



Partners Through Generations

Rizal Commercial Banking Corporation

Sustainability Report 2021

Contextual Information

Company Details	
Name of Organization	Rizal Commercial Banking Corporation
Location of Headquarters	Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Rizal Commercial Banking Corporation
Business Model, including Primary Activities, Brands, Products, and Services	Rizal Commercial Banking Corporation (RCBC or the Bank) is a universal bank in the Philippines that provides a wide range of banking and financial products and services. The Bank offers commercial, corporate, and consumer lending products, cash management products, treasury products, and remittance services. The Bank and its subsidiaries are engaged in all aspects of traditional banking, investment banking, retail financing (auto, mortgage/housing loans, credit cards, and microfinance loans), remittance, leasing, foreign exchange, and stock brokering.
Reporting Period	January 1, 2021 – December 31, 2021
Highest Ranking Person responsible for this report	Eugene S. Acevedo President and CEO

RCBC was incorporated in 1960 under the name Rizal Development Bank. In 1963, RCBC received approval from the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank, and then acquired its universal banking license in 1989. RCBC is part of a Filipino conglomerate known as the Yuchengco Group of Companies or YGC. With around 60 businesses integrated into its organization, YGC is recognized as one of the oldest and largest conglomerates in Southeast Asia.

From being a development bank in 1960, RCBC is now among the major industry players in the Philippines' universal and commercial banking group, with total assets of Php 950.294 Billion (USD 18.64 Billion) and consolidated resources of Php 959.133 Billion (USD 18.81 Billion, including subsidiaries and affiliates) as of December 31, 2021. RCBC is listed in the Philippine Stock Exchange.

As a diversified financial institution, RCBC serves corporate and individual banking needs through multiple customer channels offering innovative products and services to various markets. The Bank has an inclusive financial business model that expanded in 2009 when it ventured into the microfinance business via Rizal MicroBank (RMB, the thrift bank subsidiary) to serve the unbanked and underserved segments of the country's population. In particular, RMB serves the microenterprise and small business operators, as well as value chain players in the agricultural sector.

RCBC is aligning its business strategy to support the development needs of society, as articulated in the UN Sustainable Development Goals (SDGs) and the Paris Agreement. In December 2020, RCBC President Eugene S. Acevedo publicly committed to cease funding of the construction of new coal power plants, the first Philippine universal bank to do so. This is a clear demonstration of RCBC's leadership in shifting financing toward clean energy, supporting the government's moratorium on endorsements for greenfield coal power plants, and building a more sustainable power supply mix. The Bank aims to

embed awareness of environmental and social (E&S) issues within the organization, with clients, and in the communities that the Bank serves. The Bank believes that good sustainable practices are a key pillar of responsible lending which can have a meaningful impact on the environment and communities.

RCBC has won a total of eight awards since 2019 in recognition of its best practices in the areas of E&S responsibility and corporate governance. In June 2021, RCBC was recognized as among the “Top Community Centric Companies in Asia” at the prestigious Asia Corporate Excellence & Sustainability (ACES) Awards 2021. In December 2021, RCBC was recognized by The Asset 2021 ESG Corporate Awards through “The Asset Benchmarking Award for ESG – Gold Award”. In January 2022, The Asset Publishing and Research Ltd. recognized the Php17.87B ASEAN Sustainability Bond (issued in March 2021) as the “Best Sustainability Bond”.

In December 2020, the Bank’s ESG rating was upgraded from “A” to “AA” by Morgan Stanley Capital International (MSCI), indicating sound business organization and risk mitigation. The rating upgrade has placed RCBC in a Leader ESG ranking (MSCI ESG ratings of AA and AAA).

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

Significant economic, environmental, and social impacts of the organization:

With the onset of the COVID-19 pandemic in 2020, the worldwide aspiration was to experience 2021 as the rebound year. 2021 had to be better than 2020. It had to be definitely be better than 2020.

The year 2021 though was not a breeze, in fact it struggled to be better than 2020. The rebound was not possible in one clean sweep. The Philippines, along with the rest of the world went through waves of seeming recovery from the onslaught of the COVID-19 virus to resurgence of cases even post-vaccination measures. Nationwide COVID-19 cases recorded peaks and valleys throughout the year, prompting the government to place the country in and out of lockdown programs. The aspiration for 2021 to be far better than 2020 was ebbing away at some points of the year, but the resolve to move forward was not to be denied.

Such was the case for RCBC. As the pandemic kept pounding, RCBC hammered away in pursuing the following activities to cover the economic, environmental, and social areas of its business amidst the second year of the pandemic:

- Continued push for digital transformation and data analytics. These were effectively applied for product/service enhancements, for studying and monitoring metrics relevant to the well-being and safety of employees and clients, and for achieving operational efficiencies across the Bank's head offices and branches.
- Steadfast commitment to the Bank's financial inclusion model. RCBC continued to provide assistance to SMEs introducing innovative products and services made accessible to the unbanked, and underserved despite challenges brought about by the pandemic.
- Stronger resolve to occupy a leading position in the sustainability space. This was pursued through the issuance of sustainable financing instruments, entering into pioneer capacity-building initiatives, and coming to the fore of awareness events on sustainability through both internal and external activities.

In this report, topics considered material are those relevant to and centered on the above significant impacts.

Information that substantively influences the assessments and decisions of stakeholders, including investors:

As the Bank traversed the remnants of COVID-19 impact in 2020 through 2021, and with the appearance of COVID-19 variants never before encountered by humankind, data on the following have become all the more potent in deepening the Bank's contribution to the banking industry:

- Information essential in fostering customer trust, especially in light of growing dependence on digital banking. This includes data on customer engagement/customer satisfaction, customer privacy, upholding the rights of the customer, data security, and business ethics.
- RCBC monitoring of and disclosures on its over-all performance. This includes the Bank's financial results, COVID-19 pandemic response, continued investments in human resources, talent training and development, technological advancements, vigilance against manipulators of digital technology, and commitments to ESG principles.
- RCBC compliance. This covers documents / processes to address the requirements of BSP Circulars

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

on ESG (Circular 1085: Sustainable Finance Framework; Circular 1128: Environmental and Social Risk Management Framework) and all relevant laws and regulations.

Matters that substantively affect the organization's ability to create value over the short, medium and long term:

RCBC recognizes that its capacity to develop products and services is anchored on the Bank's financial capability to recover from the impact of the global pandemic, its management and talent support, its resilience in operations, and its collaboration with the supply chain. The Bank is united with the rest of the country and the world in working to make 2022 not just another rebound year, but a period of determined resilience. Given this, the following continue to substantively affect the Bank's ability to create value over the short, medium, and long-term:

- Matters pertaining to economic results and financial well-being
- Protection for the health and safety of employees and clients
- Human resource support and talent pipeline
- Adaptability of operations to crisis/changing circumstances, innovations; and
- Supplier actions / immersion in sustainability

Material Topics	
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ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure (January 1 – December 31, 2021)	Amount (consolidated)	Units
Direct economic value generated (revenue)	2021: 36.394 Billion 2020: 37.913 Billion 2019: 35.858 Billion	Php
Direct economic value distributed:		
a. Total operating costs	2021: 24.984 Billion 2020: 27.720 Billion 2019: 24.292 Billion	Php
b. Employee wages and benefits	2021: 6.371 Billion 2020: 6.626 Billion 2019: 6.833 Billion	Php
c. Payments to suppliers, other operating costs	2021: 12.272 Billion 2020: 14.362 Billion 2019: 12.092 Billion	Php
d. Dividends given to stockholders	2021: 1.897 Billion 2020: 1.076 Billion 2019: 864 Million	Php
e. Taxes given to government	2021: 4.365 Billion 2020: 5.563 Billion 2019: 4.435 Billion	Php
f. Investments to community (e.g. donations, CSR)	2021: 79 Million 2020: 93 Million 2019: 68 Million	Php

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to economic value generated & distributed by the organization)
Stockholders	<ul style="list-style-type: none"> - Financial performance/health: Revenue, operating costs, remaining value retained in the company for liquidity and future investments - Fiscal and risk management to enhance profitability and bank operations - Regulatory compliance with BSP, SEC and PSE and international best practices - Economic contribution to the country - Dividends - Community investments
Loan/Fund Providers & Creditors/Depositors	<ul style="list-style-type: none"> - Equitable interest rates and sound financial advice - Value creation: financial contribution and impact to UN SDGs
Customers/Clients	<ul style="list-style-type: none"> - Evidence of financial capacity - Reliability and continuity of operations, unusual decline in financial results
Employees	<ul style="list-style-type: none"> - Equitable wages and benefits

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to economic value generated & distributed by the organization)
Suppliers	- Payments made
Government	- Taxes paid
Community	- Corporate Social Responsibility - Community investments with positive impact - Periodic partnerships and sponsorships - Participation in and support of worthy causes

What is the impact and where does it occur? What is the organization's involvement in the impact?
<p>The impacts are the following:</p> <ul style="list-style-type: none"> - Value generation for stakeholders - Assurance on financial well-being for customers, employees - Benefits to the environment and society through lending activities (visit www.rcbc.com/sustainability and download the Impact Report) - Promotion of fiscal growth through taxes contribution - Demonstration of resilience and stability in the banking sector <p>These occur in the primary business operations and supply chain, and are caused by the organization.</p>
Management Approach to Impact
<p>RCBC upholds an inclusive financial business model that effectively serves its stakeholders through: i) revenue generated, ii) economic value deployed through employee wages and benefits, payments made to suppliers, dividends for stockholders, taxes paid to the government, iii) investments in local communities as well as core industries supporting the country's economic growth, and iv) expansion of banking access to the unbanked and underserved parts of the country.</p>

What are the risks identified?
<p>Revenue generation may be disrupted by unforeseen changes in circumstances or pronounced crises that influence customer behaviour, constrain access to financial services (especially for the unbanked and underserved communities), or adversely affect employee well-being. This has all the more been highlighted as banks navigated through various coping and remedial mechanisms throughout this COVID-19 pandemic. The economic downturn that results from these crises may affect the customers' repayment capacity, causing banks to absorb higher provisioning cost that adversely impacts net income and equity position.</p> <p>Revenue generation also involves lending to the energy sector whose operations are highly associated with climate-related risks due to significant greenhouse gas (GHG) emissions. Lending to this sector includes both short-term and long-term transactions, and exposure to both renewable and non-renewable technologies. Financing support to sectors that impact climate change leads to vulnerability toward transition risks, as acknowledged by BSP Circulars 1085 and 1128.</p>
Management Approach to Risks
<p><i>RCBC: A Domestic Systemically Important Bank (DSIB)</i></p>

As a Domestic Systemically Important Bank (DSIB), RCBC must demonstrate the capacity to maintain resilience against distress that will affect the financial system as a whole, and the economy at large. RCBC (like other DSIBs) needs to have higher loss absorbency (HLA). The HLA requirement is attained through the Bank's Common Equity Tier 1 (CET1) which establishes a maximum degree of effective loss absorbing capacity. In the event of any breach in the HLA capital requirement, concrete and reasonable recovery plans shall be implemented as outlined in RCBC's Internal Capital Adequacy Assessment Process (ICAAP) document. The implementation of recovery plans is aimed at improving capital position and restoring financial condition to viable levels in cases of significant deterioration under certain scenarios.

As of December 31, 2021, the Bank's CET1 ratio is 11.81% (solo) and 12.16% (consolidated), both of which are above the 10% total CET1 requirement. This equity position incorporates the Php4.48 Billion capital infusion from Sumitomo Mitsui Banking Corporation (SMBC) following its acquisition of 101.85 Million common shares (representing a 4.99% stake of the Bank) in July 2021.

Business Continuity Program

RCBC has a Crisis Management Team (CMT) headed by the President and CEO. The CMT oversees the implementation of the comprehensive Crisis Management Framework which equips the Bank in responding to an event-led disruption in operations. The CMT's role is integral to the Bank's Business Continuity Program as it is responsible for synchronizing all measures for the Bank to contain losses and recover operations as quickly as possible.

The Bank's dedicated "Business Resiliency Unit" under the Risk Management Group ensures preparedness for any disaster/crisis by coordinating with all teams in developing and maintaining a bank-wide Business Continuity Plan (BCP) and identifying critical products/services as well as required operational support to sustain operations. The BCP identifies the necessary resources (people, processes, IT systems, and other equipment) and includes contingency procedures to guide all units on how to respond, recover, resume, and restore operations following the disaster/crisis.

Disaster Preparedness: RCBC Response to Natural Calamities and Cyber Attacks

In accordance with the Disaster Recovery Plan (DRP) and Institutional Business Continuity Plan (IBCP), the Bank has identified disaster and emergency assistance as one of the key areas of operations in light of the considerable challenges that natural calamities pose to the country. The IBCP was activated in 4Q2021 during the onslaught of Typhoon Odette (international name Typhoon *Rai*). Preparedness plans include provisions for survival kits and emergency go-bags, activation of the Bank's call tree, identification of key areas for relocation and evacuation. Immediate relief goods and assistance were deployed in the affected areas. Buddy branch system was activated to accommodate closed branch transactions while strictly adhering to the Bank's health and safety protocols amidst the prevailing pandemic.

The DRP was executed in 2020 following the volcanic activities of Taal. The Taal volcano eruption is a critical threat to the Bank's business centers in the South Luzon Region and select Metro Manila area. The Bank established a Taal Volcano evacuation plan to prepare for and act on the volcano's major eruption including procedures on employee evacuation, assembly and buddy branch activation and rescue operation. Work from home measures will be activated in the event that Metro Manila head offices will not be accessible due to the harmful volcanic ashes that may reach the area.

The Bank also established a backup Data Center (DR Site) outside of Metro Manila in preparation for a severe natural calamity such as an earthquake or a cyber attack on the Bank's main Data Center. This

ensures that IT infrastructure will continue to provide nationwide support in the event that such threats occur.

A dashboard¹ identifying personnel location is in place. The main objective is to strategically evacuate employees to government-provided staging areas and/or Bank-provided facilities in the event of relocation. The Industry-wide Earthquake Resiliency Plan documents the 30-day recovery of the Bank's critical cash services, ATM and business center operations post effect of the big one hitting Metro Manila. This is to address identified critical Bank services that will be available after the disastrous event.

Several table top exercises on Pandemic Crisis and Cyber Security are held annually to apprise and prepare all concerned parties and promote awareness on measures to be taken in case such threats become real events. Table top exercises on E&S risks are scheduled to kick off in 2022.

Continuing Impact of COVID-19

RCBC has continued to provide banking services to its customers since the imposition of the Enhanced Community Quarantine in the Philippines in mid-March 2020, and throughout the eventual transition to the Nationwide Alert Level System for COVID-19 Response in 2021. Ensuring the safety and well-being of employees and customers has become paramount, alongside the extension of financial assistance to RCBC's customers and the promotion of online and mobile banking services for their transactional requirements. The following have been implemented:

- i. Safety and Well-Being of Employees and Customers
 - a. Clustering – RCBC continued the implementation of clustering and split-site operations by establishing a cycle of reporting at the office (on-site) and allowing work-from-home. Cluster size and frequency of on-site reporting have been gradually modified in line with the prevailing Alert Level System. The “No crossover” policy between sites, floors, and branches has been maintained, at all times, as well as the promotion of Virtual meetings in lieu of physical gatherings.
 - b. Health and Safety Protocols –Protective equipment and resources were provided to employees. IATF-prescribed health protocols have been institutionalized in all bank premises.
 - c. Employee Testing and Vaccination Efforts - Procedures were released on how to avail of COVID-19 testing as part of employees' hospitalization benefit. Aside from participating in the YGC Vaccination Program (70,000 doses of Moderna vaccines were ordered for RCBC employees and dependents), internal advisories providing information on vaccination were also released to RCBC's workforce. As a result of these initiatives, 99% of RCBC's employees have been fully vaccinated as of 31 December 2021.
 - d. RCBC COVID-19 Playbook - Internal reference material was issued to equip all employees with the needed information to address the different work situations brought about by the COVID-19 virus. This guide aims to empower employees with the proper procedures and contact information regarding health protocols. Knowledge and information are key to operating safely amidst the risk of COVID-19 infections.
- ii. COVID-19 Assistance and Recovery Enhancement (CARE) Program / Other Financial Support Initiatives –
 - a. The Bank's CARE Program is primarily designed to provide financial assistance to customers

¹ The dashboard is from the Bank's Data Science and Analytics Group.

- by way of extended repayment plans. Despite more intensive credit underwriting parameters, the Bank continued its lending activities including the solicitation and on-boarding of new customers for both wholesale and consumer lending. Cash flow remained stable in 2021 given the growth in deposits and with some clients still opting to continue their amortization payments in spite of the loan payment moratorium provided for under the Bayanihan to Heal as One (BAHO) Act and Bayanihan to Recover As One (BARO) Act.
- RCBC continued to assist the country's small and medium enterprises (SMEs) through the implementation of the CARE Program. The program applies a color-coded classification scheme and corresponding refinancing package, depending on the severity of the pandemic's impact on the SME's operations.
- b. To encourage clients to bank safely from home, RCBC has waived fees for digital transfers done via RCBC Online Banking to accounts in RCBC and other banks for the duration of the ECQ until January 31, 2021. Transfer fees for InstaPay done via DiskarTech were waived until February 20, 2022. Diskartech has started charging Php8 per transaction which remains low compared to other BSP Supervised Financial Institutions (BSFIs). Fees to send cash online for pick up in RCBC ATMs have been waived as well.
- iii. Digital Transformation – Innovative digital solutions through the use of data science helped improve customer experience in various channels, while digitizing offices and branches with the use of robotic process automation improve turnaround time and reduce operational cost.
 - a. Customer Expansion Through Data Science and Digital Marketing. – This paved the way for the 51% rise in credit card issuances and 233% increase in new SME accounts. A significant number of customers were attracted to RCBC's digital platforms resulting in more than a third of total transactions being done digitally.

The pandemic accelerated the acceptance and use of RCBC's mobile app with the expanded array of features: the ability to open Time Deposit accounts, make payments through QR codes, transfer funds, send cash through remittance centers, and deposit checks without visiting the branch, get cash without ATM card, and convert card purchases to installments. Other digital transformation initiatives include fully-digital account opening, the first-in-market online investment management account, and unit investment trust fund (UITF).

