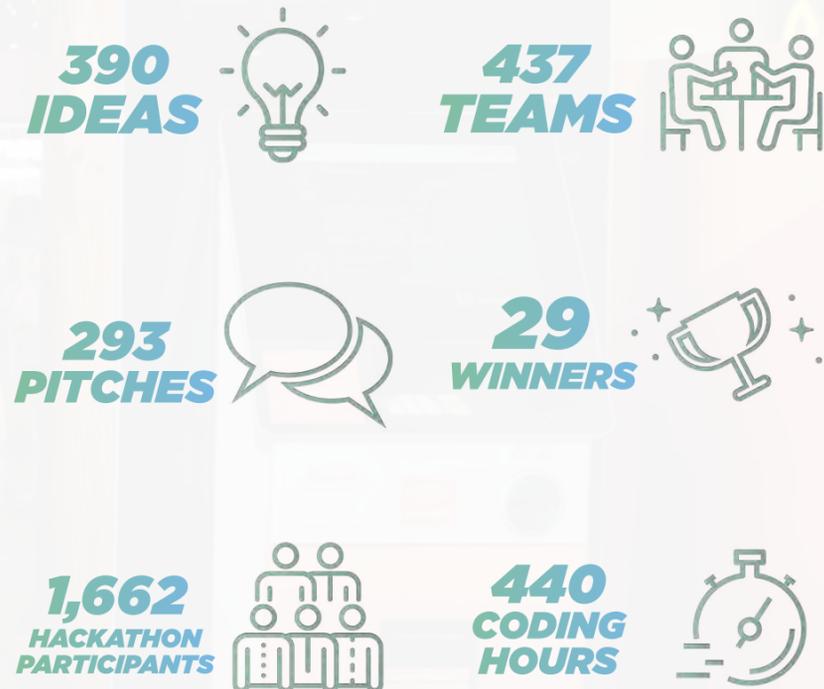
The Climathon is an annual gathering of change-makers, brought together by a globally interconnected event where participants tackle climate-related issues within their respective locales. This year, the Climathon saw the participation of 6,000 problem solvers, students, and citizens from 110 key cities all over the world. In the Philippines, Pasig City is the first to host the climathon event in 2019, inspiring other municipalities to co-host this year's event.

Concluded at the height of Typhoon Ulysses and in the middle of a pandemic, the Climathon pushed through virtually, conveying the importance of building the capability of cities and their people to collectively create innovative solutions that address climate change. This year's theme centered on the challenge to sustainably grow nutritious and affordable food at the community level.

Mayor Vico Sotto in his message at the event said that Pasig City is leading the way in inspiring other cities to take climate action seriously.

**UnionBank hackathons: designing, prototyping and pitching solutions to solve wicked problems**

**10 <U>HACKS ACROSS THE COUNTRY**



**We are supporters of the Philippine Innovation Challenge that is being ran by the University of the Philippines' Business Administration Council, and the UN sustainable development goals-centered hackathon of AIESEC Philippines. We are equipping our young innovators with ample capabilities from ideation to project implementation, which makes a complete learning experience for them.**

## **PURPOSE AND INCLUSIVE PROSPERITY**

“

The bank's passion to innovate, reinvent itself, and work for a purpose greater than profit is the reason why it has endured for almost 40 years. The bank's purpose fuels our promise of 'no one gets left behind'. That is the reason why our digital transformation journey has always aspired for inclusivity for people especially the underbanked segments of our stakeholder universe. With the right support they have the potential to do more, do better, and become great!

”

**Henry Rhoel Aguda**  
Chief Technology and Operations Officer  
and Chief Transformation Officer

Many people ask about digital transformation. We say it's not about digital. It's about people, it's about the mind-set, it's about culture. It's about values. And when you get that right, the technology becomes a true enabler, because most of what needs to be done using technologies is not just about the knowledge of technology but how the technology can add value to society and how that technology can be a real business case.

## OUR APPROACH TO FINANCIAL INCLUSION

Technology and purpose become our greatest anchors in a time when the world is going through a drastic change. We recognize that long-established assumptions about wealth creation have changed. Our opportunity is to help our customers achieve a sustainable financial future in this changed environment. This means new paths of wealth creation that are less dependent on debt, supported by new models of education and advice.

Our core business of banking aspires to fulfil the promise of a better future, where economic growth empowers people and businesses,

creates new opportunities, and reduces social inequalities. With sustainable banking practices, we operate to achieve growth that is meaningful for everyone who shares our mission to tech up our fellow Filipinos.

We dedicate ourselves to providing the most innovative services in banking so that we may continue to be a bank of enduring greatness and to uplift the lives of our patrons and communities. We intend to take the country to the next level by moving forward with purpose: Tech up the Philippines and foster inclusive financial prosperity.

### Our goals are clear-cut:

#### • Bring financial services to the rural areas.

Financial inclusiveness means finding ways to elevate the lives of fellow men through banking and financial services. Since the country is still predominantly unbanked, this remains as one of the causes of poverty. Remote locations in the country should be targeted for financial inclusivity, as access to technology remains limited within these areas.

#### • Make financial products accessible to more people.

In an emerging country like the Philippines, a financial product or service becomes “inclusive” when it can be accessed with the least cost. We invest in the technological infrastructure upon which our services and products are built, and our offerings are meant to be readily usable by all kinds of end-users. These products and services are made available not only in the metropolitan areas, but in the rural provinces—so they don’t need to play catch-up anymore.

#### • Reach out to the unbanked and underbanked.

UnionBank serves as a channel through which the unbanked/underbanked can suggest how to build on the current products and services of the Company, even as subsidiaries such as UBX and CitySavings provide the financial inclusion delivery of the Bank.

## PLOWING BACK THE ECONOMIC VALUE GENERATED

We believe that wealth generation should not be the only focus; wealth distribution should also be a priority, in our bid for inclusive prosperity.

### Direct Economic Value Generated and Distributed

Value (in PHP Billions)	2018	2019	2020
<b>Economic value generated</b>	<b>36.25</b>	<b>50.84</b>	<b>43.56</b>
<b>Economic value distributed</b>	<b>29.37</b>	<b>36.84</b>	<b>32.00</b>
<b>Salaries and benefits paid to employees</b>	<b>5.73</b>	<b>8.07</b>	<b>7.81</b>
<b>Payments to suppliers</b>	<b>7.41</b>	<b>7.89</b>	<b>8.50</b>
Occupancy	0.85	0.96	0.90
Depreciation and amortization	1.12	1.38	1.41
Miscellaneous (Others)	5.44	5.55	6.19
<b>Payments to capital providers</b>	<b>11.63</b>	<b>16.02</b>	<b>9.85</b>
Deposit liabilities	8.84	10.16	5.62
Bills payable and other liabilities	2.79	5.86	4.23
<b>Payments to governments</b>	<b>4.58</b>	<b>4.83</b>	<b>5.78</b>
Taxes and licenses	2.56	3.05	3.50
PDIC + Supervision Fees	0.97	1.28	1.49
Tax expense	1.04	0.49	0.78
<b>Donations to communities</b>	<b>0.03</b>	<b>0.03</b>	<b>0.06</b>
<b>Economic value retained</b>	<b>6.87</b>	<b>14.00</b>	<b>11.56</b>

**DIGITAL TRANSFORMATION  
PREPARED US FOR THE DISRUPTION**

We are one of the banks that did not redundate or let go of employees. We took care of our 5,000 strong Unionbankers including employees of our subsidiaries. We retained the services of our outsourced personnel which totaled 1,576. We allocated 81 percent of our procurement budget for local suppliers to support them during the lockdown.

