



Partners Through Generations

Rizal Commercial Banking Corporation

Sustainability Report 2023

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 www.rcbc.com
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, 2023 – December 31, 2023
Highest Ranking Person responsible for this report	Eugene S. Acevedo President and Chief Executive Officer

RCBC started operations in the province of Rizal and was incorporated on September 23, 1960 under the name Rizal Development Bank. RCBC received approvals from the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank in 1963 under its present name and then as a universal bank in 1989. For over sixty years, the Bank has been a pillar of the banking industry in the Philippines with a wide range of services in investments, microfinancing and overseas remittances among many others.

RCBC is majority owned by a Filipino conglomerate known as the Yuchengco Group of Companies (YGC), a premier business organization in the Philippines covering over 60 businesses involved in a wide range of financial and non-financial services. YGC is recognized as one of the oldest and largest conglomerates in Southeast Asia.

RCBC solidified its position as the fifth largest private universal bank in the Philippines posting a consolidated net income of Php 12.22 billion in 2023 and total assets of over Php 1.2 trillion. The Bank also hit record high profits with customer loans increased by 15% year-on-year performing better than industry average. RCBC is a publicly-listed company (Stock Code: RCB) in the Philippine Stock Exchange. As of end 2023, the Bank had a total consolidated network of 458 branches and 1,460 ATMs.

As a diversified financial institution, RCBC serves corporate and individual banking needs through multiple customer channels offering innovative products and services to various markets. RCBC's inclusive financial business model expanded in 2010 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. RMB is one of the more recent affiliates of YGC. RMB mainly provides loans to microenterprise and small business operators as well as agricultural value chain players.

RCBC aligns its business strategy to support the development needs of the environment and society, as articulated in the United Nations (UN) Sustainable Development Goals (SDGs) and the Paris Agreement

on Climate Change. RCBC institutionalizes awareness of environmental and social (E&S) issues within the organization, with its clients, and communities served. The Bank believes that sustainable practices are a key pillar of responsible lending which delivers meaningful impact on the environment and communities. In December 2020, RCBC committed to cease funding of the construction of new coal power plants in the country or anywhere else in the world as reinforced in the RCBC Sustainability Forum conducted in October 2023. The Bank's remaining exposure to coal-fired power projects will be zeroed out by 2031, initially disclosed in RCBC's 2021 Sustainability Report and re-confirmed by RCBC's President and Chief Executive Officer (CEO) Eugene S. Acevedo through a press release in March 2022. This commitment has been echoed in all succeeding public pronouncements of the RCBC management team and was re-captured in the 2022 Sustainability and Impact Report.

RCBC continues to be recognized in the international and local scenes for its highly innovative digital solutions alongside financial inclusion efforts and empathy-driven engagements. For the past four years, RCBC won Best Bank for Digital Solutions from AsiaMoney, with the prestigious award giving body releasing a statement: **"When it comes to digital solutions, RCBC remains the bank to beat."** This is among others accolades which include:

1. Bankers Institute of the Philippines (BAIPHIL) - Grand Champion, Digital Payments and Financial Inclusion
2. 2023 Balikat ng Bayan Awards - Best SSS Disbursement Partner for Digital Bank Category
3. Retail Bankers International - Best CSR Initiative - Financial Literacy
4. Global Business Review Magazine Award
 - i. Best Digital Bank Philippines 2023
 - ii. Best Innovation Management Team Philippines 2023
5. Global Business Magazine 2023
 - i. Most Innovative Internet Banking Service Philippines 2023
 - ii. Best Digital Bank 2023
6. World Economic Magazine - Best Bank for Digital 2023
7. Infosys Finacle Innovation Awards 2023 - Gold Award, Ecosystem-Led Innovation
8. ABF Retail Banking Awards - Marketing & Brand Initiative of the Year
9. The Asian Banker Excellence in Retail Financial Services and Technology Innovation Philippines Awards 2023 - Best Financial Inclusion Initiative - RCBC ATM Go & Moneybela Barangayan Banking
10. International Business Magazine Awards 2023 - Best Digital Bank Philippines 2023
11. The Digital Banker 6th Annual Global Retail Banking Innovation Awards 2023 - Best Financial Inclusion Initiative
12. The Asset ESG Corporate Awards - Best Initiative in Social Responsibility
13. Asia Pacific Enterprise Awards (APEA) 2023 - Inspirational Brand Award
14. 5th Bank Marketing Awards
 - i. Best Program in Digital Marketing - Pulz
 - ii. Best Electronic Channel Program - ATM GO
 - iii. Best Brand Program - DiskarTech
15. International Innovation Awards - Service and Solution Category - RCBC DiskartechPreneur

RCBC similarly leads the way in sustainable banking – having received a total of sixteen sustainability-related (16) awards since 2019. In the past year, RCBC has been lauded as (i) "Best Bank for Sustainable Development Philippines" at the 2024 Global Banking & Finance Awards, (ii) "3G Eco-Friendly Financial Services Award 2023" at the 8th Global Good Governance Awards in May 2023, (iii) "Top Community Centric Companies in Asia, 2023" at the Asia Corporate Excellence & Sustainability Awards (ACES) 2023, and (iv) "The Asset Benchmarking Award for Excellence in Environmental, Social, and Governance (ESG) – Platinum Award, 2023" by the Asset ESG Corporate Award.

Materiality Process

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

Financial institutions provide an essential backbone towards the country's development. Intertwined with this responsibility are significant economic, environmental and social impacts which banks bear in terms of direct operations and financing different sectors. RCBC ranked as the fifth largest private universal bank in the country in 2022 and continues to expand through strategic partnerships in 2023. As the Bank continues to lead forward and energize the economy, focus on the following areas remain paramount in the way that RCBC conducts its business:

- Trailblazing Digital Transformation – Digital platforms provide avenues to meet the requirements of the underserved and the unserved communities while innovative products and services are made available to particular sectors such as micro entrepreneurs. These are anchored on cyber security and safeguards against fraudulent activities.
- Scaling Financial Inclusion – The Philippines remains to be among countries with unmet demands for financial services and low proficiency in terms of basic financial know-hows. The Bank continues its physical-digital approach through digital products and services and through the Rizal Microbank (RMB) focused mainly to microenterprises and small business operators such as those in the agricultural value chain.
- Leading in Business Continuity and Sustainable Finance – With emerging climate shifts, the Bank strengthens the Business Continuity Plan ensuring that operations are unhampered by natural calamities and even cyber-attacks. In the same manner, environmental and social (E&S) aspects of the Bank's activities and directions are paramount as detailed in the Bank's Environmental and Social Management System (ESMS) and the Sustainable Finance Framework. Awareness of climate-related risks and opportunities are regularly monitored along with the use of globally accepted tools.

This report covers the topics considered material to the Bank's operations with management approach to risks and opportunities detailed to the extent possible. The information provided substantively influences assessments and decisions of various stakeholders (including investors). Topics include the following:

- Compliance with BSP Circulars and applicable national and local regulations
- Bank policies on business ethics, code of conduct, supplier accreditation and vetting
- Information on data security, management against cyber security threats and fraudulent activities.
- Disclosures covering financial aspects (loan portfolio and concentration of credit), workforce readiness programs, talent acquisition and retention, training and development
- Strategy to invest in green and social projects, support to MSMEs
- Products, programs and initiatives including relationship with communities

Significant economic, environmental, and social impacts of the organization: The Philippines' post-pandemic recovery remains on course and this is echoed by agencies such as the International Monetary Fund (IMF)¹. RCBC continues to support this growth anchored on the following focus areas:

- **Strategic digitalization and innovations.** The Bank relentlessly pursued and launched digital product and service innovations for stronger customer experience, while safeguarding against cyber-security threats/fraud, and for sustaining operational efficiencies.

¹ Department of Finance (DOF), News and View. "IMF lauds strong PH post-pandemic recovery." <https://www.dof.gov.ph/imf-lauds-strong-ph-post-pandemic-recovery-growth-initiatives/>

- **Revitalizing financial inclusion model.** RCBC continues to embrace a customer-centric culture and widen its reach while tapping advanced technology to make the RCBC banking experience more accessible to the agricultural communities (through RMB), to far-flung areas, and to micro-entrepreneurs throughout the country.
- **Continuous improvement and striving for operational excellence.** RCBC cultivated a transformational journey for its people through customer-centric and digitalization training programs, business continuity initiatives, sustainability eLearning materials which promote depth in understanding the UN SDGs, and the continual application of appropriate due diligence tools as well as the sharing of RCBC's sustainability practices in various platforms.

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: Data on the following have remained essential as the economy continues to recover and businesses restore their pre-pandemic strength:

- **Information in fostering customer trust given the unabated dependence on digital banking.** Examples are data on customer engagement/customer satisfaction, business continuity, customer privacy, upholding the rights of the customer, data security, risk management of cyber security threats/fraud, and business ethics.
- **RCBC's transparency.** This includes all of the Bank's disclosures (e.g. financial results, workforce readiness program, talent acquisition, training and development, technological advancements, risk management strategies, implementation of ESG best practices).
- **RCBC's compliance.** This covers documents / processes to address the requirements of BSP Circulars (including all subsequent updates on such) and all relevant laws and regulations.

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

- Adapting to evolving environment, its economic results and financial well-being;
- Ensuring the welfare of employees and investments in human capital;
- Developing innovations to respond to customer needs and circumstances; and
- Ensuring sustainability across the value chain (including lending units, suppliers and partners).

Material Topics

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ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure (January 1 – December 31, 2023)	Amount (consolidated)	Units
Direct economic value generated (revenue)	2023: 49.997 Billion 2022: 44.454 Billion 2021: 36.394 Billion	Php
Direct economic value distributed:		
a. Total operating costs	2023: 38.587 Billion 2022: 30.457 Billion 2021: 24.984 Billion	Php
b. Employee wages and benefits	2023: 7.150 Billion 2022: 6.563 Billion 2021: 6.371 Billion	Php
c. Payments to suppliers, other operating costs	2023: 18.099 Billion 2022: 14.732 Billion 2021: 12.272 Billion	Php
d. Dividends given to stockholders	2023: 3.289 Billion 2022: 2.308 Billion 2021: 1.897 Billion	Php
e. Taxes given to government	2023: 9.867 Billion 2022: 6.747 Billion 2021: 4.365 Billion	Php
f. Investments to community (e.g. donations, CSR)	2023: 182 Million 2022: 107 Million 2021: 79 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

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?