 - b. Streamlining Operations – As the new normal unfolds, RCBC maintains its sights on keeping efficient operations as it pursues these transformation projects: (1) fully automating the KYC process; and (2) enhancing credit and control systems. These activities include various business process reengineering exercises such as process reviews and digital enhancements that support efficiency, lower cost of transaction, and reduced costs in product delivery.
 - iv. Financial Inclusion as foundation for economic resilience – RCBC continually responds to the needs of the unbanked and underserved Filipinos, as advocated by the BSP:
 - a. In 2021, RMB was given approval for the BSP Electronic Payment & Financial Services (EPFS). This EPFS will enable RMB to fully expand the coverage of the "Bangko ng Bayan" (BNB) program across more communities. Launched in 2020, the RMB-BNB underscored the relevance of an agency banking program for the unbanked and underserved market. The RMB-BNB's services include account opening, cash-in/deposit, cash-out/ withdraw, bills payment, loan referral and micro insurance availment. As of year-end 2021, RMB has partnered with more than 80 cash agents and has processed more than P20 Million in transactions.
 - b. DiskarTech entered the market of electronic banking products in July 2020 as the country's

first financial inclusion accelerator virtual bank, targeting the lower economic classes, C and D. DiskarTech offers vital financial services needed by the unbanked and underserved consumers covering financial, livelihood, and healthcare services in every barangay (local community) and enables them to be part of the local banking ecosystem. DiskarTech is the first financial inclusion app in the conversational vernacular Taglish (Tagalog and English languages). In July 2021, DiskarTech launched its “Bisaya” (a major dialect for 27.5 Million Filipinos living in the Visayas), another first in the country. All of these features make DiskarTech more understandable, accessible and user-friendly to Filipino native speakers. It was tapped by the Department of Social Welfare and Development (DSWD) and the Department of Labor and Employment (DOLE) as one of the six financial service providers to digitally disburse the national government’s COVID-19 financial aid in the form of the Social Amelioration Program (SAP) in 2020 and 2021. RCBC was also granted an authority by the BSP Monetary Board to accept government funds to facilitate this aid disbursement.

- c. ATM Go – The handheld ATM Go terminals continued to be instrumental in facilitating cash withdrawals in geographically isolated and disadvantaged areas especially servicing Pantawid CCT household beneficiaries in 76 out of 81 provinces nationwide.

Sustainable Finance

In December 2020, RCBC announced that it will no longer extend financing to new coal-fired power projects in the Philippines. This is a clear demonstration of RCBC’s leadership in shifting financing toward clean energy, supporting the government’s moratorium on endorsements for greenfield coal power plants, and building a more sustainable power supply mix. Coal-fired power plants are the largest source of GHG emissions, accounting for approximately 54% of the country’s energy mix.

The RCBC Sustainable Finance Framework articulates RCBC’s strategy to raise funds and lend to priority sectors, including clean energy. Since the creation of this Framework in 2019 until March 2021, RCBC has raised around USD1.1B in green and sustainability bonds. RCBC’s sustainability bonds as of the end of Dec 2021 helped support the Bank’s asset growth. When compared to the asset mix in 2020, RCBC’s sustainable portfolio has moved toward a 70:30 mix in terms of the ratio of green to social portfolio as of end-2021, versus a 60:40 mix in 2020. This is indicative of the Bank’s stronger support for green projects after it declared to no longer fund new coal power projects starting Dec 2020.

What are the opportunities identified?

With the year 2022 foreseen as the pathway toward overall economic recovery, RCBC is expected to further entrench its position in the following areas of opportunity:

- A. Accelerated Digital Transformation
- B. Leadership in Sustainable Finance

Management Approach to Opportunities

A. Digital Transformation Made Even More Powerful

1. Innovation with Empathy

RCBC is committed to building partnerships with customers by creating long-term sustainable value through digital platforms and solutions. It is by understanding and doing emphatic actions that the Bank

is able to address the unbanked and underserved in society through digital innovations.

a. Challenging the Norm

DiskarTech was created and launched by RCBC's Digital Enterprise and Innovations Group (DEIG) in July 2020. By the end of 2021, DiskarTech had close to 5 Million app downloads, recording overall growths of 437% in volume and 8,411% in value from 2020 to 2021. It booked a gross transaction value in excess of Php18 Billion in all 81 provinces in the Philippines. The following are among the unique characteristics of DiskarTech:

- Easier and faster account opening and electronic Know Your Customer (eKYC) process through the recognition of 18 types of identification (ID). The expansion of the number of acceptable IDs removes one of the main barriers to financial inclusion.
- Unlimited free fund transfer for more than a year since the start of the pandemic in 2020 until February 20, 2022.

ATM Go is the country's first neighborhood ATM providing access to basic ATM services through rural banks, sari-sari stores, drugstores, cooperatives, and microfinance institutions nationwide.

- In 2021, ATM Go launched another first in the industry – the pioneering cardless withdrawal for mobile point-of-sale terminals (mPOS) as part of the Bank's commitment to digital innovation and financial inclusion. ATM Go can now process cardless withdrawals via other RCBC digital platforms.
- Digital impact end-2021: ATM Go has coverage in 76 out of 81 provinces in the Philippines. Transactions increased by 16% in both volume and value from 2020 to 2021. ATM Go recorded an increase in transaction volume of more than 2.5 Million for the period January to end-December 2021, with a total throughput value of almost Php 7 Billion as of end-November 2021.

RCBC Digital has increased its transaction value from 2020 to 2021, by 100% on its mobile app and 16% on its website. To help customers bank from home, RCBC developed new features in the RCBC Mobile App, creating a fully digital end-to-end customer experience.

b. Digital Initiatives

Enabling MSMEs via Key Partnerships: Collaborations on the DiskarTech app were made to help enable MSMEs become resilient and empowered.

- PakiSuyo NegosyanTech Program - Philippine Association of Stores and Carinderia Owners (PASCO) and Hapinoy (award-winning social enterprise). The aim is to on-board more than 12,000 micro-retailers to digital sachet banking to ordinary Filipinos using DiskarTech's first Taglish and Bisaya financial inclusion super app. The members will benefit from its five-pronged digital finance innovation for MSME inclusion: i) savings, ii) micro-insurance, iii) payments, iv) loans and v) credit scoring services that can empower micro-retailers and small entrepreneurs, to help them grow their businesses while promoting inclusive digital finance solutions to consumers.
- DOLE, Blas Ople Policy Center, Overseas Workers Welfare Administration and Philippine Overseas Employment Administration. DiskarTech collaborated with these organizations to enable overseas Filipino workers (OFWs) to register and create a DiskarTech account using their passport for verification purposes.

- Blas Ople Policy Center and DiskarTech formed a partnership called the “Madiskarteng Bagong Bayani: #IponGalingGaling” which aims to help OFWs and their families to shift to digital banking for remittance, savings and online businesses. Using their Philippine-issued roaming mobile numbers and their permanent address in the country, OFWs can open a DiskarTech account in less than three minutes.
- Social Security System (SSS). Members of this government pension fund can get their benefits and loan proceeds through the online platform, RCBC Digital.
- Department of Trade and Industry (DTI). A joint awareness campaign with DTI’s Negosyo Center. The aim is to provide a three-month insurance package to the first 5,000 sari-sari stores to sign-up with an insurance package value of up to Php55,000.
- Digipay. It provides small businesses with a platform to grow their income through a network which includes sari-sari stores, internet cafes, pawnshops, mobile phone stores, and appliance stores. By partnering with Digipay, DiskarTech users can now access the platform’s wide network of over 21,500 partner agents and establishments nationwide that can be used for cash-in transactions.

Enabling Open Finance in the Countryside. RCBC partnered with the Rural Bankers Association of the Philippines (RBAP) for the SynerFI Open Finance Network launched by the BSP which supports consent-driven data portability, interoperability and collaborative partnerships between financial institutions and financial technology (fintech) players. The aim is to enable, empower, and engage rural banks, cooperatives and other small players in the financial industry to be part of BSP’s digitalization goal of generating 50% of financial transactions to digital and converting 70% of adult Filipinos to be part of the formal financial system by end of 2023 under the Digital Payments Transformation Roadmap.

c. Financial Literacy and Consumer Protection

Department of Education (DepEd). The DepEd and DiskarTech partnership launched the Aralin sa Madiskarteng Pananalapi (Lessons in Resourceful Finance) to improve the financial education in the country. The aim is to integrate a curriculum-based digital finance study program into the lesson plan for senior high school students nationwide. RCBC also published DiskarTips in 2021, the first digital coffee table book on financial education in the country.

d. Digital Health Insurance and Telemedicine Service

- Affordable Health Insurance Packages: DiskarTech offers microinsurance health packages for as low as Php130 with 6-month coverage. Powered by Malayan Insurance, this sachet-type health insurance packages can also be availed “on-behalf-of” another family member or friend. The Insurance Commission (IC) sees sachet-type insurance products made accessible to all as a means of helping transform the economy and making it pandemic-proof in the future.
- Telemedicine Services: This is in partnership with Information and Communications Technology service provider RuralNet which specializes in delivering products and services to the countryside via rural banks. The aim is to make medical consultation reach more Filipinos from underserved and geographically isolated areas especially during this pandemic. DiskarTech’s “PAKIsuyo service features a sachet-type telemedicine plan for as low as Php 50 per person for a month, and includes unlimited medical consultation with no additional fees for video, audio, or text-based interaction.

The 'PAKlisuyo' feature also allows the primary subscriber to the plan to avail of the service "on behalf of " another friend or family member.

- Comprehensive Benefits: Microinsurance health packages are offered with full benefits at a lower price. DiskarTech's 6-month Panprotect Senior Php900 package already includes the following benefits: Accidental Health Benefit (Php100,000), Loss of Life Assistance due to COVID-19 (Php100,000), Loss of Life Assistance due to Dengue/Chikungunya (Php50,000), Medical Reimbursement (Php12,500), and Daily Hospital Income Benefit due to COVID-19 (Php750).
- Free Telemedicine for Vaccinated Filipinos: Through "Telemediwow", qualified DiskarTech users who have been fully vaccinated and purchased the app's Php 500 telemedicine service for the first time can get a Php 50 rebate which will be credited to the users account.

e. Digital Rollouts in 2021. RCBC continued to introduce industry-leading digital innovations:

- New to Bank/Online Account Opening
- Digital Investment Management Account (IMA) Opening
- QRPH P2M (Quick Response code Person-to-Merchant) and QRPH P2B (Quick Response code People-to-Business) – QR code-based payments capable of holding large amounts of information which can be read by a smartphone camera that is equipped with a bar-code reader
- Bankard: Card Management Services and Unlipay
- On-boarding of cash-in partners (i.e. GCash, PayMaya, Grab Pay, Via, Xendit)
- Cardless withdrawal using QR

2. Digital Transformation in RCBC Operations

- RCBC's innovative digital solutions for both retail and corporate clients will continue to be key drivers in customer acquisition and increased usage of the Bank's services. RCBC became the country's Best Digital Bank in 2020 and 2021 with 35% (versus only 11% in 2019) of transactions transformed into digital means. More products will be digitized and migrated into RCBC's mobile app (e.g. loans and investments) to improve the customer's banking experience.
- The proceeds of the SMBC investment in RCBC will be used to further enhance RCBC's digital efforts in creating innovative, inclusive, and inter-operable digital solutions. This transition is aligned with SMBC's strategy to expand its franchise and strengthen digital banking in Asia.

B. Sustainable Finance Made Even More Meaningful

- RCBC forged ahead into issuing its third Sustainability Bond in March 2021, notwithstanding the strict lockdown measures enforced by the Philippine government at that time and the perceived preference of investors for shorter term investments. Unperturbed by these challenges, RCBC successfully closed the bond issuance at Php17.87 Billion – nearly six times greater than its minimum issue size. A good portion of the issuance went into the 5-year bond for which the investing public did not have much appetite in the past. This demand speaks volumes about the investing public's confidence not just in RCBC but in the banking system as a whole, and the earnest interest in pursuing investments that help address environmental and societal challenges amidst the COVID-19 pandemic.
- RCBC will continue to develop and issue Sustainable Financing Instruments (SFIs) to support

projects with clear E&S benefits. In Feb 2022, RCBC launched the country's first green time deposit to promote environmental awareness while saving funds. Within the same month, RCBC raised Php14.75B ASEAN Sustainability Bonds in support of the continued growth in the Bank's sustainable assets.

- The Bank's sustainable portfolio grew from 10% of total loan portfolio in 2020 to 12% as of end-2021, higher than the 7% share of coal exposures. Renewable Energy and Energy Efficiency projects dominate the Bank's Php67B sustainable portfolio, increasing from 49% of RCBC's total sustainable portfolio in 2020 to 60% in 2021.
 - ❖ The Bank has supported around 3 gigawatts (GW) of renewable energy projects (solar, wind, hydro-power and geothermal) since 2012. RCBC intends to reinforce funding support for renewable energy projects by tapping twelve projects with combined capacity of about 1.6 GW in 2022 and 2023.
 - ❖ RCBC's Php42B erstwhile investments in coal exposure will taper off and remain in the Bank's books only until 2031.
- Knowledge-building on sustainable finance and sustainability as a whole has become part of the Bank's initiatives beginning 2021, with e-learning materials on Sustainability developed and launched for proper immersion of RCBC's employees in understanding the Bank's role and the individual's responsibility toward his/her community and environment. This will be an annual exercise, with the e-learning materials intended to cover the various components of Sustainability. The value of environmental protection and social responsibility will also form part of performance evaluation metrics.
- The call for a concerted effort toward sustainability has been promoted by RCBC even outside the Bank, with the following awareness events participated in throughout 2021 and early 2022:
 - ❖ Presentation by RCBC Chief Risk Officer (CRO) & Risk Management Group (RMG) Head and Portfolio Quality Division (PQD) Head on "Challenges in Implementing the Regulatory Framework to Achieve Sustainability Goals," Asian Bankers Association Policy Advocacy Committee Meeting (Aug 2021)
 - ❖ Presentation by RCBC CRO & RMG Head and PQD Head on "RCBC's Sustainability Practices," Asian Institute Management-Dado Banatao Incubator Sustainability and Impact Development Track Program (Oct 2021)
 - ❖ Participation of RCBC President & CEO and RCBC CRO & RMG Head in the SME Finance Forum "Greening Finance Forum" (Oct 2021). RCBC is one of the newest members of the SME Finance Forum, a global network of more than 200 financial institutions, technology companies, and development finance institutions. The Forum serves as a platform to exchange knowledge, spur innovation, and promote the growth of SMEs worldwide. RCBC's sustainable portfolio as of end-Dec 2021 includes over Php5 Billion worth of loans to SMEs.
 - ❖ The RCBC Sustainability Forum was launched in February 2022, aimed at fostering awareness and understanding of the vast coverage of sustainability, through the conduct of regular webinars with speakers sharing sustainability-related initiatives. The first event was themed "Sustainable Energy as Shared Responsibility," participated in by RCBC President & CEO, RCBC Corporate Banking Group Head, and RCBC CRO & RMG Head.

Climate-related Risks and Opportunities

In a report completed in May 2021, Moody's indicated that major banks in the Philippines have the second-largest exposures to credit risks that are linked to environmental factors, particularly climate

change. There are five critical sectors to focus on: mining, energy, oil and gas, surface transportation and logistics, steel and chemicals, and building / construction materials. Moody's data disclosed that major Philippine banks have a total exposure of 22% to these five sectors, one of the highest in the Asia-Pacific region. Moody's further noted that countries with inadequate healthcare systems (low patient coverage, few physicians, and insufficient facilities) are expected to be more vulnerable to climate shocks as these can drastically increase the demand for healthcare support and may lead to a collapse of the healthcare infrastructure.

The BSP underscores the need for banks to be aware of climate change and manage its associated risks to fully maximise the opportunities for lending or investing in green or sustainable projects. Banks have the ability to design SFIs as a form of pandemic response and recovery funding, in addition to supporting other economic activities that contribute to long-term sustainable development.

Governance

RCBC strongly supports the BSP's call for financial institutions to be enablers of environmentally and socially responsible business decisions. The Bank has a Risk Governance Framework (RGF) through which RCBC commits to promote sustainable practices that will minimize the negative environmental, social and reputational impact of the Bank's financing activities and its clients' operations. RCBC's Risk Oversight Committee (a Board-level Committee) has responsibility over the RGF, with the Bank's RMG (through PQD) tasked to implement assessments and measures to attain the RGF's objectives.

RCBC's subsidiaries have developed and maintained their own RGFs. RMB and RCBC Leasing and Finance Corporation have been implementing E&S policies which essentially adopt the principles embedded in RCBC's E&S Risk Management.

Strategy and Risk Management

RCBC Sustainable Finance Strategy

RCBC has been at the forefront of the Philippine banking industry's move toward building a climate-resilient and low-carbon loan portfolio. Through the implementation of its Environmental and Social Management System (ESMS) since 2011 and its own Sustainable Finance Framework since April 2019, the Bank has positioned itself as one of the earliest adopters of BSP Circular 1085 mandating Philippine banks to integrate sustainability considerations in their governance frameworks, risk management systems, strategies and operations.

RCBC's ESMS Policy requires all lending relationships or credits, both pipeline and portfolio, to be vetted from an environmental and social risk perspective.

The ESMS assessment takes place before a lending decision is made, and continues during the life cycle of the loan agreement with the client. Through RCBC's implementation of the ESMS policy, the Bank is able to share its sustainability principles to help clients stay compliant with E&S regulations.

In accordance with its Sustainable Finance Framework, RCBC allocates the proceeds of SFIs to finance and/or refinance loans to customers or its own operating activities. The allocation of the proceeds is as follows:

- Proceeds of RCBC's Green Bond or Green Loan go to Eligible Green Categories
- Proceeds of RCBC's Social Bond or Social Loan go to Eligible Social Categories



- Proceeds of RCBC's Sustainability Bond go to Eligible Green Categories and Eligible Social Eligible Categories

RCBC's Sustainable Finance Framework prescribes an Exclusionary Criteria which identify certain projects as ineligible for the use proceeds from the SFIs. Foremost of this is fossil fuel power generation – an exclusionary criterion consistent with the ASEAN Green Bond Standards and ASEAN Sustainability Bond Standards.

Since the creation of RCBC's Sustainable Finance Framework in 2019 until early 2021, RCBC has raised around USD1.1B in green and sustainability bonds, with the largest issuance completed in March 2021, amidst the pandemic, as the Bank continued to provide funding support to address urgent needs in clean energy and public healthcare. RCBC's bond issuances aim to increase awareness among peer banks and promote a concerted effort toward preventing further damage to the environment and communities.

As a leading domestic financial institution and a responsible corporate entity, the Bank is committed to doing its part to reduce global warming, engage its clients toward this direction, and support the government in meeting its sustainability objectives and effectively contribute to the UN Sustainable Development Goals (SDGs) and the Paris Agreement.