As we took care of our own, we saw this translated into a determination to provide uninterrupted services for our customers. This helpfulness was evident in our commitment to ensuring that essential banking services remained accessible and reliable 24/7 during the enhanced community quarantine period, a time when uncertainties ran rampant, and the needs of customers could change at any time.

We enhanced the financial services of our mobile app to allow customers to bank from home: digital account opening, online check deposit, sending money to money remittance centers, removal of fees on fund transfers, and cash in and out via EC Pay partners. For customers who cannot do away with actual banking transactions, we provided bank on wheels, a mobile ATM that goes to areas with high demand. This allows us to decrease queues in the branches and to reinforce social distancing.



Another sector of society that we were able to assist especially at the height of the pandemic were teachers, through our thrift bank subsidiary CitySavings Bank. CitySavings has extended a total of PHP26.1 billion in teachers' loans, PHP3.2 billion in motorcycle loans, and PHP2.9 billion in MSME loans.

We helped the government in the disbursement of the Department of Social Welfare and Development (DSWD)'s Social Amelioration Program (SAP) cash assistance to 700,000 beneficiaries amounting to PHP4.9 billion. We also assisted partner Local Government Units (LGUs) in the

distribution of cash or loan proceeds to constituents.

Responding to the call for innovative collaboration, UnionBank developed the Bonds PH mobile app that leverages blockchain and enables consumers to buy retail treasury bonds (RTBs) issued by the Philippines Bureau of the Treasury (BTr).

Bonds PH paves the way for all Filipinos, particularly the unbanked, to easily and affordably invest in the BTr's newest retail treasury bond, RTB-24. While the target may be the unbanked with a minimum investment equivalent to PHP5,000, this

is very much a fund-raising exercise for the government with an issue of PHP192.7 billion.

This is by no means our first blockchain initiative. Two years ago, we helped rural banks that don't have

access to the Philippine Clearing House to speed up interbank payments using blockchain through the i2i platform of our subsidiary, UBX. By the end of 2020, UBX i2i platform has signed up 172 rural banks and onboarded 89.



**SME BANKING TO TAKE IN ONE MILLION  
FILIPINO ENTREPRENEURS**

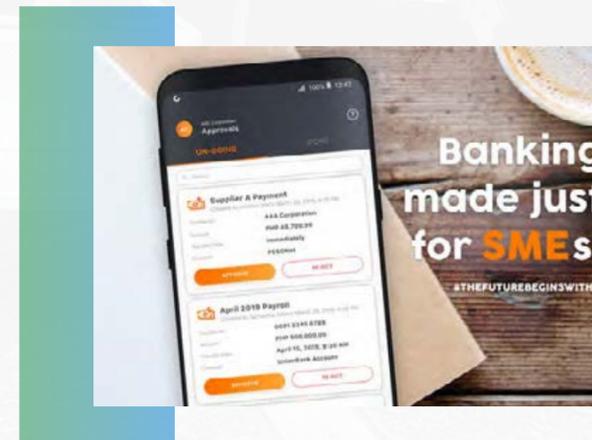
With the launch of our SME banking platform, we envision helping one million small and medium enterprises. Currently, we have 175,000 businesses—with asset size of less than PHP10 million—that have shifted to the UnionBank's digital channels and we are optimistic that we can bring in more to reach our one-million target in the near term.

This shift came at the right time with local businesses relying heavily on digital channels to continue commerce in the time of pandemic. We observed that around 99 percent of all the businesses in the country were able to adapt to the so-called new normal, transitioning to e-commerce during the lockdowns. With this, we reiterate that SMEs should be given help to further bounce back.

When done properly, they would be the engine that will sustain the continued growth of the country.

We already have a digital platform for corporates, but we also recognize that SMEs have different banking needs compared to bigger companies. This prompted us to develop a new digital financial platform that has full digital capabilities such as real end-to-end online account opening process.

The mobile application specifically allows SMEs to open online stores and track inventory. At the same time, it offers basic banking transactions, including balance checking, fund transfers and check deposits. The SME banking platform is also designed to manage multiple businesses even by just submitting a single set of credentials.



**SUSTAINABILITY SPOTLIGHT:  
COMPLETE DIGITAL ECOSYSTEM FOR ENTREPRENEURS**

Pandemic or not, we have always envisioned a bank that will allow more Filipinos, especially the unbanked and marginalized, to adopt digital banking services and enable them to become active partners of our Tech Up Pilipinas mission.

We are gearing up towards fulfilling our promise of financial inclusion and social empowerment. Our SME business banking unit has intensified the campaign to onboard more Filipino entrepreneurs into the GlobalLinker. This is a digital platform designed for the 250,000 members across the Asia Pacific region, so they are connected and provided with the right knowledge and tools to accelerate the growth of their businesses.

One of our GlobalLinker members shared how these digital tools enabled her not just to survive, but thrive, in the pandemic.



For a business owner who mostly relied on offline retail channels to drive sales, Mitzi Uy, founder of Mori Notes, was forced to take a 180-degree turn due to the pandemic. Mori Notes specialises in creating multifunctional journals and organizers, while providing homebased livelihood to women in Quezon City

“Prior to the onset of the pandemic, we actually created a lot of products to be delivered to brick-and-mortar outlets like department stores and bookstores,” the female founder recalls. “At least 80% of our sales was contributed by these retail channels.”

With change in buying behaviors due to the pandemic, Mitzi has had to adapt and shift from offline to online modes of selling. Although she admits that her business is not yet as active online, she made a way to pivot as she believes that the next big opportunity is online.

**“I’m very thankful to UnionBank GlobalLinker because they helped us create our very first online store during the pandemic.”**

**- Mitzi Uy**  
Entrepreneur

Mitzi, who started her social enterprise at 23, was able to bounce back during the pandemic by maximizing sales on her online store and creating new products that are relevant to the new normal.

“We created face masks and dual zip sling bags that (are handy accessories) for the new normal,” she shares.

Mitzi’s pivot has yielded good results for her business. “It went really well online to the point that we were able to gain new sales advocates. These sales advocates were able to sell our items online,” Mitzi explains. With the help of the new sales advocates who highly believe in the mission of Mori Notes, they were able to sell all the items that were supposed to be distributed via their offline retail channels.

“Before, less than 20% of our sales came from online, but now, almost 80% of our sales are through online channels,” she remarks.

Mitzi recognizes the convenience and accessibility of setting up her online store with UnionBank GlobalLinker’s eCommerce platform. “Setting up the store has been very easy. The platform provides online store templates (that you can use). When you add photos, description and add details, you end up having a nice and professionally designed online store.”