The impacts are the following:

- Value generation for stakeholders
- Assurance on financial well-being for customers, employees
- Benefits to the environment and society through lending activities²
- Promotion of fiscal growth through taxes contribution
- Demonstration of resilience and stability in the banking sector

These occur in the primary business operations and supply chain, and are caused by the organization.

Management Approach to Impact

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

What are the risks identified?

Revenue generation may be challenged by the following risks:

- i. Climate change-related calamities, public health crises and macroeconomic environment which influence customer behavior, constrain access to financial services (especially for the unbanked and underserved communities), or adversely affect employee well-being.
- ii. Cyber security/ information security attacks, breaches and fraud as the financial system has significantly expanded through online banking and digital finance – an offshoot of the lockdowns and prevalence of the COVID-19 pandemic. More high profile fraud and more sophisticated scams have proliferated alongside the development of innovative electronic channels and services. These may pose risk on the overall consumer confidence in the banking system and may lead to diminishing trust on digitalization / online banking as a secure and sound means of transacting with banks, as recognized by BSP Circular 1140.
- iii. Financing support to sectors with elevated environmental risks. This leads to vulnerability toward transition risk, as acknowledged by BSP Circulars 1085 and 1128.

Management Approach to Risks

RCBC: A Domestic Systemically Important Bank (DSIB)

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

² RCBC. Sustainability. <https://www.rcbc.com/sustainability>.

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, 2023, the Bank's CET1 ratio is 14.47% (solo) and 14.69% (consolidated), both of which are above the regulatory requirement.

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 Business Resiliency Department under the Risk Management Group (RMG) 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. The BCP complies with the BSP Circular 951 on Business Continuity and business continuity management (BCM) standards such as ISO 22301 and BS25999.³

The BIG ONE

In a joint study with the Metropolitan Manila Development Authority (MMDA) and the Japan International Cooperation Agency (JICA), the Philippine Institute of Volcanology and Seismology (PHIVOLCS) looked at 18 earthquake scenarios to identify the greatest risk to Metro Manila. The three organizations selected three scenarios:

1. 7.2-magnitude earthquake from the West Valley Fault
2. offshore 7.9-magnitude earthquake from the Manila Trench, and
3. 6.5-magnitude earthquake hitting Manila Bay.

The first scenario, popularly known as the "Big One", is predicted to traverse a 100-kilometer fault that runs through six cities in Metro Manila and nearby provinces. Should it happen, it could result in a disaster of never-before-seen proportions.

The scenario is characterized by at least the following events:

- The collapse of 170,000 residential houses and the death of about 34,000 people. Another 114,000 individuals will be injured while 340,000 houses will be partly damaged;
- At least seven bridges will fall, while 10% of public buildings will be heavily damaged;
- The 4,615 kilometers of water distribution pipes will suffer 4,000 points of breakage. Thirty kilometers' worth of electric cables will be cut and 95 kilometers of communication cables will be disconnected. Cellular phone service will be congested and out of use;
- Several fires will originate from factories, hospitals and kitchens. The scenario, which is assumed to occur at nighttime, predicts the fires will burn 1,710 hectares of land, claiming 18,000 lives;

³ ISO 22301 is the international standard for business continuity management, and builds on the success of British Standard BS 25999 and other regional standards. It is designed to protect business from potential disruption, which includes extreme weather, fire, flood, natural disaster, theft, IT outage, staff illness or terrorist attack. BS25999, the world's first British standard for BCM has been developed to help minimize the risk of such disruptions.

- Ambulances will be unable to get through the streets and bodies will be lined along the road. The scenario is reminiscent of the horrors of Super Typhoon Yolanda; and
- The destruction, together with the losses that the economy will suffer, will constitute a national crisis.

As a preparation for the BIG ONE, the Bank officially inaugurated the newly constructed Angeles Alternate Site in 4Q2023. Angeles City, in the province of Pampanga is located in Central Luzon. The alternate site is strategically and safely situated in the north, away from the west valley fault. The alternate site will serve as the Bank's and Subsidiaries' back-up for its critical functions in case the primary office in NCR Metro Manila becomes inaccessible or unsafe.

Disaster Preparedness: RCBC Response to Natural Calamities and Cyber Attacks

RCBC Senior Management has always been on top of disaster preparedness and response to natural, man-made, technological and pandemic threats and events. Comprehensive Disaster Recovery Plan, Crisis Management Plan and Institutional Business Continuity Plan are in place and readily available upon activation. BCP Teams and BCP Leaders are equipped with all the training and preparation strategies for any contingency. Alternate sites, Data Center back-up site outside of Metro Manila, IT redundancy infrastructure, Buddy Branch system and contingency procedures are annually tested in order to ensure that infrastructure and BCP Teams execute the plans and validate efficiency and effectiveness in preparation for any threat on cyber incident or disaster occurrence.

Incorporating Environmental and Social (E&S) risk in the Bank's BCP and disaster preparation helps the institution to formulate effective strategies to address its impacts. A data science-driven dashboard⁴ identifying personnel location and Bank facilities is in place, with the main objective of activating back-up strategies to safeguard employees and continue the critical services for the Bank's customers. Employees will be evacuated 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.

Table top exercise on E&S has been conducted annually to gauge the BCP teams' knowledge, awareness and capacity in effectively managing an E&S incident. For 2023, the scenario focused on a category 5 super typhoon with heavy rainfall warning causing massive flooding. The activity was participated by selected BCP Leaders, Support Groups and Management Teams who are the drivers of continuity of business and crisis management. There were no major natural or technological catastrophes in 2023 that could trigger a crisis management plan. However, awareness training, table top exercises and BCP testing are conducted annually to equip key people and responders on the updated guidelines and Bank strategies. Daily news alerts on weather forecast and volcanic movements are sent out to employees and subsidiaries twice during working days. The reports give an overview of bulletins published by reputable sources such as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration) and PHILVOCS (Philippine Institute of Volcanology and Seismology), respectively. Emergency go bags and survival kits are available at each employee's work station and offices. Earthquake and fire drills were conducted in all Bank premises nationwide to further train all employees to quickly respond during these emergencies. Crisis communication via call tree system is performed every after a super typhoon or earthquake event to account employees and extend further help and quick assistance as necessary. A mandatory E-learning on business continuity and disaster preparedness is in place for all employees (from senior management to rank and file).

⁴ The dashboard is from the Bank's Data Science and Analytics Group.

The New Normal

Operational Modifications

In light of the issuance of Proclamation No. 297, Declaring the Lifting of the State of Public Health Emergency throughout the Philippines due to COVID-19 pandemic dated July 21, 2023 and DOH Circular 2023-0324 with subject Updated Health Protocols following Lifting of the COVID-19 Public Health Emergency dated July 23, 2023, Human Resources Group (HRG) and RMG issued advisories on the relaxing of protocols related to COVID-19. Moreover, the Spread Prevention and Safety Policy (SPSP) Version 10 has been updated for everyone's guidance effective immediately. The SPSP updates include the discontinuance of the following protocols implemented due to the COVID-19 pandemic:

- Body temperature scan
- Daily reporting on confirmed COVID-19 cases
- Designation of BCP Leaders as Flu Managers
- COVID-19 Emergency Response Team (CERT) at the Business Centers
- Restrictions on travel abroad

Continuing Support for Financial Inclusion and Digitalization

Digital Products and Services

RCBC Pulz

RCBC Pulz is an all-in-one banking app that ensures a convenient, effortless banking experience. One of its standout features is its strong focus on security, utilizing advanced technology and multiple security checks for safe financial transactions. RCBC Pulz also allows customers to open an account anytime, anywhere, without a minimum balance requirement. Filipinos worldwide can also create their bank accounts through RCBC Pulz using any international mobile number.

Customers can easily perform various banking tasks, such as depositing or withdrawing money using QR codes, depositing local checks just by taking a photo, and directly transferring funds locally or abroad, with the trailblazing digital concierge service.

Customers can pay bills, convert purchases into installments, load up their telco SIM and gaming wallets, make toll payments effortlessly, buy and sell of up to six foreign currencies in real time such as US Dollars, HongKong Dollars, Euro, British Pounds, Japanese Yen, and Singapore Dollars. The app also has a dedicated section for financial literacy information and on top of it all, Filipinos can now manage or place new investments through the country's first digital, in-app unit investment trust fund or UITF.

RCBC ATM Go

RCBC ATM Go is the country's first grassroots-based, bank-agnostic, and last mile automated teller machine which utilizes mobile point-of-sale devices to dispense financial services in unbanked and underserved communities. RCBC is currently the only Philippine bank that has the most extensive reach covering 100% of the country across all its 82 provinces, making it the largest network of mobile-point-of-service ATM services. Approximately 95% of transactions are done in the provinces, with over 70% of customers are rural women.

More than 65% of its financial transactions are social grants and cash withdrawals by conditional cash transfers/Pantawid Pamilyang Pilipino Program (CCT/4Ps) household beneficiaries of the national government in geographically isolated and disadvantaged areas.

Aside from these functions, RCBC ATM Go dispenses vital financial services like cash withdrawals, deposits, bank

transfers, account management, bills payments, and e-loading services to community hotspots in rural areas, like in the public markets, transportation hubs, shopping centers, and others.

RCBC DiskarTech

RCBC DiskarTech is a financial inclusion app that caters to the mass market, comprising approximately 98% of the socio-economic class in the country. It is the world's first multi-lingual financial inclusion super app in the vernacular Tagalog-English or Taglish and Cebuano that makes financial services such as savings, fund transfers, mobile loads, telemedicine, insurance, and loans accessible and convenient to the Filipino mass market.

RCBC DiskarTech epitomizes diversity, equality, and inclusion, as its features are strategically designed to cater to the unbanked and underserved minority groups and indigenous people from far-flung, geographically-disadvantaged areas. It helps to empower individuals and enable enterprises to take the next step in their financial journey by offering accessible and innovative banking solutions through a full end-to-end customer journey. It allows users to save their wealth, with an attractive 6.5% annual interest that can be earned in their digital savings accounts with no required initial deposit, no maintaining balance, and no dormancy fees.

RCBC also recently concluded the RCBC DiskarTechPreneur bootcamp program, a business case competition launched by the bank to train future entrepreneurs to harness their business acumen by leveraging on digital platforms. A panel of mentors consisted of officials from the Department of Trade and Industry, Securities and Exchange Commission, social enterprises Hapinoy and Growsari, and United States Aid for International Development (USAID) screened over 70 entries from senior high schools in the National Capital Region and Region IV-A. RCBC DiskartechPreneur was formally launched in 2022 alongside the rollout of the Aralin sa Madiskarteng Pananalapi (A Study on Strategic Financial Management) digital module, embedded in the senior high school curriculum in partnership with the Department of Education.