Below are RCBC's initiatives to lower its carbon footprint and support sustainable finance activities to help meet the UN SDGs:

<ul style="list-style-type: none"> - Transformed its Corporate Head Office in Manila into a LEED Gold-certified building in 2018² 	
<ul style="list-style-type: none"> - Funded Green Projects that support the UN SDGs, in particular, Clean Water and Sanitation, Affordable and Clean Energy, Industry, Innovation and Infrastructure, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, and Life Below Water - Channelled almost Php49 Billion to projects and loans that contribute to reducing the carbon footprint of the Philippines 	

² The RCBC Plaza in Makati City received a Leadership in Energy and Environmental Design (LEED) Gold certification on May 26, 2018, making it the first multi-tenanted building in the Philippines to achieve such kind of green building certification.

<ul style="list-style-type: none"> - Funded Social Projects that support the UN SDGs, in particular, the Good Health and Well-being, Quality Education, Decent Work and Economic Growth, Reduced Inequalities, and Sustainable Cities and Communities goals - Channelled more than Php18 Billion to fund projects and loans that provide access to social needs, directly improving the living conditions of Filipinos 	
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Metrics for Climate-Related Risks and Opportunities

As approved by the Bank's Risk Oversight Committee, RCBC has embarked on the following pioneer capacity-building activities, enabling the Bank to contribute to the Philippine commitment to the Paris Agreement:

- Jan 2021: RCBC entered into an advisory engagement with the International Finance Corporation (IFC) and 2 Degree Investing Initiative (2DII) for the use of the Paris Agreement Capital Transition Assessment (PACTA) tool and related methodology developed by 2DII. This advisory engagement for RCBC is the first to be conducted by IFC and 2DII in Asia. The results of the PACTA evaluation will be integrated into the Bank's stress testing results that will be reported to the BSP.
- Sept 2021: Participation in the Partnership for Carbon Accounting Financials (PCAF), an initiative among financial institutions worldwide to enable harmonized assessments and disclosures of GHG emissions financed by loans and investments. RCBC is the first Philippine Bank to join PCAF. RCBC's participation in PCAF is a decisive step in understanding the climate impact of the businesses that the Bank supports. As a PCAF participant, RCBC commits to disclose the GHG emissions of its portfolio within three years from joining the organization. The data can eventually be used as the foundation for emission reduction targets for a proper portfolio mix.

RCBC's openness to global tools on climate risk analysis (PACTA and PCAF) that have not been previously tapped in Asia or in the Philippines is an indication of the Bank's resolve to lead the banking industry toward deeper understanding of a bank's role in rebalancing its portfolio toward sustainability.

Financial Intermediation

Loan Portfolio

The concentration of credit as to industry as of December 31, 2021 follows³:

Economic Activity	Amount (Php M)	%
Consumer	145,557	29%
Real estate, renting and other related activities	83,231	16%
Electricity, gas and water	69,258	14%
Wholesale and retail trade	56,866	11%
Manufacturing (various industries)	55,618	11%
Transportation and communication	41,080	8%
Financial intermediaries	33,772	7%
Agriculture, fishing, and forestry	4,309	1%
Hotels and restaurants	4,207	1%
Other community, social and personal activities	2,439	-
Mining and quarrying	1,022	-
Others	7,574	2%
Total	504,933	100%

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to loan portfolio)
Management	<ul style="list-style-type: none"> - Credit risk of the portfolio - Profitability of the portfolio - Transition risk of the portfolio
Stockholders	<ul style="list-style-type: none"> - Credit risk of the portfolio - Profitability of the portfolio
Customers/Clients	<ul style="list-style-type: none"> - Support for financing
Government/Regulators	<ul style="list-style-type: none"> - Credit risk of the portfolio - Compliance with laws and regulation
Community, Inc. environmental NGOs	<ul style="list-style-type: none"> - Reduction of environmental and social impacts from the Bank's clients' operations
Public, Inc. media	<ul style="list-style-type: none"> - Reduction of environmental and social impacts from the Bank's clients' operations – potential reputational impact

³ Notes to Financial Statements, December 31, 2021

What is the impact and where does it occur? What is the organization's involvement in the impact?
E&S impacts may arise from the nature of businesses that RCBC supports through its lending activities.
Management Approach to Impact
In accordance with the ESMS Policy, all credit proposals for loans and other credit accommodations from RCBC need to go through E&S risk and impact assessment. Only activities or projects which pass the E&S risk and impact assessment shall be eligible for financing.

What are the risks identified?
The operations of borrowers supported by RCBC may have negative E&S impacts.
Management Approach to Risks
<p>The ESMS of RCBC requires that all lending relationships/credits, both pipeline and portfolio, are vetted from an E&S risk perspective. The ESMS is implemented to safeguard lending operations from exposure to activities with identified E&S risks.</p> <p>The ESMS Policy is a declaration of RCBC's commitment to sustainable development and management of E&S issues. The ESMS Policy goes through a comprehensive review process on a regular basis to ensure its alignment with relevant BSP Circulars and E&S regulations. Policy updates were implemented in April 2021 to facilitate the E&S assessment process and consolidate reference materials into one of the Policy's supporting schedules.</p> <p>The ESMS Policy adheres to the guidelines of the Department of Environment and Natural Resources (DENR). Through its Environmental Management Bureau (EMB), the DENR identified thresholds on E&S risk categories for industries such as oil and gas, mining, agriculture, forestry projects, steel, and infrastructure projects. RCBC's ESMS policy is aligned with these DENR-EMB guidelines.</p> <p>In accordance with the ESMS Policy, all credit proposals are screened using the applicable requirements – the IFC Exclusion List (for environmentally and socially sensitive sectors), applicable national (DENR-EMB guidelines) and international laws / IFC Performance Standards on environment, biodiversity, deforestation, marine environment, water risk (Philippine Clean Water Act), pollution prevention (Philippine Clean Air Act), indigenous peoples (The Indigenous Peoples Rights Act) and protection of cultural heritage, health, human and labour rights, safety and social issues and any standards established therein and the IFC Performance Standards. Environmental Risk Categories (ERC) are assigned to accounts, and credit approvals obtained in accordance with requirements depending on the ERC. Based on the initial assessment of relationship managers (first line of defense), an account is risk-classified as ERC A (high), B (medium), or C (low). The ERC classification is validated by the Environmental and Social Risk Officer (ESRO), the second line of defense, who has the authority to override first line E&S risk assessment, if warranted. Validated ERC assessments are eventually included in the regular review of Internal Audit (third line of defense). The ERC assessment takes place before a lending decision is made, and continues annually during the life cycle of the loan agreement with the client. Applicable environmental covenants are also incorporated in the loan/credit agreement and these are periodically evaluated and monitored to ensure compliance.</p> <p>To ensure faithful compliance with the ESMS Policy, the Bank has ESROs equipped with the expertise to conduct appropriate E&S assessments. The ESRO function is part of RCBC PQD's Sustainable Finance Unit that oversees the effective implementation of the ESMS policy and Sustainable Finance Framework. RMG conducts a minimum of four trainings per year for relationship managers regarding the Bank's ESMS process. The ESMS Policy is published on the Bank's Online Library and is accessible to all</p>

employees (from senior management to rank and file) and those with direct contacts with RCBC are familiar with the environmental, social and risk management policies of the Bank.

The ESMS Policy subscribes to IFC's 8 Performance Standards, as follows, to benchmark projects or business activities on. These are applied in the assessment of medium and high risk accounts as measures of enhanced due diligence:

1. Assessment and Management of Environmental and Social Risks and Impacts
2. Labor and Working Conditions
3. Resource Efficiency and Pollution Prevention
4. Community Health, Safety, and Security
5. Land Acquisition and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Indigenous Peoples
8. Cultural Heritage

Environmental and social due diligence (ESDD) conducted through site visits or desktop reviews by the ESRO is integral to the assessment of high risk accounts. RCBC explains the importance of the ESDD process to clients and other stakeholders, and requires them to engage in activities that meet the Bank's sustainability standards. By means of RCBC's follow-through ESDD with its clients (18-24 month cycle), the Bank is able to validate the closure of previous ESDD findings by the next cycle of RCBC's evaluation, hence providing a proper monitoring mechanism for addressing potential E&S concerns. The actions taken by the clients affirm the development of the clients' shared commitment with RCBC toward sustainable practices.

Transactions which have potential E&S concerns are escalated for higher level review and discussion. ESDD site visits have indicated positive progress in terms of addressing E&S risks due to continued monitoring. Follow-up ESDD site visits have resulted in clients taking action on identified E&S risks.

What are the opportunities identified?

RCBC is committed in promoting sustainable business practices and furthering sustainable finance.

Management Approach to Opportunities

RCBC's sustainable portfolio is growing and continues to be ahead of the Bank's erstwhile investments in coal and other fossil fuel energy assets. The Bank's Eligible Sustainable Portfolio accounted for approximately 12% of total loan portfolio as of end-Dec 2021, higher than the 7% share of coal exposures. In terms of total, RCBC's Eligible Sustainable Portfolio reached Php67B in 2021, up by 28% against the 2020 level.

Procurement Practices

Proportion of Spending on Local Suppliers

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Percentage of procurement spending (actual payments) used for significant locations of operations that is spent on local suppliers	96.45%	%

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to proportion of spending on local suppliers)
Management	- Local sourcing can be a strategy to help ensure supply
Community	- Payments to locally-based suppliers – economic inclusion as positive impact - Local sourcing can support a stable local economy and maintain community relations - By supporting local suppliers, an organization can indirectly attract additional investment to the local economy

What is the impact and where does it occur? What is the organization's involvement in the impact?

The Bank's business relationship with local suppliers promotes economic inclusion, benefiting the supply chain and local community.

Management Approach to Impact

RCBC supports the local economy and community. The Bank selects locally-based suppliers and promotes economic inclusion when selecting suppliers.

What are the risks identified?

Limiting procurement to only local suppliers may lead to higher costs; other suppliers must be considered to validate market prices.

Management Approach to Risks

RCBC follows a standard procurement procedure in purchasing the best resources at reasonable prices. This procedure is reviewed and revised as necessary.

What are the opportunities identified?

Supporting local suppliers can indirectly attract additional investments to the local economy, making their prices lower and supply readily available. In addition, it could lead to job generation. The creation of new businesses could be a potential source of new clients for the Bank.

Management Approach to Opportunities

RCBC supports the local economy and community. The Bank selects locally-based suppliers and promotes economic inclusion when selecting suppliers.

Business Ethics

Training on Anti-corruption Policies and Procedures

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners ⁴ to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of management that have received anti-corruption	100 ⁵	%

⁴ In the context of this Sustainability Report, the term 'business partners' includes suppliers and customers/clients.

⁵ Via regular and compulsory "eLearning" courses and examinations for all employees and those with direct contracts with RCBC.

Disclosure (January 1 – December 31, 2021)	Quantity	Units
training		
Percentage of employees that have received anti-corruption training	100	%

Incidents of Corruption

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to business ethics and anti-corruption)
Stockholders	<ul style="list-style-type: none"> - How the company ensures that it has the necessary capability to fight against corruption - How serious the organization is on combating corruption - Advocate of transparency and accountability - Timely and transparent disclosures on governance - Enforcement of policies on anti-corruption , AMLA and Fraud
Loan/Fund Providers & Creditors/Depositors	<ul style="list-style-type: none"> - How the company ensures that it has the necessary capability to fight against corruption - How serious the organization is on combating corruption - Protection of deposits and loans/credits provided
Customers/Clients	<ul style="list-style-type: none"> - How the company ensures that it has the necessary capability to fight against corruption - How serious the organization is on combating corruption - Protection of deposits
Employees	<ul style="list-style-type: none"> - How the company ensures that it has the necessary capability to fight against corruption - How serious the organization is on combating corruption - Protection of employees
Government/Regulators	<ul style="list-style-type: none"> - Transparency and accountability of the Bank - Compliance with rules and regulations set by BSP, SEC and PSE - Regular conduct of internal and external audits - Monitoring of ethics and compliance of the Bank - How the company ensures that it has the necessary capability to fight against corruption - How serious the organization is on combating corruption
Public, Inc. media	<ul style="list-style-type: none"> - How the company ensures that it has the necessary capability to fight against corruption - How serious the organization is on combating corruption – potential reputational impact for public legal cases regarding corruption

What is the impact and where does it occur? What is the organization's involvement in the impact?

RCBC's cultivation of corporate culture is strongly founded on honesty and integrity. The Bank's training programs on anti-corruption policies and procedures as well as disclosures on the Bank's response to incidents of corruption result to the following:

- Increased capacity to prevent and combat corruption
- Awareness of how serious the organization is on combating corruption

Management Approach to Impact

RCBC conducts regular training and examinations to ensure that all employees (from senior management to rank and file) and those with direct contracts with RCBC are familiar with the Bank's anti-corruption policies and procedures. New employees are oriented about the Bank's anti-corruption policies during their New Employee Orientation Program.

What are the risks identified?

The risk of employees engaging in corrupt activities cannot be completely eliminated. Actual incidents of corruption may harm the Bank's reputation.

Management Approach to Risks

RCBC strictly implements anti-corruption policies to prevent any corruption incident. The Bank conducts training and examinations to ensure that all employees (from senior management to rank and file) and those with direct contracts with RCBC are familiar and reminded of the Bank's anti-corruption policies and procedures. From the first day that an employee is hired, RCBC discusses with the employee the Bank's Code of Conduct, including the anti-corruption policies and procedures. With this, Management ensures that all employees know and understand the policies and procedures, which should be followed throughout their tenure with the institution.

Regular corporate announcements remind employees of warning signs associated with illegal, unethical, or questionable activities/transactions. Employees are reminded to immediately report (confidentially and without risk of reprisal) any suspicious behavioural traits, warning signs, and other legitimate concerns through the whistleblowing channel of the YGC.

Sanctions are imposed on erring employees. If an employee violates the company's anti-corruption policies, Management will take Legal action against them.

Adherence to the Code of Conduct:

All employees are governed by the Bank's Code of Conduct, which revolves around the Core Values of the company. It is designed to serve as a guide to employees on how they should conduct themselves within and outside the Bank premises and in dealing with clients/customers and co-associates.

Adherence to this Code is the responsibility of each and every associate. It is administered uniformly throughout the Bank and is independent of the practices of other banks. It is a condition for continuous employment. Any breach of this Code may result in disciplinary action ranging from reprimand to termination of employment, depending on the gravity of the offense, after the observance of due process.

The Code of Conduct is divided into five parts as follows:

- A. Treatment of Clients
- B. Treatment of Bank Assets

- C. Treatment of Others
- D. Conflict of Interests
- E. Knowledge, Understanding & Compliance

Anti-Corruption Policies:

Under Part D of the Code of Conduct on Conflict of Interests, to avoid conflict of interest, employees are to conduct business transactions for the Bank in accordance with Bank policy and avoid direct or indirect use of the Bank's goodwill, reputation, funds and property or other resources for personal gain. This involves, among other things, accepting gifts, entertainment or favors from customers or suppliers; outside employment; outside directorship; and receiving commissions or benefits from customers or suppliers.

Gifts and Entertainment. The Bank does not allow solicitation of gifts, directly or indirectly, from customers or suppliers. Under no circumstance do employees accept, directly or indirectly, payments, loans, kickbacks, special privileges or services in exchange for favors.

Favors. The Bank does not buy business. This is obtained on the merits of the Bank's products, services and people. It does not bend rules nor offer money, illegal or inappropriate favors of unusual value to obtain or retain business. In this regard, any and all significant donations or contributions to or through a customer for whatever purpose using Bank property or funds should be with the prior authorization of the concerned Group Head. Should said donation or contribution be through the purchase of a raffle or lottery ticket, any prize or winnings therefrom, regardless of whether the ticket is in the employee's possession or in the employee's name, must be turned over to the Bank.

Receiving Commissions or Benefits. Employees must avoid situations which may unduly influence the relationships with customers or suppliers in a position to transact business with the Bank. Employees must make sure that the procedures laid down in providing customer services or in purchasing goods and services are strictly followed. Employees who have a direct hand in choosing companies from which purchases of the Bank's business requirements are to be made, are discouraged to use said authority to obtain commissions or leverage to purchase the same item/s for personal interests at terms not otherwise available to his/her colleagues or the public. Suppliers and customers are chosen based on merit and not on what can be gained from them.

The Code of Conduct is a main topic included in the Bank's Employee Orientation Program which is held on a regular basis.

The Bank provides penalties for violations of its Code of Conduct. Administrative cases are handled in accordance with the Bank's Administrative Cases Procedure and existing laws. The Personnel Evaluation and Review Committee acts as an independent body in the evaluation and review of cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee and ensures that the appropriate preventive, corrective and disciplinary measures are imposed on cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee.

Use of Insider Information:

There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including RCBC securities. Inside information can take many forms, but always includes information which is not available to the public and which might influence an investor's decision to buy,

sell or hold securities in a company.

Under the Code of Conduct, employees are prohibited from buying, selling or trading RCBC securities or the securities of other companies about which employees have inside information, until that information becomes public. In addition, this information should not be shared with anyone else, including family members or friends or anyone about trading in any securities based on this information.

Whistleblowing Policy:

The Bank's Whistleblowing Policy is a key element in safeguarding the Bank's integrity. It aims to enhance the Bank's transparency and system for combating practices that might damage its activities and reputation. Protecting the integrity and reputation of the Bank requires the active support of its stakeholders, particularly its employees.

The following are the basic principles and system protection of the Bank's Whistleblowing Policy:

1. Employees and other stakeholders must be provided with alternative and sufficient channels for whistleblowing and communication. In certain instances, they must be able to bypass the main channels for whistleblowing if these prove inappropriate;
2. Employees and other stakeholders making the report in good faith should at all times be protected against reprisals;
3. Identity of the whistleblower making the report in good faith should remain confidential and anonymous;
4. Reported incidents shall be verified in an appropriate manner, and if confirmed, the Bank must take the necessary actions;
5. The rights of any person implicated in any report must be respected.

Reports of any actual or suspected criminal activities, unlawful acts or omissions, fraud, violations of the Code of Conduct and other bank policies, danger to health and safety, improprieties or malpractice in the workplace, including those relative to matters of financial reporting, internal control and/or auditing may be sent through the YGC Open Communication system at www.rcbc.com/TalktoUs - a confidential and anonymous reporting system for the YGC.

The Human Resources Group monitors all Whistleblowing reports and shall report potential fraud cases to the Corporate Governance Committee.

The Whistleblowing Policy provides that the Human Resources Group shall monitor all reported cases, and shall make a quarterly report to the Corporate Governance Committee on the number of reports received, actions taken and the latest status of each case.