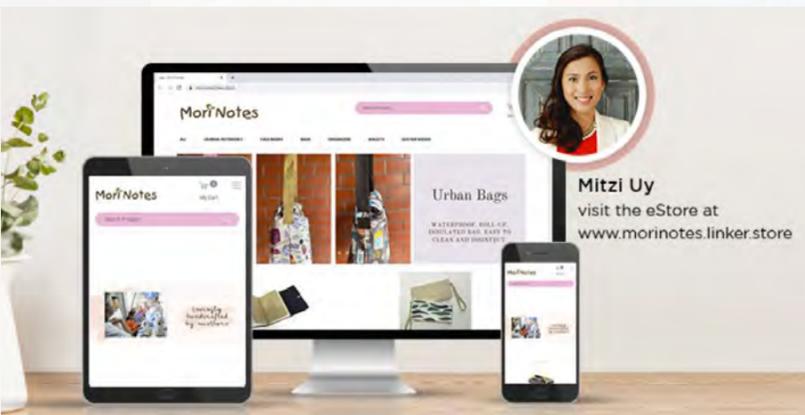
She is just one of the thousands of Filipino entrepreneurs that we want to lead the pack in rebuilding our commerce. That’s why introduced the SME Business Banking App specifically catering to their banking needs. Through this app, we will focus on providing online banking services and custom marketplace solutions with speed, ease and trustworthiness as our key competitive advantage.



To help MSMEs convert to the online platform, we link the app to an entire digital commercial ecosystem including a payment gateway and digital shop builder BUX can be integrated into an online seller’s platform while Sentro helps entrepreneurs set their online shops.

Today, there are more than 95,000 users of BUX and close to 30,000 sign-ups for Sentro.

Meanwhile, SeekCap, the Philippines’ first same-day approval lending marketplace, supports MSMEs by providing them with sources of credit without having to fill in lengthy loan applications. To date, we have recorded more than 23,000 sign-ups and disbursed loans over PHP100 million. - with portions written by Airamae Guerrero, GlobalLinker content manager



# ***SPECIAL STORY: FUTURE-PROOFING OUR PEOPLE***

**R**emaining true to our promise of “no one gets left behind,” UnionBank established measures and strengthened existing employee wellbeing programs to protect people from the coronavirus. Our ability to remain safely operational became direly important for us and for our communities, and our people which became economic front liners in the time of pandemic workforce.

UnionBank like all the other banks in the country, was tasked to remain operational under new restrictive requirements. We understood clearly the importance of our role in this crucial time. We are providers of essential financial and banking services to practically all the other sectors of the country as well as individuals and communities that needed financial resources to tide them over during the pandemic.

## **VIRTUAL FIRST** **WORKPLACE**

While some changes have forced organizations to rapidly reinvent the way they work by shifting remotely, UnionBank welcomed the change with open arms. Prior to the pandemic, we were already experimenting on telecommuting, thanks to our agile way of working, simulating a remote work set up.

To ensure its effective implementation, the Bank invested in infrastructure that allows employees to work from home and operate the bank from home. Around the same time, the Bank began automating most of its processes and putting them in the cloud, which were critical for the Bank's remote operations.



As a result, we were able to transition 90% of our workforce to a remote setup and the remaining continued to work in branches provided with personal protective equipment, dedicated transportation service, and food allowance. Work remained at its peak and services were sustained. We were one of the banks that had less down time and minimal disruption, if there were any at all.

**The UnionBank Work from Home (WFH) playbook guided everyone. It provides guidelines for employees to work from home effectively, including FAQs for line managers to lead remote working successfully. It is not just a manual; it is a manifesto on how we operationalize key principles on productive mobility and sustaining engagement especially during periods of disruption.**

Later, when the lockdown was lifted, we developed the Return to Workplace Playbook, adopting the Department of Health standards and Department of Labor and Employment's Occupational Health Standards framework to guide us in our phased approach to returning to the workplace.



## **RETURN TO** **WORKPLACE** **WHAT TO EXPECT** **WHEN RETURNING** **TO UBP PLAZA**

To protect the health, safety, and welfare of every UnionBanker, there are **strict guidelines** that need to be followed. Here are some of the things that you should expect when returning to work.



## TAKING CARE OF OUR PEOPLE IN A VIRTUAL FIRST SETUP

While we activated our business continuity plan, we also beefed up our safety, health, and employee engagement programs. We executed several health and safety control measures to prevent transmission of the virus in the workplace and complemented these with a suite of engagement, learning and development, and family welfare activities.

Below are some of the health and safety initiatives that we did:

- Provided free regular rapid and antigen testing for all employees.
- Introduced Telemedicine for employees' COVID-19 related issues, handling and monitoring of health for those who tested positive.
- Enhanced the health insurance to accommodate the COVID-19 screening test reimbursements for the employee and his dependents.
- Provided medical and hospitalization support for employees who got sick of the virus.
- Implemented the modified physical workspace safety plan and building entry point protocols.
- Converted the office clinic into a virtual medical consultation center.

**NEED MEDICAL CONSULTATION?**  
Call InLife Telemedicine for U and your dependents.  
24/7 Free InLife Access  
• Manila: (02) 8705-0700  
• Davao: (082) 285-5111  
• Cebu: 032 265 5111  
• Dumaguete: 035 522 5111  
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Consultations from InLife Telemedicine are not charged to your outpatient limits.

**SITH**  
System for Integrated Tracing of Humans  
Contact Tracing Web App

Let's help everyone maintain a safe workplace!  
Track your movement within UnionBank Plaza with SITH  
Beginning August 15, 2020  
Scan the QR to access now  
or go to <https://sith.unionbankph.com/UBPContactTracing>

- Ran an intensive internal communication campaign to update employees about the coronavirus, and tips on how to avoid infection including wearing of face masks, face shields, and washing of hands.
- Developed our own UnionBank mobile app for contact tracing.
- Deep cleaning of workspaces especially in the branches that

remained opened for customers.

- Implemented virtual modes of meetings as first choice.
- Activated the buddy system in branches and designed a work rotation shift.
- Provided food or meal allowance and transportation service for our branch employees and essential personnel in the command centers.

**UB SOCIAL DISTANSING**  
PRESENTS  
**THE SPOTLIGHT'S ON THE GREATEST WOMAN IN OUR LIFE**  
THIS SUNDAY AT 2:30PM

**FINDING IT HARD TO ADJUST TO THE NEW NORMAL?**  
COMFORT IS JUST A **CHAT** AWAY!  
CHAT gives UnionBankers' approach and manage their personal, work, and family related challenges through professional counseling and learning sessions.  
CLICK THE ASKHR LINK TO ACCESS.

**Online Lunch and Learn Episode 8 UNIONBANKER, HANAPIN ANG TUWA SA GITNA NG PANDEMYA**  
Abangan sa engaged@UnionBank | August 24, 2020 (Lunes), Alas-dose ng Tanghali

On the engagement and culture-building aspect, these are the initiatives we implemented to balance human interaction and virtual style of working:

- Conducted regular virtual check-ins, which we call "Kamustahan" in our native Filipino language.
- Provided the 'Ubuntu' special subsidy for eligible employees and outsourced personnel as additional assistance on top of the regular amenities provided by the Bank.
- Offered free webinars, virtual classes, and self-paced courses including podcasts for the continuous learning of our employees.
- Staged a crowd-sourced storytelling campaign called "Kwentong Bank Hero" where employees share their stories on how they were able to

demonstrate the core values of Integrity, Magis and Ubuntu in times of crisis.