RCBC MoneyBela Barangayan Banking

In an effort to champion more empathy-driven, financially-inclusive banking innovations, RCBC introduced RCBC MoneyBela Barangayan Banking, a Philippines' first that hybridizes physical-digital or *phygital* blended banking services. It fuses the best features of digital banking and the warmth of human connection to bring basic financial services – including RCBC's award-winning and world-renowned digital solutions - RCBC DiskarTech and RCBC ATMGo – to marginalized and rural communities from geographically-disadvantaged and underserved areas.

RCBC reaches rural barangays to bring banking services closer to the target market they serve. The program was lauded by both the Finance Secretary Benjamin Diokno and BSP Governor Felipe Medalla for also aligning with the environmental, social, and governance framework or ESG and the UN SDGs.

The Moneybela campaign also engaged micro, small, and medium enterprises (mSMEs) through the RCBC NegosyanTech program which empowered sari-sari store owners, family-owned establishments, and grassroots businesses to earn additional income and capital by facilitating digital transactions such as cash deposits and withdrawals, bank transfers, bills payments, e-loading, and availment of teleconsultation plans and microinsurance.

RCBC conceptualized the Moneybela Barangayan Campaign as a response to the call of the BSP to expand financial inclusion and literacy efforts. RCBC had special launches of this initiative during the Dinagyang Festival of Iloilo City and in the Pinya Festival of Calauan, Laguna in 2023.

These two local government units are valuable for RCBC as they both have untapped potential and needs in the field of digital finance and financial literacy. RCBC took its collaboration with the Calauan LGU further by launching Pay by RCBC which enables residents to settle government dues and payments through online

channels facilitated by RCBC.

RCBC Boz

Last November 2023, RCBC launched RCBC Boz designed for microentrepreneurs to manage budgets, invoices and employee payrolls. The app offers reports generation which could seamlessly grow businesses. The platform also allows for facilities and e-learning to provide financial education capacity to the users.

Building Resilience against Cyber Threats and Fraud Amidst Digitalization

RCBC's digital banking application is fully equipped with security features such as two-factor authentication, biometric support, holding period for high risk transactions, mandatory password change for online banking, card locking for lost and misplaced cards, controls on device registration, and real-time SMS and email notification for banking transactions, among others. RCBC's #DontGetFooled cyber security awareness campaign started in August 2022 wherein the Bank reinforced its education campaign to enable customers to be more aware of various schemes that may compromise their RCBC accounts. The campaign has been launched across different online platforms in order to disseminate tips on how to stay safe online and provide reminders that promote heightened vigilance against fraudulent transactions, both online and offline. RCBC has also conducted several online webinars and tapped various media channels such as press releases, social media influencers, and monthly SMS/email advisories. In view of this, RCBC and RCBC Credit Cards have removed all clickable links within communications (emails or electronic direct mailers, SMS, and Viber) to customers. The initiative is also in support of the BSP Memorandum No. M-2022-015 and BSP Circular 1140 which promote measures against cyber security and fraud attacks on retail financial services.

RCBC's management of digital risks is characterized by advanced and sophisticated cyber-security tools and programs. The Bank's Information Technology and Fraud Risk Management System work together to ensure that the bank's security systems are robust and that the protection of RCBC's account holders is constantly upheld. In June 2022, RCBC and its technology partner GBG, were recognized as the Best Fraud Technology Implementation under the Risk Technology Implementation Award of the Asian Banker. This attests to the reliability and soundness of RCBC's fraud risk management system, which is equipped with real-time monitoring capability to detect fraudulent transactions and automate counter measures 24/7 from the Bank's digital channels. RCBC has also partnered with other financial institutions and telecommunication companies to have a direct communication channel for efficient reporting of fraudulent activities for immediate investigation, blocking, and possible return of funds. This signifies the Bank's commitment to work together against fraud.

Sustainable Finance

RCBC remains at the forefront of sustainability in the banking industry in support of the Philippines' drive towards climate resiliency. These are supported by the Bank's (1) Environmental and Social Management System (ESMS) Policy which requires the vetting of all lending relationships from an E&S perspective, and the (2) Sustainable Finance Framework which articulates the Bank's funding strategy to prioritize sectors that have clear E&S benefits, foremost of which is clean energy. Both initiatives fall under the Charter of the Bank's Risk Oversight Committee (ROC), a Board-level Committee, which is responsible for the integration of sustainability principles into the risk governance / risk management frameworks of RCBC.

The ESMS Policy and Sustainable Finance Framework adhere to respective Exclusionary Criteria (i.e. IFC Exclusion List, global bond standards guidelines). The ESMS Policy incorporates RCBC's commitment to cease funding of new coal power plants. The Bank's coal exposure is expected to taper off to zero by 2031 (approximately 5.75% of the total loan portfolio as of end 2023).

Simultaneous to the Bank's phase out of coal exposures, RCBC actively pursues fundraising and lending towards priority sectors which have clear E&S benefits as laid out in the Sustainable Finance Framework. In January 2024,

the Bank raised USD 400 million in sustainability notes drawing strong support from global investors and reflecting a positive outlook and confidence in RCBC's implementation. Furthermore, RCBC has taken the initiative to amend the Sustainable Finance Framework in February 2024 (initially issued in April 2019) to reflect updates in market best practices and in the governing principles laid out by the International Capital Market Association (ICMA), the Loan Market Association (LMA) along with the incorporation of "blue financing" as a subset of eligible green projects. A Second Party Opinion (SPO) was issued by Sustainalytics affirming the credibility and impact of the framework. Both the revised framework and the SPO are available at the RCBC website⁵.

Based on the updated end 2023 figures, RCBC has financed over 18,000 projects under its eligible green and eligible social portfolio amounting to nearly Php 100 billion⁶.

What are the opportunities identified?

The national government has urged the private sector to pursue digital innovations and human capital development for the economy to fully recover from the pandemic. The government's call is aligned with RCBC's goal to be a leading financial institution in the field of digital and sustainable finance. The Bank is actively supporting BSP in achieving the Digital Payments Transformation Roadmap 2020-2023 which was designed to guide the financial institutions to formally bank at least 70% of adult Filipinos and to migrate 50% of retail payments to digital. RCBC continues to provide products and services which support the government's call to action in the areas of digital transformation, responsible lending and capacity building, and sustainable value chains among others.

Management Approach to Opportunities

Digital Products and Services

RCBC Pulz

Customers can easily perform various banking tasks, such as depositing or withdrawing money using QR codes, depositing local checks just by taking a photo, and directly transferring funds locally or abroad, with the trailblazing digital concierge service.

Customers can pay bills, convert purchases into installments, load up their telco SIM and gaming wallets, make toll payments effortlessly, buy and sell of up to six foreign currencies in real time such as US Dollars, HongKong Dollars, Euro, British Pounds, Japanese Yen, and Singapore Dollars. The app also has a dedicated section for financial literacy information and on top of it all, Filipinos can now manage or place new investments through the country's first digital, in-app unit investment trust fund or UITF.

- 27% surge in transaction volume (Php 19.8 million)
- 34% increase in transaction value (Php 229 billion)
- 23% growth in transaction value in PESONet transactions (Php 16.5 billion)
- 17% leap in transaction volume in PESONet transactions (597,000)
- 33% increase in transaction value in InstaPay transactions (Php 87 billion)
- 31% increase in transaction volume in InstaPay transactions (9.9 million)

RCBC ATM Go

ATM Go extends its digital financial services to areas that need them the most, like Lake Sebu in South Cotabato, Busuanga and Cullon both in Palawan, and Turtle Island, Tawi-Tawi - the southwestern tip of the Philippines and a brief 30-minute boat ride from Sabah, Malaysia. RCBC focuses on the Geographically Isolated and Disadvantaged Areas (GIDAs).

⁵ RCBC. Sustainability. <https://www.rcbc.com/sustainability>.

⁶ Figures are under ongoing external review, in compliance with the reporting requirements of the Sustainable Finance Framework.

The significant contribution of RCBC to the government's welfare efforts is supported by RCBC ATM Go's 6,000 withdrawal access points in all provinces, covering 97% of cities and 54% of municipalities nationwide.

RCBC's partnerships also revolve around digital literacy and financial awareness. Through its partnerships with the DSWD nationwide, RCBC has launched financial literacy webinars and modules that equip Filipinos with digital and financial aptitude to use financial products and digital services such as RCBC ATM Go and RCBC Diskartech for their benefit.

- 46% leap in transaction volume/count (5.7 million)
- 44% jump in transaction value (Php 14.7 billion)
- 24% increase in CASA Contribution (Php 1.5 billion)
- 77% compounded annual growth rate of transaction volume and 73% compounded annual growth rate of transaction value for 6 years

RCBC DiskarTech

RCBC continued its expansion drive by partnering with like-minded organizations in the digital finance industry. These partnerships include MLhuillier, which will enable RCBC to penetrate communities and provide them with RCBC ATM Go services, and PeraHub and Remitly, which will enable Filipinos to receive remittances through RCBC DiskarTech. RCBC also partnered with Bayad Center, which expands the number of billers that RCBC DiskarTech users can engage with; and Express Pay and DragonPay to ease e-commerce transactions of RCBC users and encourage them to embrace digital shopping and banking.

- 115% increase in transaction volume (5.2 million)
- 7% leap in transaction value (Php 15 billion)
- 138% increase in Customer Deposit Size (Php 257 million)
- 27% jump in the transaction value of cardless withdrawals (Php 128 million)
- 159 % growth in the amount of bills payment transactions (89,000)
- 118% increase in DiskarTech Eloads/Pins transaction value (Php 11.6 million) and 163% increase in transaction volume (225,000)
- 50% increase in DiskarTech to RCBC fund transfer transaction value (Php 609 million) and 47% increase in transaction volume (93,000)

RCBC MoneyBela Barangayan Banking

Working with several LGUs, RCBC took the lead to fully adopt PalengQR which empowered merchants and market vendors in different pilot cities and provinces' public markets to accept digital payments through the interoperable QRPh code. RCBC is also the first Philippine bank to adopt the BSP's BillsPay PH with biller Converge which allows users to pay their bills across different billers and banks with just a single scan of the QR code found on their billing statements. The launch was led by BSP Governor Medalla at the BSP Headquarters.

This initiative is a part of RCBC's commitment to be a dependable and reliable partner of the BSP in realizing the twin goals of the Digital Payments Transformation Roadmap which aims to onboard 70% of Filipino adults into the formal financial system and digitize 50% of all retail payments by end 2023.