Anti-Money Laundering Act (AMLA):

The Bank's Money Laundering and Terrorist Financing Prevention Program (MLPP) is a comprehensive and risk-based policy geared toward the promotion of high ethical and professional standards and the prevention of the of the Bank being used, intentionally or unintentionally for money laundering and terrorist financing. The MLPP is consistent with the Anti-Money Laundering Act of 2001, as amended, The Terrorism Financing Prevention and Suppression Act of 2012, and BSP Circular No. 706, as amended. The MLPP is updated at least once every two years. This covers policies on Know Your Customer procedures, Record Keeping and Retention, Training, Risk Profiling and Covered and Suspicious Transaction Alerts Management. Central to improving the Bank's compliance to AML/CFT related regulations is the review and revision of the MLPP at least once every two years. The revised MLPP

addresses the requirement outlined in new regulations and addresses changes in Bank practices considered significant as part of its on-going process of re-framing the Bank's Compliance Program.

Internal Audit:

To promote and strengthen checks and balances in the bank, RCBC promotes sound internal controls and give due recognition to the importance of the internal audit function. On the basis of the Audit and Compliance Committee's approved audit plans, internal audit examinations of the business units are conducted between one to three years based on the derived level of risk using a systematic, risk-based approach to evaluate and improve the adequacy and effectiveness of governance, risk management and control systems and processes through which the Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are appropriate, adequate, effective and complied with. This approach generally includes an assessment of significant risk exposures and adequacy of the risk management process, adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, safeguarding of assets and compliance with Bank's Code of Conduct, policies and documented procedures, contracts, laws, rules and regulations.

Related Party Transactions (RPT):

In May 2021, the Board approved the revised Policy on RPT following SEC Memorandum Circular No. 10, series of 2019 or the "Rules on Material Related Party Transactions for Publicly-listed Companies" issued on April 27, 2019. The said policy defines "related party transactions" as transactions or dealings with related parties of the Bank, including its trust department, regardless of whether or not a price is charged. These shall include, but not limited, to the following:

- On- and off-balance sheet credit exposures and claims and write-offs;
- Investments and/or subscriptions for debt/equity issuances;
- Consulting, professional, agency and other service arrangements/contracts;
- Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
- Construction arrangements/contracts;
- Lease arrangements/contracts;
- Trading and derivative transactions;
- Borrowings, commitments, fund transfers and guarantees;
- Sale, purchase or supply of any goods or materials; and
- Establishment of joint venture entities.

RPTs shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.

The term "related parties" under the Bank's updated RPT Policy has been expanded in scope as it broadens the definition of "close family members" to include relatives of the Bank's Directors, Officers and Stockholders⁶ within the 4th degree of consanguinity or affinity, legitimate or common-law. Related parties also include corresponding persons in affiliated companies, those with direct or indirect linkages with the Bank, members of the Bank's Advisory Board and subsidiaries of related parties.

The Bank constituted the Related Party Transactions Committee and RPT Management Committee to review and approve, as the case may be, related party transactions.

⁶ For stockholders, close family members refer to relative's 2nd degree relatives of consanguinity and affinity.

The RPT Committee reviews material RPTs to ensure that they are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, and collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances. On favorable review, the RPT Committee endorses material RPTs to the Board for approval.

All material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. Material RPTs approved by the Board shall be submitted to the Stockholders for confirmation during the Annual Stockholders Meeting.

On the other hand, the RPT Management Committee reviews and approves proposed RPTs below the materiality threshold or those that do not require Board approval to ensure that said RPTs are conducted in the regular course of business and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances. On favorable review, the RPT Management Committee approves the non-material RPT and submits the same to the BOD for confirmation.

Transactions with related parties involving amounts of at least Pesos: Ten Million (Php10,000,000.00) are considered as material RPTs. The said threshold shall not apply to DOSRI loans and other credit accommodations and guarantees, and other transactions requiring Board approval under the regulations, i.e., cross-selling, outsourcing, etc., which are always considered "material" regardless of amount. Where the amount involved in the transaction is at least 10% of the combined assets of the RCBC Group, the transaction shall be accompanied by a fairness opinion issued by an external independent party to be appointed by the Board of Directors.

Excluded transactions are related party transactions that, regardless of the amount involved, are exempted from vetting, approval and reporting but still subject to other RPT requirements, such as:

- (1) Deposit operations;
- (2) Investment in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities

The following transactions shall also be exempted from the vetting, approval and reporting requirements of RPTs provided that the amount involved in the transaction is less than the SEC Material RPT threshold (10% of the combined assets of the RCBC Group, based on the latest audited financial statements):

- (1) Regular trade transactions involving purchases and sales of debt securities traded in an active market. However, subject to post-reporting to the RPT Committee;
- (2) Related Party Transactions covered under Trust and Investment Group's RPT Policy. (Refer to ANNEX C of the RPT Policy);
- (3) Pre-approved Treasury Transactions covered by the Policy on Related Party Transactions covering Treasury Deals. (Refer to ANNEX D of the RPT Policy);
- (4) Credit card availments, except those with credit card lines with amounts falling under the definition of "material transactions";
- (5) Availments under the BSP-approved fringe benefit program; and

(6) Transactions that do not present a real risk of potential abuse, i.e. sale of fully depreciated assets.

In case the amount involved in the transaction shall reach the SEC Material RPT threshold, the transaction shall be subject to the vetting, approval and reporting requirements of RPTs, including the following processes:

- (1) The Board of Directors shall appoint an external independent party to evaluate the fairness of the terms of the material RPT. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers.
- (2) An Advisement Report shall be filed with the SEC within 3 calendar days after the execution date of the transaction. The Advisement Report shall be signed by the Corporate Secretary.

To ensure that conflict of interest is managed, interested directors and officers shall abstain from discussion, approval and management of such transaction or matter affecting the company. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

Reporting and investigation of abusive RPTs shall be handled following the Bank's existing Code of Conduct and Whistleblowing Policy. The grievance procedure under the Corporate Governance Manual shall apply to stockholders, including minority stockholders, who wish to report or express legitimate concerns on abusive RPTs.

What are the opportunities identified?

The internal audit activity is adding value to the Bank through the audit reports which summarized the risk exposures and control issues and provides recommendations in order to improve the governance, risk management, and control processes which will contribute to the achievement of the Bank's overall objectives.

Management Approach to Opportunities

The internal auditors have free and full access to all the Bank's records, properties, and personnel relevant to the internal audit activity. The Bank's internal audit function has its continuing professional development policy which encourages and supports internal auditors to be continually abreast with relevant skills, knowledge and information through trainings and certification programs to ensure that everyone will be able to adequately carry out their duties and responsibilities. Annually, the Internal Audit Group submits to the Human Resources Group a training plan which includes the relevant trainings and certification programs needed by the internal auditors for the specific year.

The Bank continuously conducts trainings and provides regular and compulsory "eLearning" courses and examinations to ensure that all employees (from senior management to rank and file) and those with direct contracts with RCBC are familiar with and reminded of the Bank's anti-corruption policies and procedures. Management reiterates via corporate announcements the importance and significance of the Bank's Code of Conduct, including anti-corruption policies.

ENVIRONMENT

Resource Management

Energy Consumption Within the Organization

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	1,385 ⁷	GJ
Energy consumption (electricity)	RCBC Plaza: 7,096,877 A.T. Yuchengco Centre: 1,215,484 Branches: 10,228,754	kWh

Reduction of Energy Consumption

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Energy reduction (renewable sources)	0	GJ
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	148.78	GJ
Energy reduction (electricity)	-2,339,716 ⁸	kWh

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to energy consumption)
Management	- Efficiency of managing resources
Stockholders	- Profitability of the organization - Efficiency of managing resources
Suppliers	- How much energy is used by the organization - Also, the supplier's actions can affect the organization's ability to operate, implement its strategies, and achieve its objectives
Community, inc. environmental NGOs	- Extent of energy consumption alongside scarcity of supply
Public, inc. media	- Extent of energy consumption alongside scarcity of supply – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

Efficient energy consumption within RCBC's operations can translate to energy savings. This, in turn, can contribute to possible reduction in the country's significant reliance on fossil fuel-based energy.

⁷ This pertains to generator sets which make use of diesel.

⁸ No energy reduction instead higher energy consumption in 2021 at 18,541,115 kWh vs. 2020 at 16,201,400 kWh driven by looser COVID-19 restrictions from the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF). However, compared with pre-pandemic energy consumption from 2019 at 22,000,121 kWh, 2021 consumption is lower by 3,459,005 kWh.

Management Approach to Impact

- RCBC continues to support the principles behind its LEED certification (RCBC Plaza in Makati is a LEED-certified gold building). Energy conservation measures are applied in the Bank's day-to-day operations.
- The 2021 Bank-wide e-learning on Sustainability has become an effective information-dissemination material on various ways of promoting environmental protection, including those that contribute to energy conservation and reduction of equivalent carbon footprint.

What are the risks identified?

GHG emissions from the generation of electricity contribute to global warming and climate change. Inefficient management of energy use can also lead to higher operating costs, revocation of LEED certification, and inability to be benchmarked against other banks that have set sustainability goals and programs on energy conservation.

Management Approach to Risks

- Efficient energy consumption is one the underlying objectives of cost control measures such as those issued in May 2021. These include guidelines on containing operating expenses through commitments on environmental responsibility and resource efficiency. The initiatives in support of these guidelines include switching to LED lighting systems and the application of energy-saving mechanisms in the office elevators.
- The objective of reducing global warming is ingrained in a larger scale within RCBC's Sustainable Finance Framework which supports investments in Renewable Energy. This is aligned with RCBC's declaration to cease funding of the construction of new coal power plants in the Philippines, with coal technology known to release more GHG per unit of energy produced (and hence increased global warming) compared to other electricity sources.

What are the opportunities identified?

- Redesigning of offices / branches to further promote energy efficiency practices
- Continued knowledge-dissemination on the relevance of efficient energy consumption to the Bank's operations and to one's day-to-day activities
- Development of understanding of carbon footprint and its relation to energy consumption

Management Approach to Opportunities

RCBC will continue to implement initiatives aimed at operational efficiency, including efficient energy consumption. As of the end of 2021, RCBC has converted 281 branches into "Branch of Today" design, combining operational efficiency and the convenience of online banking within the premises of a physical branch.

The Sustainability e-learning material has been added into the annual Bank-wide learning programs beginning 2021. This Sustainability e-learning course is mandatory for all employees (from senior management to rank and file). This is considered instrumental in promoting deeper understanding of how energy consumption generates carbon footprint and increases GHG emissions.

Informative Sustainability leaflets were distributed to RCBC's corporate clients in 2021, aimed at promoting awareness of environmental protection through activities that help reduce GHG emissions / carbon footprint.

Water Consumption Within the Organization

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	RCBC Plaza: 31,380 A.T. Yuchengco Centre: 6,647 Branches: 133,667	Cubic meters
Water recycled and reused	0	Cubic meters

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to water consumption)
Management	- Efficiency of managing resources
Stockholders	- Profitability of the organization - Efficiency of managing resources
Suppliers	- How much water is used by the organization - Also, the supplier's actions can affect the organization's ability to operate, implement its strategies, and achieve its objectives
Community, inc. environmental NGOs	- Extent of water consumption alongside scarcity of supply
Public, inc. media	- Extent of water consumption alongside scarcity of supply – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
Efficient water consumption in the Bank's operations can translate to savings, thereby contributing to preserving water as a limited resource.
Management Approach to Impact
<ul style="list-style-type: none"> RCBC continues to support the principles behind its LEED certification (RCBC Plaza in Makati is a LEED-certified gold building). Water conservation measures are applied in the Bank's day-to-day operations. The 2021 Bank-wide e-learning on Sustainability has become an effective information-dissemination material on various ways of promoting social responsibility, including those that contribute to preservation of bodies of water from improper disposal of any trash or harmful substance.
What are the risks identified?
The inefficient and improper use of water can lead to negative environmental impacts, in light of water being recognized as a limited resource. It can also lead to higher operating costs, revocation of LEED certification, and inability to be benchmarked against other banks that have set sustainability goals and programs on water conservation.
Management Approach to Risks
<ul style="list-style-type: none"> Responsible water consumption is one the underlying objectives of cost control measures such as those issued in May 2021. These include guidelines on containing operating expenses through commitments on environmental responsibility and resource efficiency. The initiatives in support of these guidelines include proper use of faucets and responsible consumption of drinking water.

- The objective of promoting responsible water consumption is ingrained in a larger scale within RCBC's Sustainable Finance Framework which supports investments in Sustainable Water Management for clean water, wastewater treatment, consumption, sustainable urban drainage systems, and other forms of flooding mitigation.

What are the opportunities identified?

- Continued knowledge-dissemination on the relevance of responsible water consumption to the Bank's operations and to one's day-to-day activities
- Development of understanding of social responsibility and its relation to preservation of natural resources

Management Approach to Opportunities

RCBC will continue to implement initiatives aimed at operational efficiency, including water conservation.

The Sustainability e-learning material has been added into the annual Bank-wide learning programs beginning 2021. This Sustainability e-learning course is mandatory for all employees (from senior management to rank and file). This is considered instrumental in promoting deeper understanding of how water conservation exemplifies social responsibility in support of sustainability.

Informative Sustainability leaflets were distributed to RCBC's corporate clients in 2021, aimed at promoting awareness of social responsibility through activities that conserve water resources.

Materials Used by the Organization

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Materials used by weight or volume ⁹		
• Renewable	145,584	kg/liters
• non-renewable	4,550	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services ¹⁰	96.87%	%

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to materials used by the organization)
Management	- Efficiency of managing resources
Stockholders	- Profitability of the organization - Efficiency of managing resources
Suppliers	- How much resources are used by the organization - Also, the supplier's actions can affect the organization's ability to operate, implement its strategies, and achieve its objectives
Community, inc. environmental NGOs	- Environmental effects of materials used and practices employed by suppliers

⁹ This includes printed forms, check books, check vouchers, envelopes, and tempus calendars procured from suppliers.

¹⁰ This includes printed forms, check books, check vouchers, envelopes, and tempus calendars procured from suppliers.

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to materials used by the organization)
Public, inc. media	<ul style="list-style-type: none"> - Environmental effects of materials used and practices employed by suppliers - potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
There is indirect impact brought about by RCBC's relations with its suppliers.
Management Approach to Impact
RCBC ensures that suppliers uphold sustainability standards and practices including compliance with Philippine laws. The supplier's environmental performance is observed during site visits. RCBC is able to influence suppliers to be sustainable through the supplier accreditation processes.

What are the risks identified?
The adverse environmental effects of a supplier's operations can impact the cost of its output and may be detrimental to the continuity of its operations. Aside from this, any negative impacts may lead to public outcry and/or government-initiated stoppage/revocation of business license. These cost implications and possible disruption will ultimately affect the Bank's operations as receiver of the supplier's services / products.
Management Approach to Risks
Due diligence prevents and mitigates negative impacts in the supply chain. Suppliers are assessed for a range of criteria. RCBC initiates due diligence as early as possible in the development of a new relationship with a supplier. Impacts may be prevented or mitigated at the stage of structuring contracts or other agreements, as well as via on-going collaboration with suppliers.

What are the opportunities identified?
Opportunities relate to improvements in RCBC's existing supply chain management as well as the avoidance of supply-side related negative environmental and reputational impacts. These can include changing the organization's procurement practices, adjusting performance expectations, capacity building, training, changes to processes, as well as terminating supplier relationships.
Management Approach to Opportunities
RCBC continues to improve its existing supply chain procedure to avoid negative environmental and reputational impacts. The Bank employs sustainability-related questionnaires in the accreditation/vetting process of vendors. Furthermore, the YGC holds information campaigns geared towards vendors regarding YGC's sustainability initiatives.
In 2021, RCBC distributed information Sustainability leaflets to its suppliers in order to disseminate information on environmental protection and social responsibility and encourage the integration of such into their operations.

Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Disclosure (January 1 – December 31, 2021)	Quantity ¹¹	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside	None	

¹¹ Refer to discussion of impact.

Disclosure (January 1 – December 31, 2021)	Quantity ¹¹	Units
protected areas		
Habitats protected or restored	-	ha
IUCN ¹² Red List species and national conservation list species with habitats in areas affected by operations	None	

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to ecosystems and biodiversity)
Government – DENR	<ul style="list-style-type: none"> - Compliance with environmental laws and regulation - Reduction of environmental impacts - Concern for environmental protection
Community, inc. environmental NGOs	<ul style="list-style-type: none"> - Reduction of environmental impacts - Concern for environmental protection
Public, inc. media	<ul style="list-style-type: none"> - Reduction of environmental impacts and concern for environmental protection – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
RCBC's operational sites are not in, or adjacent to, protected areas, areas of high biodiversity value, protected or restored habitats, or areas where IUCN Red List species and national conservation list species have habitats. The operational sites of the Bank's clients, however, may be such, and the clients' operations may have negative environmental impacts.
Management Approach to Impact
In accordance with the ESMS Policy, all credit proposals for loans and other credit accommodations from RCBC need to go through E&S risk and impact assessment. Only activities or projects which pass the E&S risk and impact assessment shall be eligible for financing.

What are the risks identified?
The operational sites of RCBC's clients may be in, or adjacent to, protected areas, areas of high biodiversity value, protected or restored habitats, or areas where IUCN Red List species and national conservation list species have habitats. This may lead to negative environmental impacts.
Management Approach to Risks
<p>The ESMS Policy adheres to the guidelines of the DENR-EMB. In addition, the ESMS Policy of RCBC subscribes to IFC's Performance Standards which include the evaluation of the impact of a borrower's business on ecosystems and biodiversity (IFC Performance Standard number 6):</p> <ol style="list-style-type: none"> 1. Assessment and Management of Environmental and Social Risks and Impacts 2. Labor and Working Conditions 3. Resource Efficiency and Pollution Prevention 4. Community Health, Safety, and Security 5. Land Acquisition and Involuntary Resettlement 6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

¹² International Union for Conservation of Nature

7. Indigenous Peoples
8. Cultural Heritage

What are the opportunities identified?

Adhering to the protection of ecosystems and biodiversity promotes sustainable business practices.

Management Approach to Opportunities

RCBC Sustainable Finance Strategy:

RCBC's Sustainable Finance Framework supports financing for environmentally sustainable management of living natural resources and land use under its Eligible Green Categories.

Environmental Impact Management

Air Emissions

GHG

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	13,307.60 ¹³	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to management of GHG emissions)
Stockholders	- Compliance with environmental laws and regulation – potential reputational impact that may lead to divestment
Government – DENR	- Compliance with environmental laws and regulation - Reduction of environmental impacts - Concern for environmental protection
Community, inc. environmental NGOs	- Reduction of environmental impacts - Concern for environmental protection
Public, inc. media	- Reduction of environmental impacts and concern for environmental protection – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

GHG emissions result from RCBC's energy consumption.

Management Approach to Impact

Refer to details on Energy Consumption Within the Organization

What are the risks identified?