- Launched the online brown bag sessions that covers a variety of topics related to wellness, health and safety, family relationships, life skills, and work-life balance.
- Shared through our intranet non-work-related stories and wellness and hobbies tips during weekends.
- Staged virtual events-cum-fundraisers which we called Social DistanSING, where our employees perform in an online concert during special occasions such as Mother's Day, Father's Day, Christmas Festival, and Valentine's Day.
- Created the CHAT Room as part of our employee assistance program dedicated for topics on

mental and emotional wellness. We provide 24x7 phone hotline and 16x5 chatline services to connect our employees with mental health professionals.

- Amplified our employee volunteerism program to embed virtual sweat equity, allowing our employees to help communities to help the safety of their homes.

## UNIONBANKERS AS ECONOMIC FRONTLINERS

On Day 1 of the enhanced community quarantine, all critical functions remained operational despite having 80% of head office employees working from home. Our teams, equipped with the necessary digital tools, have on-demand access to the bank's cloud-based systems and applications.

Majority of UnionBank's branches remained open with full banking services and ATMs were constantly loaded to support our customers' liquidity needs. Our 5G-enabled Bank on Wheels banking kiosk served distant areas with large transaction requirements while our call center also continued to provide 24/7 customer assistance.

The ARK's modular design allows easy reconfiguration of the branch to comply with social distancing requirements with floor stickers, digital health checklist posters with QR code for contact tracing in all branches. Branch safety videos are played in these transformed branches featuring the safety protocol observed for all employees and customers. Retail customers can also schedule their visits through UnionBank Online while corporate customers through The Portal for less waiting time.

Several partners and organizations partnered with us to enable them to fulfill their respective missions during the pandemic. The Department of Social Welfare and Development (DSWD), for instance, tapped select financial institutions to conduct digital payments of their cash subsidy. Given our digital readiness and the wide reach of UBX' i2i network, we were assigned the third highest allocation of more than 1.3 million beneficiaries, which was the highest allocation given to a single bank.

We were also the chosen trusted partner of the Bureau of the Treasury (BTr) for the pioneer launch of the first app-based, blockchain-enabled distribution of retail sovereign treasury bonds called Bonds.ph. To-date, Bonds.ph has close to 50,000

registered users worldwide and raised more than Php100 million across three issuances.

Sign-ups of financial institutions in the i2i financial platform doubled to 181 as of February 2021 with transactions growing by 29 times to PHP2.8 billion. BUX payment gateway also signed up more than 95,000 E-Commerce merchants, while Sentro online shop builder grew its MSME community close to 30,000 in less than a year of operations.

Moreover, SeekCap online lending marketplace with eight partner lenders, has more than 23,000 signups and continues to provide business loans tailor-fitted to MSMEs' needs since 2019. Given its impressive performance in the past year, UBX was recognized as '2020 Fastest Growing Fintech Company in Southeast Asia' by UK-based Global Brands Magazine.

CitySavings, on the other hand, continues to innovate for customers with the pilot launch of its "Loan Ranger" Mobile App, enabling teacher borrowers to digitally monitor their accounts, and soon re-avail of salary loans without going to the branch. Its salesforce Loan Ranger platform also allowed the Bank to fulfill funding needs of teachers, motorcycle loan borrowers, and pension loan customers amid the COVID crisis.

## #UNIONBANKHEROES

In the process of providing the basic needs of our employees, the DNA and culture of UnionBank was seen shining through. Stories abound of UnionBankers going beyond what was required of them to leave no customer behind.

We have Jhoie, a Sales and Service Assistant from our Makati branch, who found ways to report to work and rode her scooter in the absence of public transportation during the community quarantine. She passed through 4 cities and 3 checkpoints to continue serving our customers in the branch. A team of 15 Manila and Cebu-based employees of

our subsidiary CitySavings, sacrificed time with their families and stayed at the Cebu head office for one month when the lockdown was announced, realizing the importance of finishing the project implementation of CitySaving's core banking system. Moreover, despite hospitals being warzone-like, employees from our hospital-based branches (e.g., Makati Medical, The Medical City, Center, St. Luke's, Cardinal Santos, and many more) set aside their fears to respond to the call of duty. In full medical gears, they diligently and selflessly assisted, recognizing that clients need their service the most in times like these.

All these initiatives and more led to UnionBank being voted as the 2nd Most Helpful Bank in Asia Pacific and the only Philippine bank in the Top 20 list by BankQuality.com, during this public health crisis.

Indeed, there are more stories to tell. But there's only one string that pulls them together - UnionBankers' commitment to support one another and respond to the needs of our customers regardless of the situation - a mindset embedded across the Bank.

**"We hope to continuously provide meaningful experiences through pandemic-proof banking to more customers."**

**Ana Delgado**  
Chief Customer  
Experience Officer



Carlos  
April 1, 2020

Most of us probably have the same problem on how to get to our office everyday inspite of the lockdown brought by this covid19.

It's not having excuses to go to office but rather finding and looking a means to serve our client. My "pedal " serves as my inspiration to continously cater the needs of our client.

As frontliner of the bank, it's valuing my job thru magis and my commitment with my work amidst the threat and uncertainty of the unforeseen force.

#KwentongBankHero # OwntheFuture  
#Magis #Ubuntu #Integrity  
#TeamElyu



## #UNIONBANK HEROES

Gerald Dwight  
April 2, 2020

#Magis  
#Kwentong BankHero Own the Future.

Senior citizen na may kapansanan di makalabas dahil sa COVID 19, pinuntahan at witness ang pagpirma bago pupunta ang representative sa branch. #happyclient.



Angel  
April 2, 2020

Enabling people to work remotely by giving tools needed is what we have been doing even before ecq started. Dedication from the start until the end have become our foundation and as your enterprise communication and collaboration support, we will always stand by U and give U the best of what we can do to ensure uptime and availability of your tools specially in this times of crisis.

We share the same passion — to help and provide excellent service to our customers, internal or external.

In this photo, 100+ laptops deployed, mobility kits, vpn readiness and network preparation for wfh tools by our frontliners to enable users to work remotely and come home safely to our families.

Ubuntugether!

#KwentongBankHero #Ubuntu



# GRI INDEX

102-55

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement of Omission
<b>ORGANIZATIONAL PROFILE</b>	102-1	Name of the organization	4	
	102-2	Activities, brands, products, and services	6-7, 85-86	
	102-3	Location of headquarters	95	
	102-4	Location of operations	6-7	
	102-5	Ownership and legal form	85	
	102-6	Markets served	6-7, 85-86	
	102-7	Scale of the organization	6-7, 85-86	
	102-8	Information on employees and other workers	28-47	
	102-9	Supply chain		UnionBank supports local enterprises and local populations to honor the mutually beneficial relationship we have with our host community. Our branch network is designed to encourage banking locally. We also do our part by investing in the local market, through our suppliers, and through our championship of small and medium enterprises (SMEs).
	102-10	Significant changes to the organization		There were no significant changes to the organization for the reporting period.
	102-11	Precautionary principle or approach		UnionBank distinguishes itself through technology and innovation, unique branch sales and service culture, and centralized backroom operations. The Bank's technology allows for the delivery of online, real-time business solutions to meet the customers' changing and diverse needs through innovative and customized cash management products and service offerings. We ensure that we are compliant with the relevant laws and take the necessary precautions prior to launching our product and service offerings to prevent any harm to our stakeholders.
	102-12	External initiatives	53-56	