BRANCH OF TODAY (BOT)

In recognition of the customers' rapidly changing, RCBC has redefined the customer experience across critical banking touch points as part of its BOT enterprise project. With the customers' needs in mind, the Bank also reimaged the banking experience in its branches ensuring a smooth omni-channel flow across touch points. The branch experience was elevated with digital portals developed for optimal UX (User Experience), faster and painless process with Robotic Process Automation (RPA) and distinguished with RCBC's unique brand of personalized service. As of end 2023, there are over 400 branches already converted to BOT.

Responsible Lending and Capacity-Building in Sustainability

- RCBC has continually supported Renewable Energy (RE) projects, funding for which has dominated the Bank's eligible sustainable portfolio comprising an average of 35% of the eligible sustainable portfolio over the past three years. As approved by the Bank's ROC in March 2023, RCBC is targeting to increase its RE portfolio by 10% to 15% per annum (p.a.) in the next 12 to 24 months. As of January 2024, the bank's RE portfolio already grew by 37% versus the December 2023 level.
- The Bank has carried on with its capacity-building programs internally and participated in knowledge-sharing events on sustainability in 2023:
 - Starting 2022, RCBC has integrated a mandatory Sustainability Key Result Area (KRA) as part of the performance evaluation among employees as advocated by BSP Circulars 1085 and 1128. The objective is to promote environmental and social responsibility among all employees, with the internally-developed Sustainability e-learning material that was launched in 2021 used as a primary tool in applying this new performance metric. In December 2022, the second annual Sustainability e-learning course was rolled-out with focus on the evolution of the UN SDGs, their relevance to the three pillars of Sustainability, and how the Bank's products and services contributed to the UN SDGs. The e-learning course is mandatory for all employees and is accessible to the Board of Directors. The course is designed to cover different ESG topics each year. In September 2023, the UN SDG Handbook was made available through the Bank's intranet and cascaded to all employees via an HRG advisory.
 - In October 2023, RCBC conducted its second Sustainability Forum (in person and via Zoom), aimed at fostering an understanding of possibilities in transitioning toward sustainable businesses. Entitled "Advocating Sustainability as a Serious Business," the forum was participated in by RCBC's President and CEO, Corporate Banking Group Head, Chief Risk Officer (CRO), and Chief Sustainability Officer (CSO). In March 2023, RCBC's CSO participated in the Sustainability Reporting discussions organized by the Makati Business Club. Nearly a year later, RCBC's CSO was a panelist in the discussion of the Philippine Sustainable Finance taxonomy through an event organized by ING Philippines and the European Chamber of Commerce in February 2024.
 - In November 2023, RCBC's CSO participated as a speaker in the "Green Horizons" career talk organized by the School of Enderun Colleges and the Enderun Community Raising Awareness and Respect for the Environment. RCBC's CSO shared insights on pursuing a career in Sustainability and provided guidance on skillsets that may be relevant to such career path.

Climate-related Risks and Opportunities

The Philippines' Department of Science and Technology (DOST) has issued a warning that the country should prepare for the worsening consequences of climate change which includes sea level rise and hotter weather⁷. In the past years, record high temperatures, flooding and super typhoons have been experienced across the country being one of the most at-risk countries from the climate crisis. In a poll conducted by Pulse Asia, it was noted that a significant majority of Filipinos feels the 'big change in the climate' over the past years⁸. The World Bank reports that without interventions, the annual economic damages could reach up to 13.6% of the Gross

⁷ The Philippine Star (2023). 'Philippines must prepare for worsening effects of climate change;'. <https://www.philstar.com/headlines/2023/06/01/2270556/philippines-must-prepare-worsening-effects-climate-change>

⁸ The Philippine Star (2023) Climate change impacts felt by huge majority of Filipinos — Pulse Asia. <https://www.philstar.com/headlines/climate-and-environment/2023/10/09/2302461/climate-change-impacts-felt-huge-majority-filipinos-pulse-asia>

Domestic Product (GDP)⁹. In 2023, the Philippines slipped in ranking in terms of sustainability performance to the 90th place (down by four places) out of 180 countries and the fifth lowest in the region¹⁰.

Under the Guidance on the Implementation of Environmental and Social Risk Management (ESRM) System that was issued in September 2022, the BSP “recognizes that climate change and environmental hazards could pose significant risks to the safety and soundness of individual financial institutions and the entire financial system.” The Philippine Regulator encouraged banks to evaluate their assets and portfolios “based on their potential impact on the environment” in order to identify necessary “changes in policies, litigations, technological developments and shifts in market sentiment in line with global and national climate objectives and SDGs. This will also inform the development of appropriate and sound risk management and portfolio reallocation strategies in response to potential transition risks.”

In the 28th meeting of the Conference of the Parties UN Framework Convention on Climate Change (COP28) held last November – December 2023 in Dubai, United Arab Emirates, the Philippines’ contingent led by Department of Environmental and Natural Resources (DENR) Secretary Maria Antonia Yulo Loyzaga discussed the country’s climate change adaptation plans, and commitments. These are laid out in the National Adaptation Plan (NAP) and the Nationally Determined Contribution Implementation Plan (NDCIP). The NDCs are anchored on (1) aspirational peaking, (2) climate change adaptation, (3) international cooperation and market and non-market mechanisms, (4) circular economy and (5) traditional knowledge, education and public awareness. The NDC specifies the important role of the private sector in the engagement in climate change adaptation and mitigation.

Governance

RCBC affirms its commitments to Environmental, Social and Governance (ESG) as part of the Bank’s Risk Governance Framework (RGF). The RGF follows a top-down approach whereby the Board of Directors (BOD) takes ultimate accountability for the risks taken and for setting the tolerance level for these risks. The BOD constitutes committees for decision-making in various functions affecting the Bank’s over-all business. The ROC is the Board-level committee which provides oversight and management of risk exposures of RCBC and its subsidiaries. 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. More information on the Bank’s corporate governance policies can be accessed from the RCBC website¹¹.

Strategy and Risk Management

RCBC Sustainable Finance Strategy

RCBC strongly supports the BSP’s call for financial institutions to be enablers of environmentally and socially responsible business decisions. The Bank has implemented its ESMS as part of the Bank’s lending process since 2011, almost a decade ahead from the issuance of BSP 1085, while the Bank’s Sustainable Finance Framework was developed in April 2019 (a first in the Philippine banking industry) and was updated in February 2024:

- A. The ESMS Policy is a declaration of the Bank’s commitment to sustainable development and management of E&S issues. It subscribes to the IFC Exclusion List and the IFC’s eight Performance Standards. IFC is a shareholder of RCBC; its Performance Standards are a global benchmark for identifying and managing E&S risks. A monitoring mechanism for addressing potential E&S concerns has proven to be an effective tool in engaging clients to take appropriate action, thereby establishing a shared commitment with RCBC toward

⁹ The World Bank (2022). Country Climate and Development Report (CCDR) for the Philippines.

<https://www.worldbank.org/en/country/philippines/publication/philippines-country-climate-and-development-report>

¹⁰ Businessworld (2023). Philippines slips in global sustainability ranking. Philippines slips in global sustainability ranking.

<https://www.bworldonline.com/infographics/2023/11/17/558157/philippines-slips-in-global-sustainability-ranking/>

¹¹ RCBC. Corporate Governance. <https://www.rcbc.com/corporate-governance>

sustainable practices. Unresolved concerns over an established monitoring period (if any) are escalated to the ROC for proper guidance / oversight discussions. The Policy was updated in September 2022 to incorporate relevant provisions under BSP Circular 1128 (ESRM Framework). This followed discussions among various teams and Senior Management before the revised Policy was approved by the ROC.

- The 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.
- ESMS updates are submitted by the Bank's RMG to the ROC on a monthly basis. E&S portfolio highlights and issues are also presented and discussed with the ROC through the monthly CRO Report.

B. The RCBC Sustainable Finance Framework (initially published in April 2019 and updated February 2024) articulates the Bank's strategy to prioritize fundraising for specific sectors. Under this Framework, RCBC can issue SFIs to fund loans and projects that have clear environmental and/or social benefits. SFIs include Green Bonds, Blue Bonds, Social Bonds, Sustainability Bonds, Green Loans, Blue Loans, and other debt financing instruments which fund Eligible Green (with subset of Blue) and Social Assets. RCBC's Sustainable Finance Framework subscribes to the global bond standards¹² which are continually updated to remain relevant and connected with global ESG standards:

- RCBC's Framework obtained a Second Party Opinion (SPO) from Sustainalytics which opined that the eligible green and social projects and lending activities defined in the Framework contribute to the decreasing environmental footprint of the Philippines, advancing employment generation, and improving access to essential services of vulnerable groups in Philippines. Under the SPO, Sustainalytics cited RCBC's Framework as "credible and impactful." These documents are published in RCBC's website¹³.
- The 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.
- RCBC allocates the proceeds of SFIs to finance and/or refinance loans to customers or its own operating activities. RCBC's Allocation Report discloses the Bank's Eligible Sustainable Portfolio and Sustainable Funding. The allocation report covering 2022 data underwent limited assurance procedures by RGManabat and Co. (KPMG Philippines). KPMG has confirmed that RCBC's application of funds from its sustainability bond issuances and Peso Green Time Deposits are in accordance with the Eligibility Criteria described in its Sustainable Finance Framework. 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 provides disclosures on the benefits of its green and social assets through the issuance of the Sustainability and Impact Report, supplemented by a video which provides an effective visualization of the contribution of the Bank's lending activities to the environment and the society, effectively

¹² International Capital Market Association ("ICMA") Green Bond Principles 2021 ("GBP"), Social Bond Principles 2023 ("SBP"), Sustainability Bond Guidelines 2021; ASEAN Capital Markets Forum ("ACMF") ASEAN Green Bond Standards 2018, ASEAN Social Bond Standards 2018, ASEAN Sustainability Bond Standards 2018; Loan Market Association ("LMA"), Asia Pacific Loan Market Association ("APLMA") and Loan Syndications and Trading Association ("LSTA") Green Loan Principles 2023 and Social Loan Principles 2023,

¹³ RCBC. Sustainability. <https://www.rcbc.com/sustainability>.

combatting climate change. Both the annual Allocation Report and the Sustainability and Impact Report are published on RCBC's website¹⁴.

- In January 2024, RCBC raised USD 400 million from its five-year Sustainability Bonds issuance (5.9x oversubscribed), reflecting the trust in RCBC's sustainability efforts and credit outlook.
- RCBC's total sustainable portfolio consisted of over 18,000 projects as of 31 December 2023¹⁵. These projects contribute to 12 of the 17 UN SDGs. Funding for renewable energy (RE) and energy efficiency (EE) accounted for more than 40% of the Bank's total sustainable portfolio and have surpassed the remaining exposure to coal-fired power projects.