¹³ RCBC Plaza, A.T. Yuchengco Centre, and Branches; emission factor for electricity at 0.7122 kgCO₂e/kWh from DOE (<https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef>); emission factor for diesel at 0.0741 tonnes CO₂e/GJ from ADB (<https://www.adb.org/sites/default/files/institutional-document/296466/guidelines-estimating-ghg.pdf>)

Refer to details on Energy Consumption Within the Organization
Management Approach to Risks
Refer to details on Energy Consumption Within the Organization

What are the opportunities identified?
Refer to details on Energy Consumption Within the Organization
Management Approach to Opportunities
Refer to details on Energy Consumption Within the Organization

Air Pollutants

Disclosure (January 1 – December 31, 2021)	Quantity¹⁴	Units
NO _x	-	kg
SO _x	-	kg
Persistent organic pollutants (POPs)	-	kg
Volatile organic compounds (VOCs)	-	kg
Hazardous air pollutants (HAPs)	-	kg
Particulate matter (PM)	-	kg

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to management of air pollutants)
Stockholders	- Compliance with environmental laws and regulation – potential reputational impact that may lead to divestment
Government – DENR	- Compliance with environmental laws and regulation - Reduction of environmental impacts - Concern for environmental protection
Community, inc. environmental NGOs	- Reduction of environmental impacts - Concern for environmental protection
Public, inc. media	- Reduction of environmental impacts and concern for environmental protection – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
As RCBC is engaged in traditional banking, it does not generate air pollutants in its operations. The bank's clients, however, may be generating this negative impact on the ecosystem as part of their production process.
Management Approach to Impact
Refer to details on Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

What are the risks identified?
The Bank's clients may be generating air pollutants in their operations. These are harmful to the environment.
Management Approach to Risks

¹⁴ Refer to discussion of impact.

Environmental and Social Management System (ESMS):

The ESMS Policy adheres to the guidelines of the DENR- EMB. In addition, the ESMS Policy of RCBC subscribes to IFC's Performance Standards which include the evaluation of the borrower's practices to promote resource efficiency and pollution protection (Performance Standard number 3) that may be mapped against the requirements of the Philippine Clean Air Act for pollution prevention:

1. Assessment and Management of Environmental and Social Risks and Impacts
2. Labor and Working Conditions
3. Resource Efficiency and Pollution Prevention
4. Community Health, Safety, and Security
5. Land Acquisition and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Indigenous Peoples
8. Cultural Heritage

What are the opportunities identified?

Refer to details on Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Management Approach to Opportunities

Refer to details on Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Solid and Hazardous Wastes**Solid Waste**

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Total solid waste generated	RCBC Plaza: 440,273 ¹⁵ A.T. Yuchengco Centre: 27,432	kg
Reusable	0	kg
Recyclable	RCBC Plaza: 128,585	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	RCBC Plaza: 311,688 A.T. Yuchengco Centre: 27,432	kg

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to solid waste management)
Stockholders	- Compliance with environmental laws and regulation – potential reputational impact that may lead to divestment
Government – DENR	- Compliance with environmental laws and regulation - Reduction of environmental impacts - Concern for environmental protection
Community, inc. environmental NGOs	- Reduction of environmental impacts - Concern for environmental protection
Public, inc. media	- Reduction of environmental impacts and concern for environmental

¹⁵ Solid waste data pertains to the entire premise of the RCBC Plaza not just the RCBC occupied floors. This is comparable with previous years' solid waste disclosures for RCBC Plaza.

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to solid waste management)
	protection – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
RCBC's ability to properly manage solid waste impacts the communities within the proximity of its operations, and the overall environmental welfare of the society.
Management Approach to Impact
RCBC minimizes the impact of its operational solid waste through pollution prevention measures. Compliance with Philippine Environmental Laws is adhered to across the organization.

What are the risks identified?
The generation, treatment, and disposal of waste, including its improper transportation, can pose harm to human health and the environment.
Management Approach to Risks
RCBC Plaza's Solid Waste Management Plan includes reducing material costs and environmental impacts thus educating and encouraging tenants to reduce, reuse, and recycle for long-term purposes to minimize ecological impacts. Solid wastes are hauled by a third party; total amounts are then recorded and tabulated.
What are the opportunities identified?
<ul style="list-style-type: none"> • Digitization of banking transactions and redesign of offices / branches to promote waste reduction • Continued knowledge-dissemination on the benefits of waste reduction as part of environmental protection and social responsibility • Development of understanding of carbon footprint and its relation to tree-cutting for paper production / consumption
Management Approach to Opportunities
RCBC will continue to implement initiatives aimed at operational efficiency and digitization, including waste reduction / paper consumption. These include employees being encouraged to apply double-sided printing and lessening plastic waste. RCBC's customer banking experience has promoted ZERO forms to fill out ¹⁶ , hence significantly decreasing paper usage. The Sustainability e-learning material has been added into the annual Bank-wide learning programs beginning 2021. This Sustainability e-learning course is mandatory for all employees (from senior management to rank and file). This is considered instrumental in promoting deeper understanding of carbon footprint/GHG emissions and how these can be reduced through preservation of forests, proper waste segregation, and recycling of waste. Informative Sustainability leaflets were distributed to RCBC's corporate clients in 2021, aimed at promoting awareness of environmental protection through activities that help reduce GHG emissions /

¹⁶ Additional one form to fill out and sign if client applies for a Hexagon Club Membership (i.e. Hexagon Enrollment Form)

carbon footprint.

RCBC's support for potential financing requirements also helps promote environmental responsibility for proper waste management. The Bank's Sustainable Finance Framework includes waste management (excluding landfills), such as waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy (municipal waste to energy to include emission abatement technology) under the Eligible Green Categories.

Hazardous Waste

Disclosure (January 1 – December 31, 2021)	Quantity ¹⁷	Units
Total weight of hazardous waste generated	-	kg
Total weight of hazardous waste transported	-	kg

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to hazardous waste management)
Stockholders	- Compliance with environmental laws and regulation – potential reputational impact that may lead to divestment
Government – DENR	- Compliance with environmental laws and regulation - Reduction of environmental impacts - Concern for environmental protection
Community, inc. environmental NGOs	- Reduction of environmental impacts - Concern for environmental protection
Public, inc. media	- Reduction of environmental impacts and concern for environmental protection – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

As RCBC is engaged in traditional banking, it does not generate hazardous waste in its operations. The Bank's clients, however, may be generating hazardous waste that is harmful to the environment.

Management Approach to Impact

Refer to details under Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

What are the risks identified?

The operations of RCBC's clients may be generating hazardous wastes which are harmful to the environment.

Management Approach to Risks

Environmental and Social Management System (ESMS):

The ESMS Policy adheres to the guidelines of the DENR-EMB. In addition, the ESMS Policy of RCBC subscribes to IFC's Performance Standards which include the evaluation of the borrower's practices to promote resource efficiency and pollution protection (Performance Standard number 3):

1. Assessment and Management of Environmental and Social Risks and Impacts
2. Labor and Working Conditions
3. Resource Efficiency and Pollution Prevention

¹⁷ Refer to discussion of impact.

4. Community Health, Safety, and Security
5. Land Acquisition and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Indigenous Peoples
8. Cultural Heritage

Under Performance Standard number 3, the borrower's operations are assessed in terms of compliance with environmentally sound disposal of hazardous and non-hazardous wastes.

What are the opportunities identified?

Refer to details under Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Management Approach to Opportunities

Refer to details under Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Effluents

Disclosure (January 1 – December 31, 2021)	Quantity¹⁸	Units
Total volume of water discharges	-	Cubic meters
Percent of wastewater recycled	-	%

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to management of effluents)
Stockholders	- Compliance with environmental laws and regulation – potential reputational impact that may lead to divestment
Government – DENR	- Compliance with environmental laws and regulation - Reduction of environmental impacts - Concern for environmental protection
Community, inc. environmental NGOs	- Reduction of environmental impacts - Concern for environmental protection
Public, inc. media	- Reduction of environmental impacts and concern for environmental protection – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

Refer to details under Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Management Approach to Impact

Refer to details under Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

What are the risks identified?

RCBC's clients may be generating effluents in their operations. This has negative implications on the

¹⁸ Refer to discussion of impact.

environment.

Management Approach to Risks

Environmental and Social Management System (ESMS): In accordance with the ESMS Policy, all credit proposals for loans and other credit accommodations from RCBC need to go through E&S risk and impact assessment. Only activities or projects which pass the E&S risk and impact assessment shall be eligible for financing.

What are the opportunities identified?

Refer to details under Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Management Approach to Opportunities

Refer to details under Ecosystems and Biodiversity (Whether in Upland/Watershed or Coastal/Marine)

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	10,000 ¹⁹	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	2	#

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to environmental compliance)
Management	<ul style="list-style-type: none"> - Monetary fines - Non-monetary sanctions
Stockholders	<ul style="list-style-type: none"> - Compliance with environmental laws and regulation – potential reputational impact that may lead to divestment
Customers/Clients	<ul style="list-style-type: none"> - Interruption of business /operations due to breach of environmental laws/regulations - Reputational impact
Employees	<ul style="list-style-type: none"> - Interruption of business /operations due to breach of environmental laws/regulations - Reputational impact
Government – DENR / Regulators	<ul style="list-style-type: none"> - Compliance with environmental laws and regulation - Ability to conform to certain performance parameters - Concern for environmental protection
Community, inc. environmental NGOs	<ul style="list-style-type: none"> - Reduction of environmental impacts - Concern for environmental protection

¹⁹ This is a one-time fine imposed on one branch that failed to register as hazardous waste generator under R.A. 6969. The fine has already been paid and requirement has been complied with.

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to environmental compliance)
Public, inc. media	- Compliance with environmental laws and regulation, ability to conform to certain performance parameters, and concern for environmental protection – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
RCBC's ability to conform to performance standards, environmental laws and regulations impacts the communities within the proximity of its operations, and the overall environmental welfare of the society.
Management Approach to Impact
RCBC is committed to comply with all environmental laws and regulations, and conform to performance standards.

What are the risks identified?
With the scale of operations of a major universal bank such as RCBC, there may be a possibility that certain requirements on environmental compliance may not be addressed on a timely manner. This notwithstanding, RCBC remains committed to comply with all environmental laws and regulations as well as fulfil any penalty that may arise from non-compliance.
Non-compliance within an organization can indicate the ability of management to ensure that operations conform to certain performance parameters. In some circumstances, non-compliance can lead to clean-up obligations or other costly environmental liabilities.
Management Approach to Risks
RCBC is committed to comply with all environmental laws and regulations, and conform to performance standards.

What are the opportunities identified?
The strength of an organization's compliance record can also affect its ability to expand operations or gain permits.
Management Approach to Opportunities
RCBC is committed to comply with all environmental laws and regulations, and conform to performance standards.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure (as of December 31, 2021)	Quantity	Units
Total number of employees	5,650	#
a. Number of female employees	3,610	#
b. Number of male employees	2,040	#
Attrition rate ²⁰	11.09%	rate
Ratio of lowest paid employee against minimum wage	1.018 : 1	ratio

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to employee hiring)
Management	<ul style="list-style-type: none"> - Direct cost implications either in terms of reduced payroll or greater expenses for the recruitment of employees - Efficiency of employees - Quality of service provided by employees
Stockholders	<ul style="list-style-type: none"> - Direct cost implications either in terms of reduced payroll or greater expenses for the recruitment of employees - Efficiency of employees - Quality of service provided by employees
Employees	<ul style="list-style-type: none"> - Satisfaction among employees - Equity in the workplace
Customers/Clients	<ul style="list-style-type: none"> - Efficiency and quality of service provided by employees – sufficient number of employees
Government – DOLE	<ul style="list-style-type: none"> - Protection of employees
Community	<ul style="list-style-type: none"> - Optimal use of available labor and talent in different regions
Public, inc. media	<ul style="list-style-type: none"> - Ability to attract diverse, qualified employees; inclusive recruitment practices; satisfaction among employees; equity in the workplace – potential reputational impact

²⁰ Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee Benefits

List of Benefits (January 1 – December 31, 2021)	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		
Maternity/Paternity	Y	0.14	0.00
Sickness	Y	0.10	0.11
Salary Loan	Y	0.17	0.13
PhilHealth	Y	0.10	0.05
Pag-ibig Loan	Y	0.12	0.07
Parental leaves	Y	0.07	0.09
Vacation leaves	Y	0.93	0.93
Sick leaves	Y	0.69	0.60
Medical benefits (aside from PhilHealth)	Y	0.70	0.56
Housing assistance (aside from Pag-ibig)	Y	0.0000083	0.00147
Retirement fund (aside from SSS)	Y	0.03	0.02
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to employee benefits)
Stockholders	<ul style="list-style-type: none"> - Satisfaction among employees – efficiency and quality of service provided by employees
Employees	<ul style="list-style-type: none"> - Satisfaction among employees - Organization's investment in human resources - Quality of benefits - Protection of employees' well-being - Employee engagement and retention - Work life balance - Understanding of Bank's mission, vision, and strategies
Government – DOLE	<ul style="list-style-type: none"> - Protection of employees
Community	<ul style="list-style-type: none"> - Organization's investment in human resources, and the quality of benefits, which allow members of the community to decide whether to work for the organization – the organization's ability to attract talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives
Public, inc. media	<ul style="list-style-type: none"> - Satisfaction among employees, organization's investment in human resources, and the quality of benefits – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

Effective employee management leads to satisfaction among RCBC's employees and equity in the workplace.

Management Approach to Impact**RCBC's Most Important Asset: Its People**

In support of the Bank's growth strategy and plans, the Human Resources Group (HRG) is committed to organizational capability building and continues to lead programs and initiatives on talent management and development, leadership continuity, retention programs, employee well-being as well as corporate social responsibility.

RCBC invests in human resources. The quality of benefits for full-time employees is a key factor in retaining employees.

Compensation and Rewards Program:

RCBC commits to pay its employees, salaries/compensation consistent with job performance and the requirements of the law and one that is competitive with the banking industry. The Bank gives importance to equitable pay differentials for different types of work and hence pays within an established salary structure for the different job levels. The Bank likewise provides officers with incentives and rewards for contribution to the business objectives of the Bank.

1. The Bank implements and maintains a sound **Compensation and Incentive Program** with the following objectives:

- a. To establish a basis for determination and management of compensation, salary increase and performance incentives.
- b. To provide financial incentives through the proper administration of salaries and other means of compensation for each individual to motivate them to do their best on their job.
- c. To maintain competitive salary levels/structures consistent with those in the banking industry.
- d. To ensure retention and attraction of performing and key talents in the organization.

2. To guide the Bank in managing the compensation levels of its employees, a salary structure was designed and developed using the following parameters:

- a. **Job Evaluation.** Job Evaluation is a systematic procedure for analyzing, measuring and classifying positions in terms of common job elements or factors found in every position. The current salary structure is based on the existing job grading system for Officer levels ranging from First Officer up to Senior Executive Vice President. The Human Resources Group (HRG) has the responsibility of ensuring that jobs are rated properly and continuously as they change over time due to reconfiguration of functions or reorganizations.
- b. **Target Market Group.** The salary structure was based on market data of banks deemed as peers by RCBC. Data on these peer banks are obtained from industry and national surveys conducted by private consultancy companies and trade and employee associations.
- c. **Target Positioning Objective.** In terms of target positioning objectives, the Bank receives instruction from management on the desired positioning in relation with the Target Market Group or the banking industry in general. This positioning is targeted at both the market's guaranteed pay

and total annual cash compensation.

3. The salary structure is reviewed regularly by HRG to maintain its relevance and competitiveness internally and externally.
4. In case surveys and studies reveal that the salary structure is grossly sliding off as compared to the industry or its Target Market Group, it is incumbent upon HRG to come up with recommendations to correct the disparity and to discuss said recommendations with management.
5. Final approval of recommendations with regard to changes in the compensation structure and policies will need to be secured from the Corporate Governance Committee.
6. Administration, implementation and maintenance of the Bank's Compensation and Incentive Program shall be the direct responsibility of HRG, particularly by its Group Head, Department Head for Compensation and Benefits and Department Head for Career Management.
7. The Compensation and Incentive Program shall be composed of:
 - a. **Basic Pay.** This refers to the employee's monthly take-home pay, exclusive of overtime pay.
 - b. **Guaranteed Pay.** This is part of the annual compensation supplementary to the Basic Pay such as the 13th month pay.
 - c. **Variable Pay.** This refers to additional incentives, Merit Increase (for Officers) and Promotional Increase (for Non-Officers and Officers), given to eligible employees based on their contributions to the Bank's overall objectives.

Employee Retention:

Recognizing the continuing competition for talent, HRG's retention programs have helped keep the Bank's attrition rate at 11.09% which is below industry level.

Employee Engagement:

Certain RCBC units provide employee satisfaction survey to the teams that they are servicing. The survey reflects the employee's assessment of the unit's delivery of service and the areas for improvement.

Human Resource Information System:

HRG maintains and manages the Bank's Human Resource Information System (HRIS) where all employee data (from hiring to separation) are inputted and stored. Even prior to the pandemic, the HRIS had already been set-up and available for employees to access offsite. As such, the pandemic did not stop HRG from providing the best service to employees. As an example, by using the HRIS, HRG was able to record the employees' Covid-19 vaccination details (dates, provider, vaccination card, etc.) and was able to generate real time data for analysis anytime.

What are the risks identified?

While RCBC constantly improves its employee benefit packages, employees may deem those of other companies to be more attractive.

Management Approach to Risks

RCBC invests in human resources. The quality of benefits for full-time employees is a key factor in

retaining employees. RCBC has 17th month pay for rank and file employees, a benefit that is superior to other peer banks. RCBC constantly improves its employee benefit packages to keep them competitive, in order to retain employees and attract new applicants. Promotion is based on full-year performance and accomplishments are measured through predefined Key Results Areas (KRAs). While not all non-officer employees are members of the RCBC Employees Association, they are covered by the Collective Bargaining Agreement (CBA)²¹. In November 2021, the Bank (not including its subsidiaries) and the RCBC Employees Association peacefully agreed on the 3-year economic provisions and the 5-year non-economic terms of the collective bargaining agreement for the period 01 October 2021 to 30 September 2026.

What are the opportunities identified?

Equitable gender choice for parental leave and other leave entitlements can lead to the improved recruitment and retention of qualified employees. It can also boost employee morale and productivity.

Management Approach to Opportunities

RCBC immediately adopts all new benefits as mandated by law. For example, RCBC has implemented the new maternity leave benefit, applicable to all employees, announcing it through the Bank's internal network messaging platform. With this, the Bank's employees know that RCBC is immediately compliant with the new benefits and the Bank encourages qualified employees to avail of these.