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement of Omission
	102-13	Membership of associations		See page 6 of the <a href="#">2019 UnionBank Sustainability Report</a>
	102-14	Statement from senior decision-maker	16-21	
	102-16	Values, principles, standards, and norms of behavior	5	
<b>GOVERNANCE</b>	102-18	Governance structure		<p>The membership of the Board is made up of a combination of varying core competencies. As a whole, the Board demonstrates integrity and adherence with the principles of good governance and accountability to ensure a high standard of governance and oversight. Individually, members have a spread of skills and experiences that work correspondingly with each other. With the Bank's on-going digital transformation, the Board ensures the security and privacy of the stakeholders' information through laws and adhering to good governance principles. The Bank has established strict laws and policies within the organization to ensure ethical business operations. All employees, management, suppliers, and representatives of the Bank are guided by our principles and norms of behavior. The Bank also undergoes regular self-assessment based on the ASEAN Corporate Governance Scorecard and submits an Integrated Annual Corporate Governance Report (I-ACGR).</p> <p>For more details: <a href="https://www.unionbankph.com/about-us/corporate-governance">https://www.unionbankph.com/about-us/corporate-governance</a></p>
	102-30	Effectiveness of risk management processes		<p>UnionBank operates according to its established risk philosophy, where the Board is responsible for approving, reviewing, supervising, and overseeing the Bank's risk strategy, risk policies, risk appetite and risk limits. Following the Board's instruction, the Bank's Senior Management and various risk management committees set up independent risk management functions to ensure that risks are properly understood, controlled, and managed, in addition to the risk processes which must be clearly aligned with the Bank's business strategies. The Board will tackle the new mandate of Bangko Sentral ng Pilipinas, whereby it seeks to integrate the Sustainable Finance Policy from Board agenda to the bank's performance appraisal. UnionBank will provide more details in the next report.</p>

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement of Omission
<b>GOVERNANCE</b>	102-32	Highest governance body's role in sustainability reporting	18 (2nd - 3rd paragraphs)	
	102-40	List of stakeholder groups	13-14	
<b>STAKEHOLDER ENGAGEMENT</b>	102-41	Collective bargaining agreements		Both UnionBank and its subsidiary CitySavings have recognized employees association, which have combined membership of 1,431 members. The Bank has collective bargaining agreement with UnionBank Employees Association (UBEA) and is subject for renewal every 5 years (economic and political) and every 3 years (economic).
	102-42	Identifying and selecting stakeholders	13-14	
	102-43	Approach to stakeholder engagement	13	
	102-44	Key topics and concerns raised	14	
<b>REPORTING PRACTICE</b>	102-45	Entities included in the consolidated financial statements	11	
	102-46	Defining report content and topic Boundaries	11	
	102-47	List of material topics	14	
	102-48	Restatements of information		Statistical employee and other corporate data previously reported in the 2018 and 2019 sustainability reports have been recomputed to include CitySavings data (both Head office and branch network figures), for a more complete picture of our impacts.
	102-49	Changes in reporting		This 2020, alongside the GRI Standards, we continue to adopt the Sustainability Reporting Guidelines for Publicly Listed Companies as mandated by the Philippines Securities and Exchange Commission (SEC).
	102-50	Reporting period		January 2020 to December 2020

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement of Omission
<b>REPORTING PRACTICE</b>	102-51	Date of most recent report		2019 Sustainability Report published in May 2020
	102-52	Reporting cycle		Annual
	102-53	Contact point for questions regarding the report		sustainability@unionbankph.com
	102-54	Claims of reporting in accordance with the GRI Standards		GRI Core
	102-55	GRI content index		This entire section
	102-56	External assurance		This report did not undergo external assurance.
<b>GRI 200: ECONOMIC STANDARDS SERIES 2016</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its boundary		13-14, 84-86
	103-2	The management approach and its components		Management approaches are stated at the beginning of every section devoted to People (social), Planet (environment) and Purpose (Governance).
	103-3	Evaluation of the management approach		Sustainability strategy and management approach are vetted at the Board's Corporate Governance Committee, duly noted by the Board en banc.
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	61	
<b>GRI 203: Indirect Economic Impacts</b>	203-1	Infrastructure investments and services supported	26-27	
	203-2	Significant indirect economic impacts	26-27	
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers		PHP8.5 Billion
<b>GRI 205: Anti-Corruption 2016</b>	205-2	Communication and training about anti-corruption policies and procedures	88	

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement of Omission
<b>GRI 300: ENVIRONMENTAL STANDARDS SERIES 2016</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its boundary	50	
	103-2	The management approach and its components	50	
	103-3	Evaluation of the management approach	50	
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	51-52	
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	51-52	
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	52	
	305-2	Energy indirect (Scope 2) GHG emissions	52	
	305-4	GHG emissions intensity		Not yet reported. This will be aligned with the groupwide GHG reporting initiative of the parent company Aboitiz Equity Ventures.
<b>GRI 307: Environmental Compliance 2016</b>	307-1	Non-compliance with environment laws and regulations		There is one (1) non-monetary sanction for non-compliance with environmental laws and/or regulations
<b>GRI 300: ENVIRONMENTAL STANDARDS SERIES 2018</b>				
<b>GRI 303: Water 2016</b>	303-5	Water consumption	51	
<b>GRI 400: SOCIAL STANDARDS SERIES 2018</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its boundary	29-38	
	103-2	The management approach and its components	29	
	103-3	Evaluation of the management approach	29-30	

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement of Omission
<b>GRI 400: SOCIAL STANDARDS SERIES 2018</b>				
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	30	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		In the 2020 benchmarking of the bank, the result showed that our entry-level employees have higher starting basic pay compared to other banks of similar size.  See also, page 27 of the <a href="#">2019 UnionBank Sustainability Report</a>
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, an absenteeism, and number of work-related fatalities	41-43	
<b>GRI 404: Training and Education 2016</b>	404-1	Average training hours	39	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	37	
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments and development programs	45-47	
<b>GRI 416: Customer Health and Safety 2016</b>	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents on non-compliance concerning the health and safety impacts of products and services.
<b>GRI: 417: Marketing and Labeling 2016</b>	417-3	Incidents of non-compliance concerning marketing communication		There were no incidents on non-compliance concerning marketing communications.

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement of Omission
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data		There were no substantiated complaints concerning breaches of customer privacy and loss of customer data in 2020.
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic arena		There were no incidents of non-compliance with laws and regulations in the social and economic arena.

Ownership and legal form

Products and services

Board diversity

Codes of Conduct

Anti-corruption policy

Customer satisfaction

Customer health and safety

Marketing and labeling

Customer privacy

Data security

## Ownership and Legal Form

As of February 28, 2021, UnionBank's major shareholders are:

**49.27%**  
**Aboitiz Equity Ventures, Inc.**

**16.28%**  
**The Insular Life Assurance Co., Ltd**

**9.91%\***  
**PCD Nominee Corporation**

**15.29%**  
**Social Security System**

\*Social Security System (SSS) holds 44,045,313 shares or 3.61% of the company's outstanding capital shares under the PCD Nominee Corporation.