Metrics for Climate-Related Risks and Opportunities

RCBC is the first local bank to adopt quantitative global climate risk analyses tools which will enable the Bank to contribute to the Philippine climate action commitment to the Paris Agreement.

A. Quantitative Tool for E&S Stress Testing

As approved by the ROC, RCBC entered into an advisory engagement with IFC and 2DII in January 2021 for the use of the Paris Agreement Capital Transition Assessment (PACTA) tool and the climate stress testing modules developed by 2DII. This was the first advisory engagement to be conducted by IFC and 2DII in Asia. The tools enable RCBC to:

- Generate a comparison of the Bank's power generation portfolio versus globally-accepted climate reference scenarios covering short- to long-term time horizons (up to year 2040).
- Perform climate scenario analysis and stress testing to determine the impact of transition risk on the power generation borrowers' probability of default (PD) and the corresponding Expected Credit Loss for the Bank.

Senior Management engagement is practiced by the Bank in the finalization of results generated by the PACTA and climate stress testing tools. RCBC also has a Credit Framework for Physical Risks and Calamity Response which is the basis for account monitoring in terms of physical risks and natural calamities. The Bank identifies the most affected areas (e.g. typhoon, earthquake, etc.) and the potentially impacted clients who are located in the identified areas.

The analyses of both transition and physical risks results have been included in RCBC's annual ICAAP submission beginning 2023.

B. Quantitative Tool for E&S Risk Monitoring Through GHG Emission Reporting

Following the ROC approval in September 2021, RCBC became the first Philippine bank to participate 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 investments¹⁶. RCBC completed the PCAF on-boarding training program in early October 2021. RCBC's participation in PCAF is a decisive step in understanding the climate risk arising from the businesses that the Bank supports, hence providing a baseline assessment of the Bank's indirect climate impact. As a PCAF participant, RCBC has started to disclose its financed emissions in the 2022 Sustainability and Impact Report (ahead of the Bank's commitment to PCAF).

¹⁴ RCBC. Sustainability. <https://www.rcbc.com/sustainability>.

¹⁵ Figures are under ongoing external review, in compliance with the reporting requirements of the Sustainable Finance Framework.

¹⁶ GHG emission assessment is advocated under BSP Circular 1149.

Financial Intermediation

Loan Portfolio

The concentration of credit as to industry as of December 31, 2023 follows¹⁷:

Economic Activity	Amount (Php M)	%
Consumer	201,949	32%
Real estate, renting and other related activities	100,918	16%
Electricity, gas and water	70,407	11%
Wholesale and retail trade	63,963	10%
Manufacturing (various industries)	58,061	9%
Transportation and communication	53,146	9%
Financial intermediaries	49,479	8%
Agriculture, fishing, and forestry	5,076	1%
Hotels and restaurants	4,079	1%
Other community, social and personal activities	2,847	1%
Mining and quarrying	2,243	-
Others	9,754	2%
Total	621,922	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

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

Indirect 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 initial screening, due diligence 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.

¹⁷ Notes to Financial Statements, December 31, 2023

Management Approach to Risks

E&S risk mitigation in the Bank's loan portfolio is handled by the ESMS function which provides oversight on the implementation of RCBC's ESMS Policy.

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. 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 September 2022 to primarily incorporate certain requirements of BSP Circular 1128. The ESMS Policy is published on the Bank's Online Library and is accessible to all employees.

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), relevant 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), protection of cultural heritage, health, human and labour rights, safety and social issues, and any standards established therein. Environmental Risk Categories (ERCs) are assigned to accounts, and credit approvals obtained in accordance with requirements depending on the confirmed 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) in consideration of the type and scale of potential impacts of the respective account's operations. The ERC classification is validated or confirmed by the 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 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.

To ensure faithful compliance with the ESMS Policy, the Bank has ESROs equipped with the expertise to conduct appropriate E&S review and assessments. The ESRO function is part of RCBC Sustainable Finance Division (headed by the CSO) that oversees the effective implementation of the ESMS Policy. The ESROs conduct learning sessions on the ESMS Policy implementation to ensure that the updates are communicated to the internal stakeholders. At least four ESMS trainings are conducted per year for the Bank's relationship managers.

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

Environmental and social due diligence (ESDD) conducted through site visits or desk 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 may be complex or have potential E&S concerns as well as those with unresolved matters over an established monitoring period are escalated for higher level review and discussion. The implementation of the Bank's ESMS and the continual monitoring required under the Policy help create long-term solutions to E&S issues –

mitigating negative effects on the environment and affected communities, and enhancing sustainable development impacts.

What are the opportunities identified?

RCBC is committed to 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 14% of total loan portfolio as of end-Dec 2023 (based on the updated Sustainable Finance Framework approved February 2024), higher than the 5.75% share of coal exposures and the 11.5% share of ERC A accounts.

Regular monitoring and reporting of eligible green and eligible social assets through the accomplishment of the Allocation Report is undertaken by the Sustainable Finance Officers who are part of RCBC Sustainable Finance Division. Periodic Allocation Reports are submitted and presented to the ROC, the Asset and Liability Committee, (both monthly) and to the Sustainable Finance Committee (quarterly). These provide regular tracking of opportunities to further asset growth and/or fundraising through SFIs.

Procurement Practices

Proportion of Spending on Local Suppliers

Disclosure (January 1 – December 31, 2023)		Quantity	Units
Percentage of procurement spending (actual payments) used for significant locations of operations that is spent on local suppliers		92.20	%
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 impact of our practice of spending on local suppliers is economic inclusion. This occurs in the supply chain and local community. This is caused by the organization, and is linked to impacts through the Bank’s business relationship with local suppliers.			
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 not necessarily result in lower 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 in its procurement practices.

Business Ethics

Training on Anti-corruption Policies and Procedures

Disclosure (January 1 – December 31, 2023)	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100 ¹⁸	%
Percentage of business partners ¹⁹ to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of management that have received anti-corruption training	100 ²⁰	%
Disclosure (January 1 – December 31, 2023)	Quantity	Units
Training: Percentage of employees that have received anti-corruption training	100	%

Incidents of Corruption

Disclosure (January 1 – December 31, 2023)	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, Anti-Money Laundering Act (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

¹⁸ Conducted via regular and compulsory e-Learning courses and examinations for all employees and those with direct contracts with RCBC

¹⁹ In this context, the term 'business partners' includes suppliers and customers/clients.

²⁰ Conducted via regular and compulsory e-Learning courses and examinations for all employees and those with direct contracts with RCBC

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. Notably, the RCBC Board, as endorsed by the AML Board Committee approved the Bank's Anti-Bribery and Corruption Policy on September 26, 2022.

The RPT e-learning was completed in April while the annual RPT refresher training for the Deputy Compliance Officers were concluded in June of 2023. New employees are oriented about the Bank's anti-corruption policies during their New Employee Orientation Program.

The Bank has implemented action plans as a result of the Risk-Based audit performed in 2023 that includes releasing of periodic advisory to all employees, to update and declare more information on their immediate family members. Quarterly Assessment is likewise being performed by the Deputy Compliance Officers (DCO) as part of the Continuous Monitoring Plan Master Procedure.

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 behavioral 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 Bank. 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. The document is published on the Bank's website²¹.

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 | D. Conflict of Interests |
| B. Treatment of Bank Assets | E. Knowledge, Understanding & Compliance |
| C. Treatment of Others | |

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.

²¹ RCBC. [https://www.rcbc.com/uploads/media/Code-of-Conduct-\(Rev.pdf](https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev.pdf).

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 system²² - a confidential and anonymous reporting system for the YGC.

The Bank's HRG monitors all Whistleblowing reports and shall report potential fraud cases to the Corporate Governance Committee. The Whistleblowing Policy provides that the HRG 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 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 with AML/ Counter-Terrorism Financing (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 gives due recognition to the importance of the internal audit function. On the basis of the Audit and Compliance Committee's

²² RCBC. Talk to Us. www.rcbc.com/TalktoUs

approved audit plans, internal audit examinations of the business units are conducted between one to three years. These examinations are 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, 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 the Bank's Code of Conduct, policies and documented procedures, contracts, laws, rules and regulations.

Related Party Transactions (RPT):

To align with the 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, RCBC has updated the Bank's Policy on Related Party Transactions on July 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, 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;
- 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 Stockholders²³ 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 RPT Committee and RPT Management Committee: 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) versus 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

²³ For stockholders, close family members refer to relative's 2nd degree relatives of consanguinity and affinity.

non-material RPT and submits the same to the Board for confirmation.

Transactions with related parties involving amounts of at least Pesos: Ten Million (Php 10,000,000.00) 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 RPTs 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 Bank's RPT policy shall be reviewed by the RPT Committee and approved by the Board every three (3) years or as necessary whenever there are any related amendments. The latest version of the Bank's RPT policy has been reviewed and approved in September 2022 to incorporate key changes on exemption of the sale of bank properties from prior vetting and endorsement by the RPT Committee. This updates the following list of transactions 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) RPTs covered under the Trust and Investment Group's RPT Policy. (Refer to ANNEX C of the RPT Policy published on the Bank's website²⁴;
- 3) Pre-approved Treasury Transactions covered by the Policy on Related Party Transactions covering Treasury Deals²⁵;
- 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;
- 6) Transactions that do not present a real risk of potential abuse, i.e. sale of fully depreciated assets; and
- 7) Sale of bank properties (e.g., repossessed cars and real estates) to related parties done through competitive/public bidding or auction. It is emphasized that the loan component of the sale, if any, is NOT covered by this amendment.

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 three (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 Bank. 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.

²⁴ RCBC. Uploads. www.rcbc.com/uploads/media/20221010-SEC-Form-17-18-Updated-Related-Party-Transactions-Policy-1.pdf.

²⁵ *Ibid*.

The Bank continues to encourage employees to communicate, confidentially and without risk of reprisal, legitimate concerns about illegal unethical or questionable RPTs. For this purpose, the Bank's Whistleblowing Policy shall apply. 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?