Employee Training and Development

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Total training hours provided to employees	169,332	hours
a. Female employees	90,968	hours
b. Male employees	78,364	hours
Average training hours provided to employees	30	hours/employee
a. Female employees	25.19	hours/employee
b. Male employees	38.41	hours/employee

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to employee training and development)
Stockholders	- Organization's investment in training, and the degree to which the investment is made across the entire employee base – efficiency and quality of service provided by employees
Employees	- Talent acquisition and development: organization's investment in training, and the degree to which the investment is made across the entire employee base
Customers/Clients	- Efficiency and quality of service provided by employees – properly trained employees

²¹ The formal grievance escalation and reporting is covered under the bank's Collective Bargaining Agreement.

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to employee training and development)
Community	- Organization's investment in training, and the degree to which the investment is made across the entire employee base, which allow members of the community to decide whether to work for the organization – the organization's ability to attract talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives
Public, inc. media	- Organization's investment in training, and the degree to which the investment is made across the entire employee base – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
When an employee stops learning, his/her development is held back. RCBC therefore commits to provide as many programs as possible for each employee to undergo.
Management Approach to Impact
<p>RCBC's Most Important Asset: Its People</p> <p>In support of the Bank's growth strategy and plans, the Human Resources Group (HRG) is committed to organizational capability building and continues to lead programs and initiatives on talent management and development, leadership continuity, retention programs, employee well-being as well as corporate social responsibility.</p> <p>The Bank invests in training and developing employees, and upgrading employee skills. The Bank is fully committed to providing learning and development opportunities across all job levels. Management has introduced and offered various training programs and seminars. In 2021, learning sessions were mostly done on-line and there were more than 10,000 attendees to both internal and external training. A total of 49,800 eLearning courses were recorded as taken by the employees in 2021.</p> <p>Investment in People: Learning and Development</p> <p>RCBC is committed to provide a strong learning and development platform for all employees across all job levels. HRG continued to strengthen the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting 10,168 (internal virtual training) attendees addressing the competencies of Leadership, Customer Service, Sales Planning and Management, Product and Technical Knowledge, Risk Management, AML/Compliance while, a total of 79 employees were enrolled in a number of specialized/IT external training programs. 741 employees were also sent to various external training programs. HRG also conducted Coaching workshops, specifically on the shift to Digital Selling, as we promote a coaching and mentoring culture across the organization.</p> <p>The Bank continues to invest in its employees through various training programs strategically focused on digital transformation and customer-centricity, sales planning and management, product knowledge, leadership, risk management, and technical skills. As the Bank is committed to up-skill the knowledge and skills of its employees in order for them to be ready to face the changes in the business landscape, the following new programs were launched:</p>

For the Retail Banking Group, the RBG Booster Program was launched. It is intended to provide product certification, and equip the branch sales officers to be more adept in their role and to support them in the digital environment. 81 RBG Sales Officers attended the 3 runs of the RBG Booster Program.

Senior Leaders also attended the AWS (Amazon Web Services) executive briefing to better understand the digital landscape. 30 participants attended the Culture, Innovation and Transformation Executive Briefing. 31 attended the Industry block briefing on Innovation and Transformation in Banking, Financial Services and Insurance, 16 attended the Industry block briefing on Engineering, Construction and Energy, and 22 attended the Industry block briefing on People Transformation Executive Briefing.

A major initiative of the Bank is on the Digital and Customer Centricity Culture Transformation. DC³T is an initiative of RCBC to enable the business units to adopt, embrace and practice a digital mindset and customer centricity, with the ultimate goal of improving its service delivery to its customers. The 3 initial groups identified to participate in the DC³T are Corporate Banking Group, Global Transaction Banking and Trust and Investments Group. The major programs to support them in this transformation are Virtual Consultative Selling and Design Thinking. 194 participants attended the 8 runs of Virtual Consultative Selling and 112 participants attended the 5 runs of Design Thinking. Other courses conducted to support the DC³T are the Customer Journey Mapping Workshop and Customer Value Proposition Workshop both attended by 45 participants, as well as individual High Velocity Coaching and Feedback sessions and Team Learning on Coaching and Feedback.

To further equip the Bank in the transformation journey, the Agile Scrum Project Management Workshop was arranged. The 1st run was offered to senior officers who are project leads, 31 attended with 7 senior officers from the other YGC. The 2nd run was for the heads of the Operations Group, with 24 attendees.

The Branch Operations Orientation Training Camp (BOOT Camp) was launched in September 2018. It is now a 7-day program for all new branch officer hires or branch officer transferees. Modules include Risks and Controls, Supervisory Development Program, Effective Business Communication and Effective Leadership in Customer Service. In 2021, 10 runs were conducted, covering 394 attendees.

For the Corporate Banking Group, the Core Credit Course was launched in 2019. This is a 10-day program for Relationship Managers aimed at standardizing and improving knowledge on Financial Analysis and Projections, and Credit Fundamentals. Apart from CBG and SMEBG Relationship Managers, the program was offered to Credit Officers and Auditors. A total of 91 participants attended 3 runs in 2020.

The Bank has likewise offered the 10th run of the Corporate Banking Learning Academy, (Marketing Assistant Track) an 8-day training program which aims to develop capable and credible marketing assistants. 10 marketing assistants attended. RBG BRM Masterclass is a 19-day intensive training program aimed at improving product knowledge, as well as selling skills. 23 participants attended in 2021.

In 2021, we also launched 10 e-Learning programs: Security Awareness, Stress Management, Effective Time Management, Business English, RCBC ROR, Sustainability, UITF 2021, Fixed Income, and Code of Conduct.

In compliance with the BSP Directive to have all UITF Selling Personnel accredited, the Bank conducted 5 review sessions to prepare those who will take the TOAP accreditation. A total of 153 employees

attended the review sessions and 150 were registered with TOAP to take the accreditation exam.

The Bank also conducts regular trainings and examinations to ensure that all employees (from senior management to rank and file) and those with direct contracts with RCBC are familiar and reminded of the Bank's anti-corruption policies.

Under the Bank's Corporate Governance Framework, the Board of Directors are provided with the Annual Continuing Training Program. This is a mandatory program which aims for the directors to be continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance, matters relevant to the company, including audit, internal controls, risk management, sustainability (e.g. e-learning course launched in 2021), and strategy. The annual continuing training shall be at least for four hours.



What are the risks identified?

While RCBC invests in the development of its employees, the risk of employees leaving RCBC and

possibly transferring to another company cannot be completely eliminated. There may be foregone costs, and opportunity costs as another employee who would decide to stay in RCBC could have been trained instead.

Management Approach to Risks

RCBC enforces employee training bond agreements, under which an employee will have his/her training paid for by the Bank, but only if he/she remains with RCBC for a predetermined minimum amount of time.

What are the opportunities identified?

Programs for upgrading employee skills allow an organization to plan skills acquisition that equips employees to meet strategic targets in a changing work environment. The abundance of skilled employees enhances the organization's human capital and contributes to employee satisfaction, which correlates strongly with improved performance.

Management Approach to Opportunities

RCBC has strengthened the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars and allocating budget for these. RCBC continuously evaluates and updates training programs in relevant topics such as, but not limited to, leadership, customer service, sales, technical knowledge, risk management, etc. The HRG disseminates across the organization its catalogue of regular trainings and seminars.

Labor-Management Relations

Disclosure (January 1 – December 31, 2021)	Quantity	Units
% of employees covered with Collective Bargaining Agreements	29	%
Number of consultations conducted with employees concerning employee-related policies	2,000 est.	#

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to labor-management relations)
Stockholders	- Satisfaction among employees – efficiency and quality of service provided by employees
Employees	- Approach to communicating significant operational changes - Negotiations for determining working conditions and terms of employment or for regulating relations between employers and workers
Government – DOLE	- Protection of employees
Community	- Approach to communicating significant operational changes, and negotiations for determining working conditions and terms of employment or for regulating relations between employers and workers, which allow members of the community to decide whether to work for the organization – the organization's ability to attract talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to labor-management relations)
Public, inc. media	- Approach to communicating significant operational changes, and negotiations for determining working conditions and terms of employment or for regulating relations between employers and workers – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
Effective labor-management relations preserve the welfare of employees.
Management Approach to Impact
RCBC has a union of rank and file employees, which negotiates with Management for a Collective Bargaining Agreement every 5 years. This shows that, hand-in-hand, Management and the union regularly evaluate and update the salaries and benefits of employees. Every negotiation (in at least the past 15 years) has been peaceful and fruitful.

What are the risks identified?
The risk in collective bargaining negotiations is the potential failure to come up with an agreement between parties.
Management Approach to Risks
Management maintains a harmonious relationship with the union. On a daily basis, Management is open to consultation and discussion regarding various topics that the union wants to tackle. As a result, when the CBA negotiations happen, a lot of issues have already been resolved leaving only the most significant items to be discussed during the meetings.

What are the opportunities identified?
Management treats every issue raised by an employee as an opportunity to explain to them the nuances of the situation they are faced with. Management also relishes the opportunity to show employees that its actions and decisions are done for the benefit of the organization.
Management Approach to Opportunities
Management takes the views of workers into account when making specific decisions. Therefore, meaningful consultations, together with timely processing of relevant information, are needed to make an informed decision that is both fair and just.

Diversity and Equal Opportunity

Disclosure (as of December 31, 2021)	Quantity	Units
% of female workers in the workforce	64%	%
% of male workers in the workforce	36%	%

Disclosure (as of December 31, 2021)	Quantity	Units
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to diversity and equal opportunity)
Stockholders	- Equity in the workplace, elimination of gender bias, and equal opportunity, which attract talent / potential employees – the organization's ability to attract talent / potential employees can affect its ability to operate, implement its strategies, and achieve its objectives
Employees	- Equity in the workplace - Elimination of gender bias - Equal opportunity
Government – DOLE	- Protection of employees
Community	- Equity in the workplace, elimination of gender bias, and equal opportunity, which allow members of the community to decide whether to work for the organization – the organization's ability to attract talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives
Public, inc. media	- Inclusive recruitment practices, equity in the workplace, equity in the workplace, elimination of gender bias, and equal opportunity – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
Diversity and equal opportunity could lead to better employee satisfaction and higher retention rate.
Management Approach to Impact
RCBC gives equal opportunity for all. When an organization actively promotes diversity and equality at work, it can generate significant benefits for both the organization and workers, such as access to a larger and more diverse set of potential workers. As the numbers show, RCBC employs more women than men. This shows the opportunity that the Bank gives to all as RCBC actively promotes diversity and equality at work.

What are the risks identified?
Promoting diversity does not necessarily lead to inclusion and equal opportunity. The presence of individuals from underrepresented groups within the organization does not guarantee that they will feel fully included and valued.
Management Approach to Risks
RCBC gives equal opportunity for all, not only in hiring, but also in advancement and attaining positions of senior leadership. Promotion is based on performance, as accomplishments are measured through predefined KRAs.

What are the opportunities identified?

When an organization actively promotes diversity and equality at work, it can generate significant benefits for both the organization and workers. For example, the organization can gain access to a larger and more diverse set of potential workers. These benefits also flow through to society in general, as greater equality promotes social stability and supports further economic development.

Management Approach to Opportunities

RCBC gives equal opportunity for all. When an organization actively promotes diversity and equality at work, it can generate significant benefits for both the organization and workers, such as access to a larger and more diverse set of potential workers.

Workplace Conditions, Labor Standards, and Human Rights**Occupational Health and Safety**

Disclosure (January 1 – December 31, 2021)	Quantity	Units
Safe Man-Hours	11,932,800 ²²	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	3	#

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to occupational health and safety)
Stockholders	- Health, safety, and minimal harm – potential reputational impact that may lead to divestment
Employees	- Health - Safety - Minimal harm
Government – DOLE	- Protection of employees
Community	- Health, safety, and minimal harm, which allow members of the community to decide whether to work for the organization – the organization’s ability to attract talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives
Public, inc. media	- Health, safety, and minimal harm – potential reputational impact

What is the impact and where does it occur? What is the organization’s involvement in the impact?

RCBC’s ability to uphold occupational health and safety in the workplace results to the protection of employees.

Management Approach to Impact

Health and Wellness:

²² Estimated at 6,344 employees working 8 hours per day over 243 working days

RCBC gives importance and commits to upholding occupational health and safety in the workplace through worker training and incident investigations. The Bank has safety officers, certified Basic Occupational, Safety and Health (BOSH) personnel, and first-aiders trained by the Philippine Red Cross.

RCBC is committed to maintaining a safe and healthy working environment. Procedures are in place to protect all associates from generally recognized workplace hazards such as fire, earthquake, robberies and other natural and man-made calamities. The Bank has various substance abuse and health & safety policies, as well as inspection and search procedures.

- Substance Abuse and Health & Safety Policies

Employees who work while under the influence of drugs or alcohol present a safety and operational hazard to themselves and their colleagues as well as pose a risk to the trustworthy and professional image of the Bank. The Bank also promotes the health and safety of its employees and their families, thus, the enactment of the following policies:

- RCBC's Drug-Free Workplace Policy & Programs
- Policy Against Alcohol Abuse
- Policy on Off-Duty Substance Abuse
- Family Welfare Policy
- TB Workplace Program
- HIV/AIDS Workplace Program

- Inspection & Search Procedures

Employees are mandated to notify security personnel if they see anything suspicious, including the presence of strangers and unattended bags or packages on the premises.

Employees are likewise mandated to subject themselves, their personal belongings and the Bank assets under Bank custody to intensive inspection and search procedures by security personnel, upon entering, while within and upon leaving Bank premises.

Bank premises include parking lots, whether owned or leased by the Bank. Personal belongings shall mean pockets, bags, storage media, cars and any other personal property that may be used as repository of cash, jewelry, documents, keys, data and other valuable items.

- Employee Welfare and Well-Being

In 2021, the Human Resources Group conducted the following activities to sustain the promotion of health, safety and welfare of RCBC employees.

1. Maintained its partnership with Maxicare, the Bank's HMO provider, in giving health and medical services in accordance to the benefits being enjoyed by employees. Services provided include:

- ☐ Hospitalization, emergency care and other medical services with **2,629** availments for employees and **1,584** availments for dependents in 2021;
- ☐ Executive Check-Up for employees with total cost of Php15.1 million in 2021;
- ☐ Outpatient consultation services for employees with **7,742** availments in 2021;

- The Bank also partnered with Sunlife Grepa Financial Inc. in utilizing the clinic located at

the RCBC Plaza and serviced more than **176** availments in 2021. Moreover, there is a clinic set-up at the A. T. Yuchengco Centre in BGC to give free check-up and consultation services to more than 1,039 employees at said location.

- The Bank also provided the following benefits to employees:
 - The Bank was part of the YGC Vaccination Program wherein the institution ordered 70,000 doses of Moderna vaccines for its employees and dependents. Through the Bank's relentless effort, 99% of its employees were fully vaccinated by 31 December 2021.
 - COVID-19 related undertakings – Activities performed by the Bank to support employees during the pandemic in compliance with the laws and regulations enacted during this period:
 - Robust information drive via release of critical/necessary advisories in line with the pandemic;
 - Implementation of policies on self-quarantine and travel bans;
 - Released procedures on how to avail COVID-19 testing as part of employees' hospitalization benefit;
 - Implemented COVID-19 testing to symptomatic employees and those who were deemed as close contacts
 - Organized bankwide webinars on the following:
 - Science behind and importance of vaccination
 - Mental Well-being
 - Anxiety and Coping Skills
 - Resiliency and Self Care
 - Beating Burn-out and Practical Mindfulness
 - Developed and implemented an eLearning module on Stress Management
 - Department of Labor and Employment (DOLE) certified Basic Occupational Safety and Health Seminar;
 - Philippine Red Cross certified first aid training;
 - Basic training course for Pollution Control;
 - Pollution Control training course for Managing Heads;
 - Safety and life support trainings, fire and earthquake seminars and drills for employees;
 - Pre-employment physical and medical examination for new hires;
 - Random drug testing for employees;
 - Vaccination – Implemented flu vaccination to employees;
 - Maintenance of operational breastfeeding stations for nursing associates;
 - Sports and wellness – To promote physical fitness, the Bank sponsored various sports activities participated by employees from Head Office and Metro Manila business centers.
 - Precautionary measures – Since Management recognizes the precarious situation of employees in areas affected by natural calamities and man-made adversities, it has always been keen on immediately issuing work suspension orders in such perilous areas during fortuitous events.

- ☐ All associates are covered with a life insurance policy inclusive of accidental death, total and permanent disability and burial assistance benefits.

The Bank spent more than Php137.4 Million in 2021 for health benefits of employees and their dependents.

What are the risks identified?

While banking is considered a low risk industry in terms of workplace conditions and industrial safety standards, potential harm may be suffered by workers in specific hazardous situations (e.g., bank robbery).

Management Approach to Risks

RCBC provides employees with the requisite training and exposure to combat inherent risks involved in the workplace. RCBC provides regular Basic Occupational, Safety and Health and first aid training on a regular basis. The Bank provides safety training to workers, including training on specific work-related hazardous situations. RCBC trains branch personnel on how to respond to hazardous situations with simulation training programs such as mock bank robberies.

What are the opportunities identified?

Given the changing business landscape, regulatory environment, and the Bank's strategic direction, opportunities arise in improving the Bank's training programs and safety drills.

Management Approach to Opportunities

RCBC continues to update training programs to adapt to the changing business environment.

Labor Laws and Human Rights

Disclosure (January 1 – December 31, 2021)	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	All newly hired employees sign a contract stating that they agree to the terms and conditions of their employment. The Bank does not employ forced labor.
Child labor	Y	RCBC's Recruitment Policy requires that we hire college graduates, at the minimum. The Bank does not employ child labor.
Human Rights	Y	Existing Philippine laws set expectations and standards that disallow violations of and promote human rights. RCBC abides by these laws.

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to labor laws and human rights)
Stockholders	- Abolition of child labor, elimination of forced labor, and upholding human rights –

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to labor laws and human rights)
	potential reputational impact that may lead to divestment
Employees	<ul style="list-style-type: none"> - Abolition of child labor - Elimination of forced labor - Upholding human rights
Government – DOLE	<ul style="list-style-type: none"> - Protection of employees
Community	<ul style="list-style-type: none"> - Abolition of child labor, elimination of forced labor, and upholding human rights, which allow members of the community to decide whether to work for the organization – the organization’s ability to attract talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives
Public, inc. media	<ul style="list-style-type: none"> - Abolition of child labor, elimination of forced labor, and upholding human rights – potential reputational impact

What is the impact and where does it occur? What is the organization’s involvement in the impact?
RCBC’s ability to conform to labor laws and human rights results to the protection of employees.
Management Approach to Impact
RCBC gives importance to and upholds labor standards and human rights in the workplace. Employees can be certain that RCBC follows existing labor laws and standards and protects human rights at all times.
RCBC complies with all four principles of the International Labour Organization (ILO): i) freedom of association and the effective recognition of the right to collective bargaining, ii) the elimination of forced or compulsory labour, iii) the abolition of child labour and iv) the elimination of discrimination in respect of employment and occupation."