## Products and Services

- **Cash Management Services**
  - » The Portal by UnionBank (Business Banking) - The Portal by UnionBank is an online cash management platform for corporate and business users to facilitate all their banking activities: initiate fund transfers, pay bills, monitor balances, approve transactions with a single sign-on and many more. Accessible via web or the mobile app (iOS and Android).
  - » Disbursements
  - » Collections
  - » Payroll
  - » Government Payments
  - » Cards
  - » Financial Supply Chain
  - » Liquidity Management
- **UnionBank Online** - Easily transfer funds and pay bills, including sending money to partner remittance centers: Palawan Express, Cebuana Lhuillier, LBC and PeraHub
- **Loan products**
- **SME Banking Solutions**
- **Trade Services and Products**
- **Credit Cards**
- **Debit Cards**
- **Visa Prepaid Cards**
- **Private Banking**
- **Investment Banking Services**
- **Deposit Products** - Savings Account, Checking Account, Investment Accounts
- **Investment and Trading Platforms**
  - » Bonds.Ph: A fully digital bond distribution platform that allows clients to create an account, cash in from any bank, debit card or electronic wallets like GCash or Paymaya. Bonds.PH allows clients to invest in various bonds issued by the Bureau of the Treasury or BTr during the public offer period, without the need for a bank account. The Bonds.PH mobile app is available 24/7, and allows investors residing abroad to participate in a featured BTr issuance. As allowed by the terms and conditions of certain issuances, clients can also sell their investments purchased from Bonds.PH.
  - » U.FX: U.FX: A web-based foreign exchange (FX) dealing platform with live executable rates for the branches and mobile app. The platform allows for straight through processing of FX transactions with competitive and live rates not only for US Dollar to Philippines Peso, but also for most major currencies. The U.FX on the mobile application allows our clients to transact their FX needs anytime, anywhere.
  - » Trust Services

• **Fintech Business Group (UnionBank API Developer Portal)**

- It is a channel that enables fintechs and corporate clients to tap into UnionBank's banking services and other functionalities. Available since 2017, the portal acts as the interface between the Bank's full suite of APIs and its developers community. It allows external entities to easily sign up on it, choose from a catalogue of services, and integrate them to their own platforms. It permits a system-to-system communication between the core client's platform and the Bank's core systems, enabling customers to reach a wider audience and growth.

• **Bux** - An end-to-end payment platform catering to businesses of all sizes, from individual and casual sellers to sole proprietors and large organizations. Bux accepts all forms of payment whether it be over the counter, credit and debit card payments, e-wallet, online banking, and pay later options.

• **SeekCap** - SeekCap is the Philippines' first same-day approval lending marketplace for Filipino entrepreneurs. It allows businesses to get access to financing through an end-to-end digital experience. Online platforms can also easily plug into the platform to offer loans to their customers and provide a seamless, embedded experience. This was developed in partnership

with OneConnect Financial Technology Co. Ltd., a leading technology-as-a-service platform for financial institutions.

• **I2i** - i2i connects financial institutions of all sizes and community-based non-banking financial service providers to each other and the national retail payment system. Digital services provisioned through the platform help digitally transform these financial service providers. A full suite of ready-to-use tools are available - from core banking, agency banking, mobile ATM, alternative credit scoring, money transfers, bills payments, and more.

• **Qlabs** - Qlabs provides capabilities to help customers of the UnionBank group digitally transform their businesses. Qlabs delivers secure and reliable systems powered by modern technologies through software development services and dedicated teams to support our clients' digital transformation

• **Sentro** - Sentro is a Retail Operating System complete with everything an SME needs to jumpstart, run and grow their business.

Sentro includes an end-to-end ecommerce platform that comes built-in with an easy-to-use online store builder, inventory management system, and pre-integrated payments and logistics.

- **Electronic Banking Services**
- **Priority Banking**
- **Pre-Need First Union Plans**
- **Real Property Management (UnionBank Investments Corp)**

**Corporate Governance**

**Good Governance Principles**

The Bank has established strict laws and policies within the organization to ensure ethical business operations. All employees, management, suppliers, and representatives of the Bank are guided by our principles and norms of behavior. The Bank also undergoes regular self-assessment based on the ASEAN Corporate Governance Scorecard and submits an Integrated Annual Corporate Governance Report (I-ACGR).

UnionBank also aligns itself with the local and international standards for best practices. These include the guidelines provided by the Code of Corporate Governance issued by the Securities and Exchange Commission, the Bangko Sentral ng Pilipinas Circular No. 969 or the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions, and the internationally recognized Organization for Economic Cooperation and Development (OECD) principles.

**UnionBank Manuals, Government Codes, Governance Evaluation Mechanisms**

Revised Manual on Good Corporate Governance, Philippine Financial Reporting Standards 9 (FPRS 9) by the Banko Sentral ng Pilipinas. Internal Audit investigates in aid of administrative or criminal proceedings, and External Audit checks on whether financial statements are fairly presented in accordance with financial reporting standards.

UNIONBANK MANUALS	GOVERNMENT CODES	GOVERNANCE EVALUATION MECHANISMS
Revised Manual on Good Corporate Governance	Philippine Financial Reporting Standards 9 (FPRS 9) by the Banko Sentral ng Pilipinas	Internal Audit – investigates in aid of administrative or criminal proceedings  External Audit – checks on whether financial statements are fairly presented in accordance with financial reporting standards
Code of Conduct	Sustainability Reporting Guidelines for Publicly Listed Companies by the Securities and Exchange Commission	Privacy Impact Assessment - manages confidentiality of client information
Ethical Standards and Governance Policies		Information Security, Risk, and Legal Assessments – safeguards and secures customer transactions

**Board Diversity Policy**

The Bank recognizes the value of board diversity and as such strives to promote the same by non-discrimination on age, gender, religion, socio-political affiliation and status. Diversity in the composition of the members of the board are upheld on a year-on-year basis in alignment with the fit and proper rule of the Bangko Sentral ng Pilipinas.

The membership of the Board is made up of a combination of varying core competencies. The Board demonstrates integrity and adherence with the principles of good governance and accountability to ensure a high standard of governance and oversight. Individually, members have a spread

of skills and experiences that work correspondingly with each other. With the Bank's on-going digital transformation, the Board ensures the security and privacy of the stakeholders' information through laws and adhering to good governance principles.

Our [diversity statement](#) alludes to variety in field of expertise and background. It is non-discriminatory in a way that it does not limit diversity to gender, race nor nationality.

**Board Gender Diversity**  
Number of Female Directors as of December 31, 2020: **2**

## Codes of Conduct

The following aspects are covered by UnionBank's codes of conduct at a group level:

- Corruption and Bribery
- [Confidentiality of Information](#)
- [Conflicts of Interest](#)
- [Anti-Money Laundering](#)
- [Sustainability \(Environment, Health, and Safety\)](#)
- [Whistleblowing](#)

### Coverage

- Contractors/Suppliers/Service Providers: Only whistleblowing policy for contractors/suppliers/ etc 100% coverage, 100% written acknowledgement, part of bid process
- Subsidiaries: 100% coverage for seconded employees, written acknowledgement, annual refresher course on Code of Conduct. For those regular employees of Subs, they are covered by their respective companies' Code of Conduct.