RCBC's profound adherence to business ethics has provided the Bank with a solid foundation for consistent growth, stakeholder confidence, and competitive edge. The internal audit activity, in particular, adds 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. The Internal Audit Group conducts regular assessment and monitoring of the team's competencies and coordinates with the Human Resources Group for its training and/or certification requirements. The Bank continuously conducts training and provides "eLearning" courses to ensure that all employees (from rank-and-file to senior management) 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, 2023)	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	2,036 ²⁶	GJ
Energy consumption (electricity)	RCBC Plaza: 552,012 ²⁷ A.T. Yuchengco Centre: 1,442,712 Branches: 11,448,132	kWh

Reduction of Energy Consumption

Disclosure (January 1 – December 31, 2023)	Quantity	Units
Energy reduction (renewable sources)	0	GJ
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ

²⁶ This pertains to generator sets which make use of diesel.

²⁷ Data as of reporting date for RCBC Plaza has been updated to reflect only the RCBC banking floors with direct meter measurements.

Energy reduction (electricity)	0	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 - Suppliers’ 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.		
Management Approach to Impact		
<ul style="list-style-type: none">- RCBC continues to support the principles behind its Leadership in Energy and Environmental Design (LEED) certification (RCBC Plaza in Makati is a LEED-certified Gold-level building²⁸). Energy conservation measures are applied in the Bank’s day-to-day operations. RCBC ensures that it maintains its LEED Gold certification by spending on annual LEED consultation fees to comply with the climate adaptation requirements of the building.- RCBC instills the discipline and promotes the benefits of being mindful of sustainability practices (e.g. environmental protection by fostering energy conservation) through the completion of the internally-developed United Nations Sustainable Development Goals (UN SDGs) e-learning in 2022 and access to a UN SDG Daily Handbook in the Bank’s internal Online Library beginning September 2023.		
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 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		
<ul style="list-style-type: none">- Efficient energy consumption is one of the underlying objectives of cost control measures. 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. As more RCBC branches open in the country, it is necessary to continue to monitor overall consumption in a way that energy efficiency is practiced.- The objective of reducing global warming is ingrained in a larger scale within RCBC's Sustainable Finance Framework which supports investments in RE. This is aligned with RCBC’s declaration to cease funding of the construction of new coal-fired power plants, 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?		

²⁸ US Green Buildings Council Inc. RCBC Plaza. <https://www.usgbc.org/projects/rcbc-plaza>

- Redesigning of offices / branches to further promote energy efficiency practices
- Continued knowledge-dissemination / awareness program 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 remains committed to action towards operational efficiency leading to conservation of energy and other energy efficient technologies.

The Sustainability e-learning material has been incorporated into the annual Bank-wide learning programs. This e-learning course is mandatory for all employees (from senior management to rank and file) and is accessible to the Board of Directors. This is considered instrumental in promoting deeper understanding of how energy consumption generates carbon footprint and increases GHG emissions. The 2022 Sustainability e-learning also facilitates a global learning experience as energy consumption and other related activities are explained within the context of attaining the UN SDGs.

Water Consumption Within the Organization

Disclosure (January 1 – December 31, 2023)	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	RCBC Plaza: 21,764 ²⁹ A.T. Yuchengco Centre: 11,067 Branches: 107,867	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	- Changes in the organization's water consumption versus supply availability
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

- 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.
- RCBC instills the discipline and promotes the benefits of being mindful of sustainability practices through the completion of the internally-developed e-learning on the UN SDGs since 2022. This is a mandatory online course for all employees on environmental protection by fostering water conservation, among others, at a personal and at a corporate level. As a follow-through to this, access to a UN SDG Daily Handbook in the Bank's internal Online Library has been established beginning September 2023.

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.

²⁹ Water consumption data pertains to the entire premise of the building not just the RCBC-occupied floors.

Management Approach to Risks
<ul style="list-style-type: none"> - Responsible water consumption is one of the underlying objectives of cost control measures. 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 infrastructure, wastewater treatment, consumption, sustainable urban drainage systems, and other forms of flooding mitigation.
What are the opportunities identified?
<ul style="list-style-type: none"> - Continued knowledge-dissemination / awareness program 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
<ul style="list-style-type: none"> - RCBC remains committed to action towards operational efficiency including responsible water utilization and conservation. - The Sustainability e-learning material has been added into the annual Bank-wide learning programs since 2021. This Sustainability e-learning course is mandatory for all employees (from senior management to rank and file) and is accessible to the Board of Directors. This is considered instrumental in promoting deeper understanding of how water conservation exemplifies social responsibility in support of sustainability. The 2022 Sustainability e-learning also facilitates a global learning experience as water consumption and other related activities are explained within the context of attaining the UN SDGs.

Materials Used by the Organization

Disclosure (January 1 – December 31, 2023)		Quantity	Units
Materials used by weight or volume ³⁰			
● Renewable		1,074,722	kg
● non-renewable		25,742	kg
Percentage of recycled input materials used to manufacture the organization’s primary products and services ³¹		94.7%	%
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	- Changes in the organization’s resource consumption versus supply availability		
Community, inc. environmental NGOs	- Environmental effects of materials used and practices employed by suppliers		
Which stakeholders are affected?			
Public, inc. media	- 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.			

³⁰ This includes printed forms, check books, and check vouchers, envelopes, and tempus calendars procured from suppliers.

³¹ Data provided and collated from various 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. The assessment of vendors includes their sustainability initiatives, inspection of facilities and policies relating to the vetting of vendors.
What are the opportunities identified?
Opportunities relate to improvements in RCBC's existing supply chain management as well as the avoidance of negative environmental and reputational impacts on the supply side. These can include changing the organization's procurement practices, adjusting performance expectations, capacity building, training, changes to processes, as well as terminating supplier relationships with those that are non-compliant.
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.

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

Disclosure (January 1 – December 31, 2023)	Quantity ³²	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	-	ha
IUCN ³³ 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 regulations - 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?	

³² Refer to the discussion on Impact

³³ International Union for Conservation of Nature

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
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 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources).
What are the opportunities identified?
Adhering to the protection of ecosystems and biodiversity promotes sustainable business practices.
Management Approach to Opportunities
RCBC's Sustainable Finance Framework supports financing for environmentally sustainable management of living natural resources and land use under its Eligible Green Project Categories.

Environmental Impact Management

Air Emissions: GHG

Disclosure (January 1 – December 31, 2023)		Quantity	Units
Direct (Scope 1) GHG Emissions		0	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions		9,574 ³⁴	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	<ul style="list-style-type: none"> - Compliance with environmental laws and regulations – potential reputational impact that may lead to divestment 		
Government – DENR	<ul style="list-style-type: none"> - Compliance with environmental laws and regulations - 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 		

³⁴ 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>). The apparent decrease in Scope 2 GHG emissions is due to recalibration of the measurements used specific to RCBC banking floors only. Please refer to footnotes under Energy Consumption.

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?	
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, 2023)		Quantity	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. The Bank may have indirect impact to the environment.			
Management Approach to Risks			

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 3 Resource Efficiency and Pollution Prevention) that may be mapped against the requirements of the Philippine Clean Air Act for pollution prevention.

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

Solid Waste		Quantity ³⁵	Units
Disclosure (January 1 – December 31, 2023)			
Total solid waste generated		RCBC Plaza: 773,684 A.T. Yuchengco Centre: 86,555	kg
Reusable		0	kg
Recyclable		RCBC Plaza: 572,164	kg
Composted		0	kg
Incinerated		0	kg
Residuals/Landfilled		RCBC Plaza: 201,520 A.T. Yuchengco Centre: 86,555	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 regulations – potential reputational impact that may lead to divestment		
Government – DENR	- Compliance with environmental laws and regulations - 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?			
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			

³⁵ Solid waste data pertains to the entire premise of the building not just the RCBC-occupied floors.

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?

- Digitization of banking transactions and redesign of offices / branches to promote waste reduction
- Continued knowledge-dissemination / awareness campaign 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 out³⁶, hence significantly decreasing paper usage.
- The Sustainability e-learning material has been added into the annual Bank-wide learning programs since 2021. This Sustainability e-learning course is mandatory for all employees (from senior management to rank and file) and is accessible by the Board of Directors. 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. The 2022 Sustainability e-learning also facilitates a global learning experience as water consumption and other related activities are explained within the context of attaining the UN SDGs. In September 2023, the UN SDG Daily Handbook was made available through the Bank's intranet and cascaded to all employees via an HRG advisory.
- 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 material recovery with emission abatement technology under the Eligible Green Project Categories.

Hazardous Waste

Disclosure (January 1 – December 31, 2023)		Quantity	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 regulations – potential reputational impact that may lead to divestment		
Government – DENR	- Compliance with environmental laws and regulations - 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?			

³⁶ Additional one form to fill out and sign if client applies for a Hexagon Club Membership (i.e. Hexagon Enrollment Form)

RCBC does not generate hazardous waste in its operations. The Bank's clients, however, may be generating hazardous waste that is harmful to the environment (indirect impact).
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
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 3 Resource Efficiency and Pollution Prevention) Under Performance Standard 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, 2023)		Quantity	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 regulations – potential reputational impact that may lead to divestment		
Government – DENR	- Compliance with environmental laws and regulations - 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 environment.			
Management Approach to Risks			
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, 2023)		Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations		33,580 ³⁷	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations		0	#
No. of cases resolved through dispute resolution mechanism		1	#
Which stakeholders are affected?			
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to environmental compliance)		
Management	- Monetary fines - Non-monetary sanctions		
Stockholders	- Compliance with environmental laws and regulation – potential reputational impact that may lead to divestment		
Customers/Clients	- Interruption of business /operations due to breach of environmental laws/regulations - Reputational impact		
Employees	- Interruption of business /operations due to breach of environmental laws/regulations - Reputational impact		
Government – DENR / Regulators	- Compliance with environmental laws and regulation - Ability to conform to certain performance parameters - Concern for environmental protection		
Community, inc. environmental NGOs	- Reduction of environmental impacts - Concern for environmental protection		
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 fulfill 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.			

³⁷ Penalty for various findings such as non-registration. Compliance is being addressed.

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 secure 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, 2023)	Quantity	Units
Total number of employees	6,184	#
a. Number of female employees	3,977	#
b. Number of male employees	2,207	#
Attrition rate ³⁸	14.10%	rate
Ratio of lowest paid employee against minimum wage	1.013: 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	- Efficiency and quality of service provided by employees – sufficient number of employees	
Gov't – DOLE	- Protection of employees	
Community	- Optimal use of available labor and talent in different regions	
Public, inc. media	<ul style="list-style-type: none"> - Ability to attract and retain diverse, qualified employees; inclusive recruitment practices; satisfaction among employees; equity in the workplace – potential reputational impact 	

Employee Benefits

List of Benefits (January 1 – December 31, 2023)	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		

³⁸ 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)

List of Benefits (January 1 – December 31, 2023)	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
Maternity/Paternity	Y	6%	
Sickness	Y	1%	1%
Salary Loan	Y	25%	20%
PhilHealth	Y	9%	4%
Pag-ibig Loan	Y	15%	12%
Parental leaves	Y	1%	4%
Vacation leaves	Y	80%	80%
Sick leaves	Y	62%	56%
Medical benefits (aside from PhilHealth)	Y	94%	65%
Housing assistance (aside from Pag-ibig)	Y	0	0
Retirement fund (aside from SSS)	Y	4%	4%
Further education support	N		
Company stock options	N		
Telecommuting	Y		
Flexible-working Hours	N		

Which stakeholders are affected?

Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to employee benefits)
Stockholders	- Satisfaction among employees – efficiency and quality of service provided by employees
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
Govt – DOLE	- Protection of employees
Community	- 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 and retain talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives
Public, inc. media	- 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 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, and 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 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.** 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 manage the Bank's attrition rate at 14.10% which is slightly 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 constrain HRG from providing the best service to employees.

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)³⁹. 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 CBA 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, 2023)		Quantity	Units
Total training hours provided to employees		1,119,271	hours
a. Female employees		716,334	hours
b. Male employees		402,937	hours
Average training hours provided to employees		180	hours/employee
a. Female employees		115	hours/employee
b. Male employees		64	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		

³⁹ The formal grievance escalation and reporting is covered under the Bank's Collective Bargaining Agreement.

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
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 and retain 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 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 and 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 2023, while most learning sessions were done online, some programs were conducted face-to-face. There were more than 26,000 attendees to both internal and external trainings. A total of 43,318 eLearning courses were recorded as taken by the employees in 2023.</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. The HRG continued to strengthen the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting 23,134 (internal 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 63 participants were enrolled in a number of specialized/IT external training programs. A total of 3,727 employees were also sent to various external training programs, including eLearning courses offered by external providers.</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. The Bank's commitment to up-skill the knowledge and capabilities of its employees in order for them to be ready to face the changes in the business landscape, were supported by the following initiatives:</p> <ul style="list-style-type: none"> • The ELITE, Entry Level IT Education Program, was reviewed and re-launched in 2023. ELITE is the management training program for the IT Group. There were 2 tracks to this program: Infrastructure and Application. 11 employees successfully completed the program. • For the branches, a Branch Program Assessment (BPA) tool was designed. The aim of the assessment tool is to qualify existing service personnel in various topics in the BSSS Curriculum to ascertain that they possess sufficient knowledge on various important subject matters for branch personnel. Those who fail the assessment will be given support in the form of a training session. 4 topics were part of the BPA launched in 2023: Advanced AML Red Flag Detection, BOCS, Check Clearing, and Corporate and Legal Documents. A total of 7,975 passed the 	

certification.

- For the Bank's Senior Leaders to better understand the digital landscape, the Coursera program "AI is for Everyone" delivered by highly acclaimed Stanford Professor Andrew Ng was required under the RCBC Digital Academy. This intends to provide the Group Heads, Segment and Division Heads the opportunity to learn more about AI. 159 were certified in 2023.
- The RCBC Internship Program was launched in 2023. The program ran for 8 weeks, and allowed 3rd and 4th year students from the top universities of the Philippines to gain experience in the field of banking. The program was designed in a way that would expose the interns to different bank processes, clients, products, and other day-to-day activities, and allow them to apply the knowledge that they gained in a practical manner. It also provided the interns with program-related and career-related work experience, as they were assigned to areas that aligned with their respective courses. A total of 17 interns joined the program, 2 of the interns after graduation from university joined RCBC Data Science and Analytics Group.

The RCBC University also had the following milestones.

For the RCBC Leadership Academy, the following management training programs were completed. The Digital Excellence and Leadership Academy (DELTA) with 8 graduates, there are also 2 graduates who will proceed to the DELTA-CODEX, the leadership development program of Regulatory Affairs Group; General Operations Learning and Development Program (GOLD) batch 9, launched in 2022 was completed in 2023 with 7 graduates, batch 10 was also launched in 2023; and ELITE (mentioned above) with 11 graduates.

3 runs of the SRO (Service and Reserve Officer) Bootcamp were completed and produced 60 new branch service officers; while 4 runs of the BRO (Branch Relationship Officer) Development Program were completed and produced 49 new branch sales officers.

For RCBC Digital Academy, the following courses launched in 2021 as part of the Bank's Digital and Customer Centricity Culture Transformation continued to be offered. A total 82 employees attended Design Thinking, 149 employees attended Agile Scrum Project Management, and 81 employees attended Virtual Consultative Selling. Another initiative of the Digital Academy is the Fintech Foundation Program Flex, an online, self-paced program offered by 10x1000.org. A total of 2,295 employees completed this in 2023. Under the Digital Academy, 2 executive learning sessions were arranged for senior officers, YGC Leaders and members of the Board of Directors: The Future of AI, with 37 attendees; and ESG Best Practices for Business Innovations with 168 attendees.

For the RCBC CX Excellence Academy, after the certification of the CX Champs and the finalization of the CX Fundamentals program that was designed to be able to cascade Customer Experience and the 6 Emotional Drivers to the rest of the bank in 2022, the rest of the Bank were able to attend the training in 2023. A total of 5,648 attended. The CX Fundamentals Training remains to be a staple program and all new hires are invited to attend it. The CX Award for Customer Excellence (ACE) on its second year, were awarded to 11 individuals and 5 groups.

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 64 participants attended 2 runs in 2023. To support the development of the Marketing Assistants, a run of the MA Track was conducted with 11 participants.

In 2023, 3 e-Learning programs launched by the Bank were required to the employees: UN Sustainable Development



Goals (SDGs) eLearning, Fraud Risk Management eLearning, and Data Privacy eLearning.

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 Trust Officers Association of the Philippines (TOAP) accreditation. A total of 114 employees attended the review sessions and 104 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 is 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, and strategy. The annual continuing training shall be at least for four hours. The program offered for Corporate Governance in 2023 is Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success.

As part of safeguarding the well-being of employees, the Bank continued to offer "Your Well-Being Matters" webinar, with our resident expert Dr Michele Alignay. The following webinars were offered in 2023:

1st quarter, From Bent to Breakthrough, 299 pax, 2nd quarter, It Could Happen: Understanding Key Concepts in Mental Health, 451 pax, 3rd quarter, Emotions Matter, 345 pax, and 4th quarter, Dealing with Relationship Burnout, 208 pax.

PEOPLE MANAGEMENT OF THE PHILIPPINES (PMAP) 2023 EMPLOYEE OF THE YEAR EXEMPLAR

RCBC was awarded as a 2023 Employee of the Year Exemplar by PMAP, the country's preeminent HR organization. Now the country's 5th largest privately owned bank, RCBC's profits soared to a 5-year high level. With said increase, the Bank recognizes that its key asset and most important partner is its people. Its longstanding and central focus is on building Winning Partnerships, to ensure that its workforce always remains empowered, trained, and highly motivated while fulfilling their responsibility of delivering clients' needs with utmost passion and fervor. It is this mindset of allowing fruitful and prosperous partnerships to flourish that distinguishes RCBC from the other local banks in the industry.

This Winning Partnership is manifested in three ways:

Employees as Partners in Growth and Development;
Employees as Partners in Sustainable and Inclusive Growth; and
Employees and Clients as Partners Through Generations

Employees as Partners in Growth and Development

As RCBC establishes its leadership and continues to grow in the digital banking space, the Bank is fully committed to provide learning and development opportunities across all job levels throughout the organization with its various development programs and seminars.



In support of the People Transformation Initiative of the Bank, the RCBC Leadership University was rebranded to the RCBC University with three major pillars: (1) The RCBC Leadership Academy, (2) The RCBC Digital Academy, and (3) The RCBC CX Excellence Academy.

(1) The RCBC Leadership Academy

As the Bank acknowledges the need to develop its next generation of leaders, the RCBC Leadership Academy reintroduced and launched new courses such as:

Rebranding of the Officers Development Program or ODP to DELTA (Digital Excellence and Leadership Training Academy);
Establishing the Wealth Management Academy with 46 Relationship Managers and Associates as attendees;
Creation of the Senior Reserve Officer (SRO) Bootcamp (under the Branch Services Development Program) to train a pool of branch service officers from high-potential service associates with 39 graduates in 2022; and
Continuing and improving the General Operations and Learning Development (GOLD) program.

When the world opened again and businesses went back to normal, “The RCBC Way” was rolled out. The Bank retrained employees on the importance of the RCBC brand to the business and its customers where 918 employees from both the Sales and Service/Administrative groups attended. For the Retail Banking Group (RBG), the Branch Relationship Officer (BRO) Development Program was launched. This program trained fresh graduates and created a pool of BROs to amend the Bank’s sales workforce. Two runs of RSD Accelerate, a workshop for the Regional Sales Director focusing on Performance Management, were conducted and participated in by 28 officers.

(2) The RCBC Digital Academy

Programs offered to employees include Design Thinking, which was attended by 54 employees; Agile Scrum Project Management, attended by 130 employees; Virtual Consultative Selling, attended by 97 employees; Fintech Foundation Program Flex (an online, self-paced program offered by 10x1000.org), completed by 718 employees; and the RCBC CX Excellence Academy.

For the Bank’s Senior Leaders to better understand the digital landscape, the RCBC Digital Academy learning series was delivered in collaboration with Deloitte. Nineteen participants attended the 10 Rules of Modern Work, 20 attended Driving Diversity and Inclusion, 24 attended Humanizing DevSecOps, and 22 attended the Cost of Compliance.

(3) The RCBC CX Excellence Academy

RCBC also embarked on a journey of transforming its Digital and Customer Centricity Culture. To support its strategic plans, the Bank certified 30 officers, including the Bank President and CEO, who attained the Professional Certificate in Customer Experience with the UK-based CX Academy. The Bank also introduced the CX Award for Customer Excellence (ACE) initiative. This program recognized individuals who go out of their way to provide excellent and remarkable customer experience for our clients. Ten individuals and 6 groups received special citations. There was also the Customer Service (CS) 101 eLearning that 5,940 employees took; and CX Fundamentals Workshop that 458 employees attended.

The Bank even added training programs for its employees in the middle of the pandemic to help employees be ready to face the changes in the business landscape. In 2022 alone, 15,256 employees attended both internal and external trainings, either face to face or virtually. A total of 63,793 eLearning courses were recorded as taken by the employees.