What are the risks identified?
Child labor results in under-skilled and unhealthy workers for tomorrow and perpetuates poverty across generations, thus impeding sustainable development. Likewise, forced labor is not only a serious violation of a fundamental human right; it also perpetuates poverty and is a hindrance to economic and human development.
Management Approach to Risks
To demonstrate that RCBC does not engage in child labor or forced labor, per policy, the Bank hires college graduates for its entry level positions.

What are the opportunities identified?
The abolition of child labor and forced labor is necessary for both economic and human development.
Management Approach to Opportunities
Due diligence is expected of an organization in order to prevent the use of and combat all forms of child labor and forced or compulsory labor within its activities. It is also expected that an organization will avoid contributing to, becoming complicit in, or becoming linked to the use of child labor and forced or

compulsory labor through its relationships with others (e.g., suppliers, clients).

RCBC gives importance to and upholds labor standards and human rights in the workplace.

Supply Chain Management

Do you have a supplier accreditation policy?

RCBC has a supplier accreditation policy and other procurement/supplier policies. See attached policies.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	Supplier Management: Policies on Supplier Blacklisting 2. If supplier commits a violation against YGC Procurement Shared Services (PSS) policies on Code of Ethics, supplier will be blacklisted, regardless if supplier has more than one product or service used by YGC.
Health and safety	Y	Supplier Management: Policies on Supplier Blacklisting 3. Supplier shall also be blacklisted if the following offenses are committed: e. Failure to meet safety policies leading to loss of life, injury or damage to property

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to supply chain management)
Stockholders	- Reduction of negative environmental and social impacts in the supply chain – potential reputational impact that may lead to divestment
Suppliers	- Procurement policies - Supplier Accreditation process
Community	- Reduction of negative environmental and social impacts in the supply chain and concern for environment and society
Public, inc. media	- Reduction of negative environmental and social impacts in the supply chain and concern for environment and society – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

RCBC's ability to ensure that suppliers uphold sustainability standards lessens the negative environmental and social impacts in the supply chain.

Management Approach to Impact

RCBC ensures that suppliers uphold sustainability standards and practices including compliance to Philippine laws. The supplier's environmental performance is observed during site visits. RCBC

influences suppliers to be sustainable through supplier accreditation processes, among other approaches.

In 2021, Sustainability Leaflets incorporating RCBC's sustainability practices were distributed to the YGC PSS to encourage suppliers to continually uphold sustainability standards and practices.

What are the risks identified?

Refer to details under Materials Used by the Organization

Management Approach to Risks

Due diligence prevents and mitigates negative impacts in the supply chain. These include impacts the organization either causes or contributes to, or that are directly linked to its activities, products, or services by its relationship with a supplier.

Suppliers are assessed for a range of criteria, including incidents (such as bribery, coercion, and corruption).

RCBC initiates due diligence as early as possible in the development of a new relationship with a supplier. Impacts may be prevented or mitigated at the stage of structuring contracts or other agreements, as well as via on-going collaboration with suppliers.

What are the opportunities identified?

Refer to details under Materials Used by the Organization

Management Approach to Opportunities

RCBC continues to improve its existing supply chain procedure to avoid negative environmental and social impacts (refer to details under Materials Used by the Organization). The following sustainability assessment initiatives are work-in-progress:

1. Incorporation of environmental risk, human rights, child labor and forced labor in the supplier accreditation policy by second quarter of 2022.
2. Conduct of site visits annually or every three (3) years depending on the supplier category.
3. Inclusion of RCBC's and other YGC companies' plans and strategies pertaining to sustainability to ensure that suppliers are compliant with RCBC's sustainable practices.
4. Inclusion in the supplier accreditation policy compliance with the existing Fair Labor Practices, Labor Laws and other regulatory requirements to address issues on: i) freedom of association and right to collective bargaining, ii) non-discrimination, iii) maximum working hours, iv) minimum living wages and v) acceptable living conditions.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people?	Mitigating measures (if negative) or enhancement measures (if positive)
RMB Micro & Small Business Loans & Savings Products	Available in key areas in Luzon, Visayas and Mindanao with a total of 18 branches and 5 micro-banking offices, or a total of 23 RMB branches.	RMB is RCBC's thrift bank.	Yes. RMB serves the unbanked and underserved markets in the Philippines.	<ul style="list-style-type: none"> - RMB offers the Basic Deposit Account ('BDA')²³ deposit product called "Pangarap Savings". With RMB's cloud-based core-banking system, financial services such cash-in (deposit), cash-out (withdrawal), bills payment, and opening of BDA can be done real time through a secured electronic platform provided to the accredited agents. - Refer to details under Economic Performance
DiskarTech – a Financial inclusion mobile-based application	Mobile-based	An inclusion application that mainly targets class C, D, and the unbanked sector	Yes. DiskarTech is an inclusion application that targets the unbanked and underserved Filipinos nationwide, especially those who live in grassroot	<ul style="list-style-type: none"> - DiskarTech also offers the BDA deposit product. - Refer to details under Economic Performance

²³ The Basic Deposit Account is a financial inclusion deposit product of the BSP which meets the need of the unbanked and low-income sector for an affordable and easy-to-open account. It has a low-opening amount of Php100.00 or less, no maintaining balance, no dormancy charges and simple identification requirements.

Operations with significant (positive or negative) impacts on local communities	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people?	Mitigating measures (if negative) or enhancement measures (if positive)
			communities.	
ATM Go	Handheld ATM terminals	An inclusion application that mainly targets class C, D, and the unbanked sector This was instrumental to the government's distribution of the SAP.	Yes. ATM Go is an inclusion application that targets the unbanked and underserved sector.	Refer to details under Economic Performance
Credit Risk Database (CRD) project of the BSP for SMEs.	Created out of a collaboration between the BSP and Japan International Cooperation Agency (JICA)	The CRD project aims to improve the access of SMEs to bank financing and support a post-COVID recovery scenario, especially since more than 70% of MSMEs in the Philippines were forced to close a month after the outbreak.	Yes, the CRD project is an inclusion application for the underserved sector. The CRD project gives long-term support to MSMEs to reduce their dependence of financial institutions on collateral when granting loans.	The CRD project aims to improve access to SME financing by promoting risk-based lending through the use of a statistical scoring model that assesses the capacity of SMEs to repay their loan.

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity ²⁴	Units
FPIC process is still undergoing	-	#
CP secured	-	#

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to significant impacts on local communities)
Stockholders	- Reduction of negative impacts on local communities – potential reputational impact that may lead to divestment
Community	- Reduction of negative impacts on local communities - Concern for society - Continuous enhancement of community relations
Public, inc. media	- Reduction of negative impacts on local communities and concern for society – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
RCBC empowers communities and families towards financial inclusion. RCBC's presence in communities facilitates access to capital in the local economy, spurring economic growth and employment generation.
Management Approach to Impact
Refer to details under Economic Performance

What are the risks identified?
Engaging the unbanked and underserved towards financial inclusion may expose us to credit risk and other types of risk which traditional risk tools may ordinarily not be able to adequately manage.
Management Approach to Risks
RCBC mitigates the risk of default by performing additional Know Your Customer (KYC) and credit risk assessment procedures on clients.

What are the opportunities identified?
A significant percentage of the country's population are still unbanked and underserved, thus there are opportunities to create more products and services that will address the banking needs of these sectors.
Management Approach to Opportunities
Refer to details under Economic Performance

Customer Management

Customer Satisfaction

Disclosure (January 1 – December 31, 2021)	Score	Did a third party conduct the customer satisfaction study?
Customer satisfaction	None ²⁵	N/A

²⁴ The operations of RMB and the mobile-based DiskarTech do not affect IPs.

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to customer satisfaction)
Stockholders	<ul style="list-style-type: none"> - Customer satisfaction and upholding the rights of customers – potential reputational impact that may lead to divestment
Customers/Clients	<ul style="list-style-type: none"> - Customer protection and satisfaction - Integrity and honesty of the Bank and its employees - Professionalism and efficiency of senior management and bank employees - Easy account opening/loan application requirements and processes - Accessibility of ATM and branch network - Continuous service, process and technology improvements - Effectiveness of Consumer Assistance Mechanism of the Bank - Fast complaints resolution - Upholding the rights of customers
Government/ Regulators	<ul style="list-style-type: none"> - Customer satisfaction - Upholding the rights of customers - No major issues and concerns raised with the BSP-Consumer Affairs Group
Community	<ul style="list-style-type: none"> - Customer satisfaction and upholding the rights of customers, which allow members of the community to decide whether to patronize the products and services of the organization – the organization's ability to attract potential customers in the community can affect its ability to implement its strategies and achieve its objectives
Public, inc. media	<ul style="list-style-type: none"> - Customer satisfaction and upholding the rights of customers – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
<p>RCBC is committed to fully enforce the Financial Consumer Protection (FCP) Framework through regular assessment of compliance with the regulatory standards of conduct in order to achieve a service culture of fair dealings and responsible business practices embedded in its primary business operations. Mechanisms to receive and investigate complaints and implement corrective action are incorporated in the framework.</p> <p>In compliance with BSP Circular Nos. 857 and 1048 (BSP Regulations on Financial Consumer Protection), to ensure that consumer protection standards and practices as defined in the Bank's FCP Framework are duly observed and embedded in the conduct of its business operations, thereby creating a stronger corporate culture and working towards upholding fair treatment of customers at all stages of their business relationship with the Bank. The framework is generally composed of FCP Policies and Procedures, FCP Code of Conduct, Consumer Assistance and Risk Assessment Mechanism, FCP Training Program, FCP Compliance Program, FCP Audit Program, and Financial Consumer Education and Awareness Program. The framework revolves around the core principles of consumer protection,</p>

²⁵ The Customer Care Ticketing System – Sales Force was implemented on September 28, 2020 and is actively being used enterprise-wide. This is monitored and enhancements are continuously being done to improve the process.

namely: 1. Disclosure and transparency; 2. Protection of client information; 3. Fair treatment; 4. Effective recourse; and 5. Financial education and awareness.

Management Approach to Impact

RCBC regularly monitors feedback from traditional and social media to identify customer concerns. This includes monthly social listening reports and real time alerts, and monthly traditional media reports. RCBC also implements customer research for major initiatives (e.g., brand refresh, new website design, and new application design). In addition, we follow a review and approval process for communication materials, including clearing initiatives with Consumer Protection, Legal, and Compliance Groups. An assessment of RCBC's reputation risk is also reported regularly to the Risk Oversight Committee of the Board of Directors.

RCBC also provides its financial customers with accessible means for resolving complaints with their financial transactions. Guided by the Bank's complaints handling and escalation procedure, Consumer Assistance Officers (CAOs) are designated to handle customer complaints in various units, offices and business centers. RCBC has further strengthened its Consumer Assistance Mechanism with the creation of a well-trained and dedicated team where customers can conveniently lodge complaints, inquiries and requests (i.e. Customer Care Dept-General Concerns, Customer Care-Loans, Customer Care-Diskartech App). All Bank personnel with direct engagements with customers are equipped with the knowledge on the structure and implementation of the Bank's complaints handling mechanism. All CAOs submit a complaints report to the Bank's Consumer Protection Unit (CPU) on a monthly basis. CPU ensures that customer complaints received from various channels are consolidated and analyzed to ensure that material risks are subjected to root cause analysis, especially systematic complaints requiring immediate resolution by the 1st line business centers and/or business units. A management report on customer complaints is submitted to the Risk Oversight Committee on a regular basis.

What are the risks identified?

There is reputational risk arising from negative public opinion in case there are unsatisfied customers whose concerns are not resolved within an ideal timeframe. In efforts to continuously improve and mitigate risks arising from customer complaints and negative public opinion, regular reporting of issues and concerns with potential reputational risk is submitted and presented to the Risk Oversight Committee on a regular basis.

Management Approach to Risks

RCBC strives to constantly improve its service to avoid unsatisfied customers. A dedicated customer service hotline is available for clients to inquire and report concerns and issues regarding products and services offered by RCBC.

What are the opportunities identified?

A high level of customer satisfaction can result in higher revenue through an increase in the number of new customers, and deepening of relationships with existing customers (cross-selling).

Management Approach to Opportunities

RCBC continuously conducts regular trainings and provides regular and compulsory eLearning courses and examinations to ensure that all relevant customer-facing employees are familiar with and reminded of the Bank's Consumer Protection Program.

RCBC strives to continuously improve the Bank's service and implement enhancements in its customer

feedback mechanisms and platforms.

Health and Safety

Disclosure (January 1 – December 31, 2021)	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	N/A ²⁶	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to health and safety)
Stockholders	- Customer satisfaction and upholding the rights of customers – potential reputational impact that may lead to divestment
Customers/Clients	- Customer satisfaction - Upholding the rights of customers
Government/Regulators	- Customer satisfaction - Upholding the rights of customers
Community	- Customer satisfaction and upholding the rights of customers, which allow members of the community to decide whether to patronize the products and services of the organization – the organization's ability to attract potential customers in the community can affect its ability to implement its strategies and achieve its objectives
Public, inc. media	- Customer satisfaction and upholding the rights of customers – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

As they are financial in nature, RCBC's banking products and services do not pose a risk to health and safety. The products and services of RCBC's clients, however, may have such negative impacts on their customers.

Management Approach to Impact

Environmental and Social Management System (ESMS): In accordance with the ESMS Policy, all credit proposals for loans and other credit accommodations from RCBC need to go through E&S risk and impact assessment. Only activities or projects which pass the E&S risk and impact assessment shall be eligible for financing.

What are the risks identified?

The products and services of RCBC's clients may potentially pose a risk to the health and safety to their customers. This has negative implications on society.

Management Approach to Risks

²⁶ No recorded complaints attributed to Health and Safety for the year 2020

Environmental and Social Management System (ESMS):

The ESMS Policy of RCBC subscribes to IFC's Performance Standards which include the evaluation of the borrower's practices to promote health and safety (Performance Standard number 2).

1. Assessment and Management of Environmental and Social Risks and Impacts
2. Labor and Working Conditions
3. Resource Efficiency and Pollution Prevention
4. Community Health, Safety, and Security
5. Land Acquisition and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Indigenous Peoples
8. Cultural Heritage

Under Performance Standard number 2, the borrower's operations are assessed in terms of effective promotion of safe and healthy working conditions.

What are the opportunities identified?

RCBC is committed to the promotion of sustainable business practices, including the preservation of health and safety measures.

Management Approach to Opportunities

RCBC will remain committed to employing appropriate due diligence on its borrowers to ensure that appropriate health and safety programs / measures are embedded in their operations. This is one of the fundamentals of the Bank's ESMS process.

Marketing and Labelling

Disclosure (January 1 – December 31, 2021)	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	N/A ²⁷	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to marketing and labelling)
Stockholders	- Customer satisfaction and upholding the rights of customers – potential reputational impact that may lead to divestment
Customers/Clients	- Customer satisfaction - Upholding the rights of customers
Government/Regulators	- Customer satisfaction - Upholding the rights of customers
Community	- Customer satisfaction and upholding the rights of customers, which allow members of the community to decide whether to patronize the

²⁷ No recorded complaints attributed to Marketing and Labelling for the year 2021

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to marketing and labelling)
	products and services of the organization – the organization’s ability to attract potential customers in the community can affect its ability to implement its strategies and achieve its objectives
Public, inc. media	- Customer satisfaction and upholding the rights of customers – potential reputational impact

What is the impact and where does it occur? What is the organization’s involvement in the impact?
RCBC’s ability to uphold the rights of its customers to the security of its products and services results to customer protection and customer satisfaction.
Management Approach to Impact
RCBC upholds the rights of customers to safety and security from probable negative impacts of its products and services. This includes customer access to accurate and adequate information on the positive and negative economic, environmental, and social impacts of the products and services they consume – both from a product and service labelling and a marketing communications perspective.

What are the risks identified?
The display and provision of information and labelling for products and services are subject to many regulations and laws. Non-compliance can indicate either inadequate internal management systems and procedures or ineffective implementation.
Management Approach to Risks
<p>Fair and responsible marketing communications, as well as access to information about the composition of products, and their proper use and disposal, help customers make informed choices. This is supported by the Bank’s Consumer Protection Framework which details effective internal controls on product and service labelling and marketing communications.</p> <p>Units of the Bank that develop and provide products and services to the customers as well as those who prepare advertising materials for external distribution ensure that advertising and promotional/marketing materials comply with the following requirements:</p> <ul style="list-style-type: none"> - No false, misleading or deceptive statements - Visible, easily readable and understandable - Disclosure of clear, accurate, updated and relevant information about the product or service - Balanced and proportional (reflecting both advantages and risks of the product or service) - Key information is prominent and not obscured - Print is of sufficient size and clearly legible - Targeted according to the specific groups of clients or customers to whom products are marketed <p>Business units that develop products and provide services coordinate with the Bank’s Learning and Development Department on the design and execution of product/service programs. Bank staff, specifically those who interact directly with customers, receive adequate training suitable for the complexity of the products or services they sell. All Bank personnel that interact with customers are equipped with the knowledge on the structure and implementation of the Bank’s complaints handling mechanism.</p>

What are the opportunities identified?

Continuous improvements on marketing and labelling to further lessen complaints can lead to higher customer satisfaction and new business opportunities.

Management Approach to Opportunities

RCBC continues to implement regular updates of communication materials, including website and point-of-sale materials.

Customer Privacy

Disclosure (January 1 – December 31, 2021)	Quantity	Units
No. of substantiated complaints on customer privacy*	1	#
No. of complaints addressed	1	#
No. of customers, users and account holders whose information is used for secondary purposes	431,829	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to customer privacy)
Stockholders	- Customer satisfaction and upholding the rights of customers – potential reputational impact that may lead to divestment
Customers/Clients	- Customer satisfaction - Upholding the rights of customers
Government/Regulators	- Customer satisfaction - Upholding the rights of customers
Community	- Customer satisfaction and upholding the rights of customers, which allow members of the community to decide whether to patronize the products and services of the organization – the organization's ability to attract potential customers in the community can affect its ability to implement its strategies and achieve its objectives
Public, inc. media	- Customer satisfaction and upholding the rights of customers – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?

RCBC's ability to uphold the rights of its customers to privacy results to customer protection and customer satisfaction.

Management Approach to Impact

RCBC upholds the rights of customers to privacy. RCBC respects consumer privacy and take reasonable measures to ensure the security of personal data that we collect, store, process or disseminate.

What are the risks identified?

Losses of customer data and breaches of customer privacy can result from non-compliance with existing

laws, regulations and/or other voluntary standards regarding the protection of customer privacy.