### Systems and Procedures

The following mechanisms are in place to assure effective implementation of these codes of conduct:

- Responsibilities, accountabilities and reporting lines are systemically defined in all divisions and group companies
- Dedicated help desks, focal points, ombudsman, hotlines
- Employee performance appraisal systems integrates compliance/codes of conduct
- Disciplinary actions in case of breach

## Anti-Corruption

### Which stakeholders are affected?

Employees, customers, business partners, suppliers, stockholders, board of directors

### What are the risks identified?

Operational and Reputational

The Bank is committed to conducting its business activities in a fair, honest and ethical manner. UnionBank has zero tolerance for bribery and corruption and strives to apply the highest standards of corporate ethics and professionalism in the conduct of its business. This zero tolerance approach also means the Bank is committed to the mitigation, deterrence and detection of bribery, corruption and other unethical practices.

### What are the opportunities identified?

Conduct strong and consistent awareness campaign. Regularly update new employees, suppliers, and contractors. As a result, all employees, directors, vendors, related third parties, business partners and other stakeholders must comply with the provisions of the Bank's Anti-Bribery and Corruption Policy

### Management Approach

UnionBank requires compliance with applicable Anti-Bribery and Corruption laws in the country.

UnionBank has bank-wide policies on anti-corruption such as its Whistle Blowing Policy, and Fair Securities Dealing Policy.

This is part of the Bank's effort to achieve disclosure and transparency. The policy on Anti-Money Laundering is also intended as a way to reduce the risk of entering into transactions that may be exploited and may then result in incidences of bribery or fraud among others.

The Board of Directors is ultimately responsible for the Bank's Anti-Bribery and Corruption Compliance Program, which covers prohibition of receipt of gifts, entertainment and benefits, vendor management, whistleblowing and other related activities. UnionBank requires compliance with applicable Anti-Bribery and Corruption laws in the country.

### Training on Anti-Corruption Policies and Procedures

#### DISCLOSURE

Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated	100%
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Percentage of directors and management that have received anti-corruption training	100%
--	------

Percentage of employees that have received anti-corruption training	100%
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### Incidents of Corruption

Number of incidents in which directors were removed or disciplined for corruption	0
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Number of incidents in which employees were dismissed or disciplined for corruption	0
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Number of incidents when contracts with business partners were terminated due to incidents of corruption	0
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## Customer Relationship Management

### Customer Satisfaction

#### Which stakeholders are affected?

Customers (customer protection, satisfaction level, complaints that have been addressed, maintaining the trust given to the bank), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), regulators (regulations can be created and/or revised to protect and uphold the rights of customers), general public and media (these two have reputational impact)

#### What are the risks identified?

Reputation Risks: Unsatisfied customers whose issues have not been resolved can provide negative feedback and public opinion. These can be shared over social media and circulated by the general public.

#### What are the opportunities identified?

Higher customer satisfaction translates to trust and can ensure customer loyalty. It also attracts potential new customers and therefore, more sales and revenue for the Bank.

The Bank aims to continuously improve its products and services by taking into consideration past complaints, suggestions and feedback from its clients. Digital platforms are also constantly being enhanced and updated to fit the current and immediate needs of UnionBank customers.

### Management Approach

The Bank conducts operations and provides quality customer service following our culture and DNA of integrity, magis and ubuntu.

The consumer assistance management system of the bank includes consumer

assistance policies and procedures as well as the corporate structure for handling complaints.

The Consumer Affairs Group (CAG) is the unit responsible with the compliance of BSP Circulars 857 and 1048 on Financial Consumer Protection. CAG monitors Customer Experience and liaises with BSP Consumer Empowerment Group - Center for Learning and Inclusion Advocacy (CEG-CLIA).

They shall be responsible for ensuring that the consumer assistance management process is necessary, updated, and conforming to the internal control framework of the Bank and complied with by all affected units. They are responsible for performing monitoring and oversight over the Bank's Consumer Assistance.

The group keeps track, identifies and analyzes trends about the nature of the complaints and, when needed, recommends solutions to avoid recurrence or improve processes to deliver standout Customer Experience. CAG reports and escalates issues and concerns to Senior Management or to the Operational Risk Management Committee on a monthly basis about persistent "complaints against the Bank or UnionBankers" that have been received.

Moreover, our Public Relations unit monitors feedback from traditional and social media to identify customer concerns; customer research; alignment with Consumer Protection; assessment for reputational risk and where it is being regularly reported to.

### Customer Satisfaction Score

UnionBank puts importance in upholding the rights of its customers throughout its business operations and the entire organization. This has resulted to positive customer satisfactions ratings. In our 2020 customer satisfaction survey, respondents provided the following:

- Overall Rating - Branch customers' rating on their level of satisfaction with the overall service they have received from UnionBank, as a whole
- Branch Service Rating - Branch customers' rating on their level of satisfaction with the overall service they have received from their "most-often visited" UnionBank branch, given their experience for the last 3 months
- Customer Engagement Questions - Branch customers' average rating on the Gallup Customer Engagement Perception Questions

Note: The scale used in this survey is 1 to 5 (with 5 being the highest)

	TOTAL NUMBER OF CUSTOMERS SERVED	CUSTOMER SATISFACTION RATING
UnionBank	1.94 M deposit accounts and loans opened in 2020  6.5 M current and existing deposit accounts and loans as of 12/31/2020	4.904 (out of 5)
CitySavings	Luzon: 5,766 Visayas: 2,804 Mindanao: 1,067 Total: 9,637 customers	90.78%  Coverage is from May to December 2020 using new Customer Satisfaction (CSAT) methodology

**Customer Health and Safety**

**Which stakeholders are affected?**

Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

**What are the risks identified?**

UnionBank’s financial products and services do not directly cause risks to the health and safety of its customers. Our customers’ products and services can, however, indirectly cause health and safety risks to their own clients.

**What are the opportunities identified?**

As lenders of capital and intermediaries in financial transactions, the Bank can promote sustainable business practices (including health and safety) to its clients and customers.

**Management Approach**

UnionBank’s Sustainability Policy is aligned with its vision and brand promise and describes its ambition to neither cause nor contribute to adverse social and environmental impacts. By way of commitments, the Bank’s statement addresses the (potential) direct impacts which it could create because of its operations and the products and services which it offers to the market.

As part of its ESG strategy, the Bank is preparing to develop its Environmental and Social Risk Management System (ESRMS), which will require that all environmental and social risks inherent or through its relationships, products, and services are reviewed and vetted with these

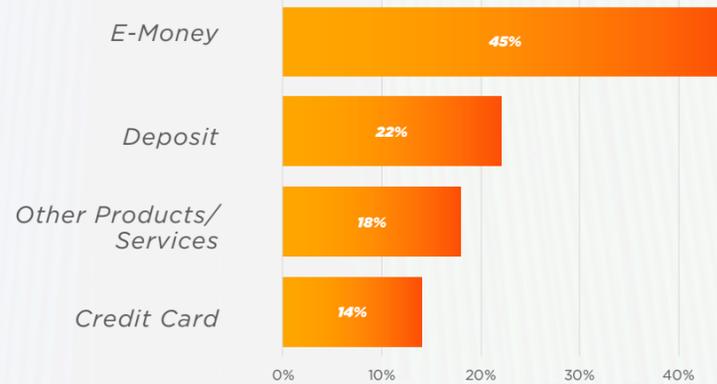
considerations. This will guide the Bank in its risk assessment process to evaluate the negative and positive effects of a project that the Bank could finance.

The Bank’s Sustainability Policy guides decision-making at all levels, providing a frame of

reference for our contributions to sustainable development, while managing risks and opportunities of a changing world.