Management Approach to Risks

To protect customer privacy, the Bank limits collection of personal data, collects data only by lawful means, and is transparent about how data is gathered, used, and secured. The Bank does not disclose or use personal customer information for any purposes other than those agreed upon, and the Bank communicates any changes in data protection policies or measures to customers directly.

Under the supervision of the Chief Compliance Officer (CCO), the Bank's Data Protection Officer (DPO) is accountable for ensuring compliance with applicable laws and regulations for personal data protection. The DPO develops, maintains, and promotes the effective implementation of the Bank's Data Privacy Policy. The DPO regularly reports to the Audit and Compliance Committee (ACC) of the Board of Directors. The ACC performs oversight functions over the Compliance Office, and consequently, over the DPO. The Data Privacy Policy approved by the ACC and confirmed by the Board, was most recently revised in September 2021.

The Bank is committed to collect user data through lawful and transparent means, with explicit consent to the data subject where required.

The Bank is committed to implement leading data protection standards in order to take care of the employees' personal data.

Under the Privacy Notice, the Bank values its customer's privacy and believes that each customer is entitled to know the ways the Bank processes their personal information. The Bank informs in substantial detail exactly how, what, and why personal data is being collected, used, retained, shared, disposed, accessed, and corrected, through the Bank's privacy notice. The notice is stated in clear and simple terms to ensure it is highly readable and usable to the greatest extent possible

What are the opportunities identified?

Continuous improvements to customer privacy measures can result in higher customer satisfaction and retention which could translate to new business opportunities.

Management Approach to Opportunities

RCBC continuously conducts regular trainings and seminars to equip employees (from senior management to rank and file) and those with direct contracts with RCBC and educate them about the importance of customer privacy. Awareness campaigns are implemented regularly through the issuance of data privacy bulletins.

RCBC conducts Privacy Impact Assessments for new projects involving the processing of personal data. The Bank also reviews data sharing, data protection, and outsourcing agreements especially when dealing with third party service providers/vendors.

Data Security

Disclosure (January 1 – December 31, 2021)	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	2 ²⁸	#

²⁸ Both incidents involved unauthorized disclosure of information due to an operational oversight. The root causes have been immediately identified and rectified to prevent recurrence.

Which stakeholders are affected?	
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to data security)
Stockholders	- Data security and customer privacy – potential reputational impact that may lead to divestment
Customers/Clients	- Data security: reliability and security of electronic banking channels - Customer privacy
Government/Regulators	- Data security - Customer privacy - Compliance with laws and regulation - Ability to conform to certain performance parameters
Community	- Data security and customer privacy, which allow members of the community to decide whether to patronize the products and services of the organization – the organization's ability to attract potential customers in the community can affect its ability to implement its strategies and achieve its objectives
Public, inc. media	- Data security and customer privacy – potential reputational impact

What is the impact and where does it occur? What is the organization's involvement in the impact?
RCBC's ability to properly manage and protect sensitive data secures the Bank's information.
Management Approach to Impact
<p>RCBC places the highest importance on keeping data secure, aiming to reduce disruptions to operations as a consequence of information security incidents. Concretely, this aim expands to the following objectives:</p> <ul style="list-style-type: none"> - To protect the information assets that support the Bank's operation; - To provide management an accurate view of significant current and future information security risks and assist them to make well-informed risk management decisions about the extent of the risk, risk appetite and risk tolerance; - To provide an end-to-end guidance on how to manage information security risks, beyond purely technical control measures; - To establish a risk profile to better understand the Bank's full exposure, and better utilize its resources; - To integrate the management of information security risk into the overall enterprise risk management of the Bank; and - To implement and continuously improve a sound framework for the identification, measurement, control, monitoring, and reporting of key risks faced by the Bank. <p>RCBC may store personal data physically or electronically with third party data storage providers. When the Bank does this, the Bank uses contractual arrangements to ensure those providers take appropriate measures to protect that information and restrict the uses to which they can put that information.</p> <p>The data privacy and security policy are considered and applied in 100% of the Bank's operations.</p>

What are the risks identified?
Information Security Risk is the risk of loss resulting from information security/cyber security breaches.

Data breaches, including leaks, thefts and losses of data may occur in the primary business operations.

Management Approach to Risks

RCBC has zero tolerance for information security/cyber security breaches. RCBC shall protect its information assets to ensure that breaches do not cause material damage to its liquidity and capital position, and reputation.

The Bank's information security objectives are achieved through both a technical and process-based defensive strategy:

- Multi-layer IT defenses including threat intelligence/assessment, prevention, detection and remediation
- Identification of information assets including both hardware and software that are considered essential to the Bank;
- Assistance to business units in identifying risks in information assets being handled; and
- Implementation of risk assessment to determine current information security risks and threats present in the information assets, determine acceptable risk levels, and implement preventive measures to mitigate potential high risks.

What are the opportunities identified?

Given the changing business landscape and regulatory environment, opportunities arise in improving the Bank's Information Security Program to uphold data security and customer privacy.

Management Approach to Opportunities

RCBC continuously conducts regular trainings and seminars to equip employees (from senior management to rank and file) and those with direct contracts with RCBC on the importance of data security.


RCBC continues to update its Information Security Program to adapt to the changing business environment.



RCBC may amend its data privacy notice to comply with changes in relevant laws and regulations and to keep you informed of changes in the ways we process your personal data. Updates will be posted on the RCBC website.

UN SUSTAINABLE DEVELOPMENT GOALS



Key Products and Services and Societal Value / Contribution to the UN SDGs


The Bank's financial inclusion programs and services, taken together with RCBC's Sustainable Finance Framework, address 16 of the 17 UN SDGs.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<p>Delivering in the New Normal Through Digital Acceleration:</p> <p>[Refer to details under the Economic and Social portions]</p> <ul style="list-style-type: none"> - DiskarTech - ATM Go 	 <p>No Poverty. Both DiskarTech and ATM Go were instrumental in the government's distribution of the SAP pay-outs. The government has partnered with RCBC to help distribute cash assistance to families greatly affected by the ECQ in provinces and remote locations where there are no bank branches.</p> <p>Gender Equality. The digital innovations improve the economic lives of poor women, working class women and members of female-headed households.</p> <p>Decent Work and Economic Growth. Digital acceleration provides and expands access to banking and financial services for all.</p> <p>Industry, Innovation and Infrastructure. The banking products increase access to financial services.</p> <p>Reduced Inequalities. The pandemic highlighted the challenges of financial inclusion. RCBC responded swiftly through digitization which provided access to unbanked and underserved Filipinos. Diskartech has partnered with more than 21,500 cash agents and has processed more than Php18 Billion in</p>	<p>Engaging the unbanked and underserved towards financial inclusion may expose us to credit risk and other types of risk which traditional risk tools may ordinarily not be able to adequately manage.</p>	<p>The risk of default and other risks are mitigated by performing additional Know Your Customer (KYC) and credit risk assessment procedures on clients.</p>

<p>Delivering in the New Normal through Compassionate Customer Service:</p> <ul style="list-style-type: none"> - CARE Program or the COVID-19 Assistance and Recovery Enhancement Program <p>Deposits</p> <ul style="list-style-type: none"> - Savings Accounts <ul style="list-style-type: none"> o FlexiSavers o iSave 	<p>transactions as of year-end 2021.</p> <p>Partnerships for the Goals (refer to details under Economic portion).</p> <ul style="list-style-type: none"> • For DiskarTech, key partnerships with the following: DSWD, PASCO and Hapinoy, DOLE, Blas Ople Policy Center, Overseas Workers Welfare Administration and Philippine Overseas Employment Administration, SSS, DTI, Digipay, and RBAP. • For ATM Go, RCBC partnered with the DSWD. <div data-bbox="500 835 803 936">  </div> <p>Decent Work and Economic Growth. CARE promotes economic growth, full and productive employment, decent work for all.</p> <p>Industry, Innovation and Infrastructure. CARE helps maintain employment, increases the access of small and medium enterprises to financial services and affordable credit.</p> <p>Reduced Inequalities. CARE empowers and promotes economic inclusion. Ensures equal opportunities and reduces inequalities of outcome by providing immediate relief to customers through payment holidays.</p> <div data-bbox="487 1654 893 1753">  </div> <p>No Poverty. RCBC offers inexpensive, easy to open, and customizable deposit accounts.</p>	<p>Business lockdowns and quarantines have caused financial stress to the bank customers as these may lead to potential loan default and deterioration in overall loan portfolio quality.</p>	<p>The CARE Program entails supplementary training to the relationship managers for intensive credit assessment and collection. The objective of the CARE Program is to provide immediate relief to customers through payment holidays while giving the bank time to assess the impact through various sensitivity analyses and restructuring options.</p> <p>The Bank identifies, measures, controls, and monitors the risk inherent to its business activities or embedded in products and</p>
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<ul style="list-style-type: none"> ○ Basic Savings ○ GoSavers ○ SSS Pensioner ○ Regular Savings ATM/Passbook ○ eWoman Savings ○ Dragon Peso/Dollar Savings ○ Foreign Currency - Checking Accounts <ul style="list-style-type: none"> ○ Regular Checking ○ Dragon Checking ○ eWoman Checking ○ CheckLite - Time Deposit - Foreign Currency 	<p>Good Health and Well Being. RCBC offers account types that come with free personal accident insurance, free hospitalization benefit, and free life insurance.</p> <p>Gender Equality. RCBC offers eWoman Savings and eWoman Checking accounts especially designed for women. These come with free life insurance coverage.</p> <p>Reduced Inequalities. GoSaver is a savings account for kids and teens. SSS Pensioner is a savings account for those looking for a convenient way to access their pension.</p>	<p>importance, it is critical that credit risk, market risk, and other bank risks are properly managed to prevent bank failure.</p>	<p>portfolios. RCBC continually develops an efficient and effective risk management infrastructure, and complies with regulations on risk and capital management.</p>
<p>Loans</p> <ul style="list-style-type: none"> - Corporate Loans - Home Loans - Auto Loans - Personal Loans 	<div data-bbox="488 1140 893 1236"> </div> <p>Decent Work and Economic Growth. RCBC provides and expands access to banking and financial services for all. The Bank lends to corporations and SME, promoting inclusive, and sustainable economic growth, full and productive employment, and decent work for all.</p> <p>Industry, Innovation and Infrastructure. RCBC's loan products increase access to financial services.</p> <p>Reduced Inequalities. RCBC's loan products empower and promote economic inclusion. RCBC lends to the underserved and low-income individuals, promoting socioeconomic advancement and empowerment.</p>	<p>Banks are custodians of public money. Given the banking sector's systemic importance, it is critical that credit risk, market risk, and other bank risks are properly managed to prevent bank failure.</p>	<p>The Bank identifies, measures, controls, and monitors the risk inherent to its business activities or embedded in its products and portfolios. RCBC continually develops an efficient and effective risk management infrastructure, and complies with regulations on risk and capital management.</p>

Credit Cards	<p>Sustainable Cities and Communities. RCBC's personal loan products increase access to safe and affordable housing and transport.</p>  <p>Zero hunger and Gender Equality. RCBC Bankard Diamond Mastercard has a built-in program, the Diamond Cares Program, where for every Php100 charged to the card, RCBC Bankard automatically donates Php0.10 to support Gawad Kalinga's (GK) Kusina ng Kalinga (KnK) or Zonta Foundation for Women.</p> <p>Good Health and Well Being and Life on Land. The Philippine Red Cross, World Vision Philippines, and WWF-Philippines are RCBC Bankard Rewards Program beneficiaries. Cardholders earn rewards points for their qualified purchases, and can donate the peso value of their rewards points to the Bank's partner non-government organization.</p> <p>Quality Education. AY Foundation and SOS Children's Village are RCBC Bankard Rewards Program beneficiaries. Cardholders earn rewards points for their qualified purchases, and can donate the peso value of their rewards points to the Bank's partner non-government organizations.</p>	<p>Engaging in the credit card business exposes us to credit risk and other types of risk which traditional risk tools may ordinarily not be able to adequately manage.</p>	<p>RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.</p>
Micro & Small Business Loans & Savings Products	 <p>No Poverty. RMB's loan and savings products cater to the underserved & small businesses in the country. RMB</p>	<p>Engaging the unbanked and underserved towards financial inclusion may</p>	<p>RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk</p>

	<p>studies each business carefully to make certain that the additional working capital has a positive effect on cash flow, potentially reducing or eliminating poverty.</p> <p>Decent Work and Economic Growth. Correlated to helping reduce poverty, RMB's loans products provide additional funds to small businesses which in return further employs underserved individuals, thus, increasing employment.</p> <p>Industry, Innovation and Infrastructure. RMB's products increase access to financial services, including affordable credit.</p> <p>Reduced Inequalities. Regardless of financial status, RMB's loan and savings products cater to underserved individuals not covered by commercial banks.</p>	<p>expose us to credit risk and other types of risk which traditional risk tools may ordinarily not be able to adequately manage.</p>	<p>assessment procedures on clients.</p>
<p>Sustainable Finance Framework</p> <p>The Sustainable Finance Framework strategy is to deploy Sustainable Financing instruments to fund all types of Loans that have clear environmental and/or social benefits which are classified as Eligible Green and Social Assets.</p>	 <p><i>Download RCBC's Impact Report from www.rcbc.com/sustainability. This report presents the Bank's Sustainable Finance Framework's impact and contribution to the UN SDGs.</i></p>	<p>Banks are custodians of public money. Given the banking sector's systemic importance, it is critical that credit risk, market risk, and other bank risks are properly managed to prevent bank failure.</p>	<p>The Sustainable Finance Framework has a clear project selection and evaluation process.</p>



Partners Through Generations

Rizal Commercial Banking Corporation
Sustainability Report 2021 Annexes

Supply Chain Management

Code of Ethics for Suppliers



Bribes, Kickbacks & Gifts from Suppliers

1. Suppliers shall not offer bribes or kickbacks to employees or family members in exchange for any business favor.
2. Suppliers shall not accept solicitation of gifts from YGC employees for themselves.
3. Sponsorship by suppliers of a planning session or a sporting event shall be acceptable subject to:
 - approval from 2 Senior Officers (SVP or higher)
 - allow equal opportunity for other suppliers to sponsor
 - should be fitting and moderate to the event sponsored



Bribes, Kickbacks & Gifts from Suppliers

4. Solicitation of gifts for the company shall be allowed for Christmas and special company activities only. The solicitation shall be approved by a Senior Officer (SVP or higher).
5. If the gift is perishable (food), Administration shall distribute the perishable gift to employees for consumption.



Policies on Entertainment and Business Meals

1. Supplier shall not entertain and provide business meals to procurement employees (those involved in the procurement process from determination of user specification to actual procurement and payment to suppliers).



Policies on Conflict of Interest

1. Suppliers shall treat personal purchases of employees as ordinary business transactions without preferential discounts. However, if YGC is able to negotiate for discounted prices, employees can ride on the YGC discount for personal purchases.
2. An employee shall disclose immediately to PSS if a supplier is a close friend or relative by consanguinity or affinity within the 3rd civil degree (spouse, child or parent, brother, sister, uncle, aunt, or cousin)
3. Supplier shall disclose if a YGC employee has an interest in a supplier as owner or part owner or investor. An exception are holdings in a publicly listed company in the form of stocks, bonds or other securities that is less than 5% of the value of the class of security.



Policies on Conflict of Interest

4. Supplier shall not employ a YGC employee as consultant director or employee of his company.



Policies on Whistleblowing

1. Suppliers shall report to the CEO, COO, CFO or PSS GM suspected or actual occurrence of illegal or fraudulent, serious wrongdoing or misconduct or unethical behavior of co-suppliers or YGC employees.
2. Any whistleblowing report which prove to be false and made in bad faith shall constitute a serious offense and shall subject the Whistleblower to Blacklisting.
3. Whistleblower who made the report in good faith or gives evidence in an investigation shall be protected from harassment or delisting from the Accredited Suppliers List.
4. A Supplier who retaliates against the Whistleblower who reported a violation in good faith shall be subjected to Blacklisting.



Code of Ethics for Procurement



Policies on Gifts

1. Gifts shall be acceptable if they are commonly exchanged advertising or sales promotion items of small value (with a nominal value of not more than P2,000.00) and carry a company name or logo. Gifts shall be logged and surrendered to Administration in dual custody for raffle to employees during the Christmas Season.
2. Monies or gift checks shall not be acceptable as gifts.
3. Gifts exceeding a nominal value of P2, 000.00 shall be returned to the supplier with a polite explanation. If they insist, the gift shall be logged and surrendered to Administration in dual custody for company use or for raffle to employees during the Christmas season.
4. Gifts shall not be solicited from suppliers for oneself.



Policies on Gifts

5. Solicitation of gifts for the company shall be allowed for Christmas and special company activities only. The solicitation shall be approved by a Senior Officer (SVP or higher)
6. If the gift is perishable (food), Administration shall distribute the perishable gift to employees for consumption.



Policies on Conflict of Interest

1. Employee's personal purchases from suppliers shall not be allowed unless based on regular prices. However, if YGC is able to negotiate for discounted prices, employees can ride on the YGC discount for personal purchases.
2. An employee shall disclose immediately to PSS if a supplier is a close friend or relative by consanguinity or affinity within the 3rd civil degree (spouse, child or parent, brother, sister, uncle, aunt, or cousin).
3. An employee shall disclose if he has an interest in a supplier as owner or part owner or investor. An exception are holdings in a publicly listed company in the form of stocks, bonds or other securities that is less than 5% of the value of the class of security.



Policies on Conflict of Interest

4. Employees shall not work or act as a consultant or director for a supplier of YGC.



Policies on Entertainment & Business Meals

1. Entertainment and business meals from suppliers for procurement personnel (those involved in the procurement process from determination of user specifications to actual procurement and payment to suppliers) are not allowed.



Policies on Dealing With Suppliers

1. Employees shall always respect the confidentiality of information provided by the supplier. Information on bids shall be treated as confidential and kept securely.
2. Criteria on prequalification of suppliers shall be disclosed to suppliers.
3. Process on bid evaluation and selection shall be disclosed to the suppliers.
4. Suppliers shall be treated equally. Information provided to one supplier shall be available to all, if possible at the same time.



Policies on Whistleblowing

1. Employees shall report to the BU's CEO, COO, CFO or PSS GM suspected or actual occurrence of illegal or fraudulent, serious wrongdoing or misconduct or unethical behaviour of co-employees or suppliers.
2. Any report which prove to be false and made in bad faith shall constitute a serious offense and shall subject the Whistleblower to immediate review which could lead to termination from employment.
3. Whistleblower who made the report in good faith or gives evidence in an investigation shall be protected from harassment or adverse employment consequences.
4. An employee who retaliates against the Whistleblower who reported a violation in good faith shall be subject to immediate termination from employment.