This table summarizes the number of overall customer concerns in 2020:

**SUMMARY OF CUSTOMER CONCERNS**



These concerns went through the Bank’s formal communication channels. A Consumer Assistance Officer (CAO) receives and acknowledges customer’s complaint/request/inquiry through any but not limited to the following channels: web-portal, walk-in or personal branch visit, letter, e-mail and telephone / facsimile. The CAO performs initial investigation to identify concerned unit/s in charge of resolving the complaint/request/inquiry and logs the same into the Bank’s central repository system. The client will receive notifications via

email in acknowledgement of concern and upon resolution of the case.

The Quality Assurance Officer (QAO) monitors the progress of investigation to ensure compliance with the prescribed turnaround time and conducts follow-up as deemed necessary. The Resolving Consumer Assistance Officer assesses and investigates the request/complaint then completes the investigation within the required turnaround time based on the type of complaint and communicates the resolution to the customer in simple and clear language.



**Marketing and Labelling**

**Which stakeholders are affected?**

Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

**What are the risks identified?**

UnionBank adheres to national regulations on labelling and providing information about its financial products and services. Non-compliance can be subject to regulatory penalties. Transparent and responsible approach to various means and channels of communications, especially on any risks associated to the use of such products and services.

**What are the opportunities identified?**

Innovative updates and approaches on marketing and labelling can result to better customer satisfaction ratings. The Bank strives to carefully assess and review all marketing campaigns, materials, and digital platforms (including the mobile app and website).

**Management Approach**

The Bank is able to provide consumer protection and satisfaction by being able to uphold the rights of its customers to the security of its products and services. This is part of the organization’s primary business.

The Bank also strives to be transparent and accurate in providing its customers access to information. The Bank provides information on the effects of subscribing to its

products and services, including any economic, environmental or social impact. This is incorporated in its labelling and marketing communication aspects.

**Topic Number**

Number of substantiated complaints on marketing and labelling? None

Number of complaints addressed None

**Customer Privacy**

**Which stakeholders are affected?**

Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

**Topic Number**

Number of substantiated complaints on customer privacy None

Number of complaints addressed None

No. of customers, users, and account holders whose information is used for secondary purposes 100% We monitor the percentage of users whose customer data is used for secondary purposes. 100% of customers’ data is used for secondary purposes. These are processed for secondary purposes other than banking product and services, subject to the Bank’s privacy policy.

**What are the risks identified?**

Breaches in customer privacy and loss of customer data can lead to regulatory penalties and reputational risks.

UnionBank ensures that it informs all data processors how the bank protects personal information of clients following the privacy-by-design principles. All customers would also be notified as to how their personal data is being processed.

**What are the opportunities identified?**

Improvement to the Bank’s customer privacy processes and measures can ensure customer satisfaction. This will allow customers to trust the Bank and continue to drive revenues and new clients along the way.

Conduct trainings for employees, management, and subcontractors to continuously update everyone on customer privacy regulations, market changes, and risks.

Compliance courses on customer privacy for employees and awareness campaigns remind everyone in the organization to remain vigilant to changes and can therefore improve processes and mitigate risks better.

**Management Approach**

UnionBank respects and values our clients’ right to privacy with utmost importance. We would like to inform you that we are taking the necessary steps for the protection and security of your personal information and of your use of our services.

As provided by the Data Privacy Act of 2012 (“DPA”), its Implementing Rules and Regulations (“IRR”), and issuances by the National Privacy Commission, the Bank guarantees that we are compliant with all the requirements mandated by law, as well as with the generally accepted global data protection standards and regulations.

The Bank ensures continued protection of your personal information with our organizational, physical, and technical measures for data protection, including policies for evaluation, monitoring, and review of operations and security risks. This Privacy Policy informs you of updates in our corporate policies regarding the collection, use, storage, disclosure, and disposal of personal information we receive and collect from the Bank customers, payees, users, and any individual who communicate, raise inquiries and concerns, as well as transact with us through our authorized representatives, bank branches, official websites and platforms, and web-based applications and channels.

This Privacy Policy shall be subject to changes in our policies and the law. We shall notify you of the changes by posting in our website and other means of communication for your information and reference.

**Data Security**

UnionBank manages and protects data to ensure its integrity, reliability, and security across the organization.

**Which stakeholders are affected?**

Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

**What are the risks identified?**

Data and information security breaches, including leaks and theft may occur in the organization.

- An information security/ cybersecurity policy is internally available to all employees
- Information security/ cybersecurity awareness training
- UnionBank adopts a clear escalation process, which employees can follow in the event an employee notices something suspicious is in place.
- The Bank has continuity/ contingency plans and incident response procedures in place to prevent IT system interruptions and cyberattacks. These plans are tested at least annually.

**What are the opportunities identified?**

UnionBank can strengthen and continue improving any data and information security measures and processes. This can lead to better customer satisfaction ratings and ultimately, better revenues for the Bank.

Conduct trainings for employees, management, and subcontractors to continuously update everyone on data and information security regulations, market changes, and risks. Compliance courses on data privacy for employees and awareness campaigns remind everyone in the organization to remain vigilant to changes and can therefore improve processes and mitigate risks better.

Topic	Number
Number of data breaches, including leaks, thefts and losses of data	None

**Management Approach**

The Bank ensures continued protection of customer’s personal information. We continually inform customers on updates in our corporate policies regarding the collection, use, storage, disclosure, and disposal of personal information.

Under the Data Privacy Act of 2012, our customers have the following rights:

1. Right to be informed - you may demand the details as to how your personal information is being processed or have been processed by the Bank, including the existence of automated decision-making and profiling systems.
2. Right to access - upon written request, you may demand reasonable access to your personal information, which may include the contents of your processed personal information, the manner of processing, sources where they were obtained, recipients and reason of disclosure.

3. Right to dispute - you may dispute inaccuracy or error in your personal information in the Bank systems through our contact center representatives.
4. Right to object - you may suspend, withdraw, and remove your personal information in certain further processing, upon demand, which include your right to opt-out to any commercial communication or advertising purposes from the Bank.
5. Right to data erasure - based on reasonable grounds, you have the right to suspend, withdraw or order blocking, removal or destruction of your personal data from the Bank’s filing system, without prejudice to the Bank continuous processing for commercial, operational, legal, and regulatory purposes.
6. Right to secure data portability - you have the right to obtain from the Bank your personal information in an electronic or structured format that is commonly used and allows for further use.
7. Right to be indemnified for damages - as data subject, you have every right to be indemnified for any damages sustained due to such violation of your right to privacy through inaccurate, false, unlawfully obtained or unauthorized use of your information.
8. Right to file a complaint - you may file your complaint or any concerns with our Data Protection Office at 44/F UnionBank Plaza, Meralco Avenue corner Onyx Road, Pasig City, 1600, Metro Manila, Philippines or [dpo@unionbankph.com](mailto:dpo@unionbankph.com) and/or with the National Privacy Commission through [www.privacy.gov.ph](http://www.privacy.gov.ph)

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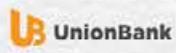
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Compliance  
and Corporate Governance Office  
Corporate Media  
and Reputation Management  
Corporate Planning  
Corporate Product Management  
Customer Experience  
Customer Segment Management  
Facilities Management  
Financial Reporting  
and Accounting Standards  
Human Resource Group  
Information Security Office  
Legal Division  
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# **T**TECH UP

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2020  
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REPORT