Even as the Bank enhanced the digital skills for everyone, its focus on human and personal development never waned. The Bank continued to offer “Your Wellbeing Matters” webinars that tackled (1) Digital Wellbeing with 311 attendees; (2) From Stress to Support with 298 attendees; (3) Keeping the Faith (Deepening Spiritual Wellbeing) with 341 attendees; and (4) Better Together with 217 attendees.

Based on the foregoing, the Bank was able to conduct the following total number of training hours per year:

2022 - 1,236,740 hours

2021 - 776,567 hours

2020 - 1,236,554 hours

For 2022 alone, 789,651 training hours, or 64%, were for women employees.

Employees as Partners in Sustainable and Inclusive Growth

As RCBC prepares to push its growth momentum, it does so with a longer term view and ensures that the bank evolves sustainably and without leaving anyone behind. A pioneer in the industry in the area of Sustainable Finance, RCBC's sustainability journey has been centered on three focus areas over the past year: Pioneering Responsible Lending and Sustainable Finance, Championing Inclusive Funding and Digital Finance in the Philippines and most importantly Empowering Employees through Programs on Resilience, Digital Transformation, and Sustainability

Being a financial institution that aims to operate sustainably and responsibly, RCBC recognizes the need to have a strategic and proactive human resource that supports its long-term business goals and outcomes. This means anticipating opportunities as well as challenges to its operating environment, including facing epidemics, pandemics, and other potential disruptions, and putting the necessary safeguards to protect employees and other stakeholders.

In 2022, PMAP awarded RCBC with its Regional Exemplar for Strategic HR and People Program of the Year National Exemplar, for the Bank's Workforce Readiness Program. The Program is unique given the speed of execution, the in-place digital solutions, and the deep involvement and personal concern of top management in the program. While many organizations were still coming up with safety measures for their employees, the RCBC Rapid Empowerment and Assistance Delivery (READY) was already in place, building business resilience through its three components: clustering, spread prevention and safety, and mobile or remote workers. The comprehensive workforce readiness program enabled the Bank to spot and take action on opportunities. Employees were able to transition quickly and resume their fighting form.

In the Bank's mission to empower and sufficiently equip employees with the necessary training and skills to advance sustainability and inclusivity, it conducted regular training sessions for frontline staff on the Bank's ESMS Policy. Sustainability eLearning modules were also developed to elevate employees' understanding of the Bank's role in Environmental, Social, and Governance (ESG) and their individual responsibilities toward the community and the environment.

Bank employees also have a chance to participate in social responsibility activities in collaboration with the Alfonso Yuchengco (AY) Foundation. In 2022, the AY Foundation expanded its For Women Only Project to 10 qualified employees of the Bank and other related employees of the Yuchengco Group of Companies (YGC) including janitors, messengers, guards, contractual employees under YGC or non-YGC agencies who render services for any of the YGC members. For Women Only Project is a health treatment assistance project of AYF for the benefit of indigent Filipino women suffering from non-malignant gynecological disorder by providing free access to consultation from medical specialists, laboratory examinations, surgical procedures and hospitalization.

RCBC employees also actively participated as volunteers in the YGC Earth Care Project. This forward-looking project has the aim of planting 50,000 native trees within a sprawling 100 hectares in Mt. Bangkaan in the Sierra Madre mountain range.

Since the inception of the project in 2011, 23,000 YGC forest trees have been nurtured by employee volunteers in partnership with the indigenous peoples of the area. The project enables RCBC and YGC partners to contribute to reforestation initiatives and watershed protection. Over the years, hundreds of volunteer employees have contributed their time and effort to making this project a success.

Employees and Clients as Partners Through Generations

RCBC President and Chief Executive Officer Eugene S. Acevedo articulated that, while there was still reluctance to lend due to lingering market uncertainty, RCBC found a way to step up to the plate. We looked at the entire spectrum and saw borrowers from safe-haven sectors that deserve credit assistance during the crisis. Many of these borrowers — from small and medium enterprises to conglomerates — were long-time depositors who have stayed with RCBC **through generations**, through thick or thin. The pandemic gave us the perfect opportunity to reward their trust and loyalty with our partnership so they can survive and thrive.

RCBC's journey towards being a sustainable business, a leading innovator, and a strong **partner for generations** is far from over. However, we have time and again proven that our success is only made possible because we have steady and true partners in our journey — each and every RCBC Banker working to make things happen, our customers and our shareholders who have trusted us **through generations**, and our leaders and our Board of Directors for the purposeful collaboration and teamwork.

RCBC has an employee Legacy Club, where membership is solely by virtue of DNA. This Club, with 57 current members, was organized to honor family ties and the generational legacy of RCBC employees and parents who have worked for the institution. This is a special club because it embodies and emphasizes the importance of passing down values and knowledge to the next generation, which is a key aspect of building a strong and sustainable company culture. The RCBC Legacy Club is intended to provide an opportunity for the members to connect and to celebrate the shared history with the company as true **partners through generations**.

RCBC continues to develop and issue Sustainable Financing Instruments (SFIs) for projects with clear environmental and social benefits, in line with its Sustainable Finance Framework. Since 2019, the Bank has issued USD1.7 billion worth of SFIs that refinanced our funding for over 21,000 sustainable projects. RCBC's firm commitment towards sustainability assures investors that investment proceeds go to green and social projects that will ensure a healthy environment for **future generations**.

"Being truly committed to sustainability means doing anything possible to make the world a better place for future generations to inherit. It also demands that we act now to safeguard lives, uplift society, and protect the planet." – Helen Y. Dee, RCBC Chairperson

True partnership towards success

The tireless efforts of the Bank's more than 6,000 workforce contributed to making RCBC the 5th biggest private domestic bank in the country.

In the past few years, the Bank received numerous awards from various prestigious organizations. In particular, RCBC's foray into the digital banking space brought in numerous awards from various prestigious local and international organizations, including three-peat award for "Best Bank for Digital" from Asiamoney from 2020 to 2023. It also garnered the "Best Financial Inclusion Initiative/Application" award from The Asian Banker.

RCBC also received the Regional Exemplar Award for the National Capital Region for Strategic HR and the National Award for People Program of the Year for RCBC READY or Rapid Empowerment and Assistance Delivery from PMAP.

The Bank not only survived the pandemic, but thrived and flourished through it. Amid the challenging operating environment that persisted, we achieved multiple awards in almost all major industry categories. Customer ratings showed the RCBC NPS scores for key products between 65 and 73, which are considered GREAT in the NPS scale while the employee attrition rate remained better than industry's.

RCBC, and its employees, emerged from the pandemic as a stronger, better-skilled team, ready to face new challenges

with a newfound zest to continue the Bank's good work for its clients and stakeholders.

PHILIPPINE DAILY INQUIRER – 2024 BEST EMPLOYER LIST

In the second year of the search for the Philippines' Best Employers, the 2024 Best Employer list was released by the Philippine Daily Inquirer in partnership with Statista, the world's leading data and business intelligence portal. Every company in the Philippines employing at least 250 people is considered eligible for The Best Employers 2024 distinction and RCBC was of the companies that received this accolade.



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, 2023)	Quantity	Units
% of employees covered with Collective Bargaining Agreements	27	%
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 and retain 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 CBA every five 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, 2023)		Quantity	Units
% of female workers in the workforce		64%	%
% of male workers in the workforce		36%	%
Disclosure (as of December 31, 2023)		Quantity	Units
Number of employees from indigenous communities and/or vulnerable sector ⁴⁰		0	#
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 / retain talent / potential employees – the organization's ability to attract / retain talent / potential employees can affect its ability to operate, implement its strategies, and achieve its objectives		

⁴⁰ 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).

Employees	<ul style="list-style-type: none"> - Equity in the workplace - Elimination of gender bias - Equal opportunity
Gov't – 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 and retain 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, 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, indicating 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, 2023)		Quantity	Units
Safe Man-Hours		12,368,000 ⁴¹	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		2	#
Which stakeholders are affected?			
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to occupational health and safety)		

⁴¹ Estimated at 6,184 employees working 8 hours per day over 250 working days

Stockholders	- Health, safety, and minimal harm – potential reputational impact that may lead to divestment
Employees	- Health - Safety - Minimal harm
Gov't – 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 and retain 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:

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* - *Employee Welfare and Well-Being* - In 2023, the HRG conducted the following activities to sustain the promotion of health, safety and welfare of RCBC employees.
 - 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 2,915 ailments for employees and

- 2,813 availments for dependents in 2023;
- Executive Check-Up for employees with total cost of Php 10.8 million in 2023;
- Outpatient consultation services for employees with 8,133 availments in 2023;
- The Bank also partnered with Sunlife Grepa Financial Inc. in utilizing the clinic located at the RCBC Plaza and serviced more than 350 availments in 2023. 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 1,075 employees at said location.
- 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;
- 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 Php 179 million in 2023 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, 2023)	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 – potential reputational impact that may lead to divestment	
Employees	- Abolition of child labor - Elimination of forced labor - Upholding human rights	
Gov’t – DOLE	Protection of employees	
Community	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 and retain talent / potential employees in the community can affect its ability to operate, implement its strategies, and achieve its objectives	
Public, media	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 Annex Supply Chain Management.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Sustainability Attestation: YGC Sustainability Practices Prescribed for Vendors. A sustainability requirement for vendor accreditation which states that the vendor company observes environmental laws, and engages in energy saving and waste management practices, as well as in programs that promote ecological habitat
Forced labor	Y	Sustainability Attestation: YGC Sustainability Practices Prescribed for Vendors. A sustainability requirement for vendor accreditation which calls for the vendor company to recognize the right of employees to freedom and collective bargaining.
Child labor	Y	Sustainability Attestation: YGC Sustainability Practices Prescribed for Vendors. A sustainability requirement for vendor accreditation which states that the vendor company does not employ persons below 18 years of age.
Human rights	Y	Sustainability Attestation: YGC Sustainability Practices Prescribed for Vendors. A sustainability requirement for vendor accreditation: <ul style="list-style-type: none"> a) which calls for the vendor company to recognize the right of employees to freedom and collective bargaining b) to have an employee engagement system in place c) to work with the community around it d) with clear policies on equality of gender, race, color, and creed e) the company is compliant with all government-mandated laws in the employment of personnel
Bribery and corruption	Y	<p>Code of Ethics for Vendors is available that serve as guidelines to address promptly instances of unsatisfactory performance, illegal practices and violations committed during any vendor business engagements.</p> <p>Blacklisting Policy for Vendors to ensure that all vendors dealing with Yuchengco Group of Companies (YGC) will comply with its policies, rules and regulations. Vendors are expected to adopt ethics of highest standard and degree of integrity, provide optimum value, quality products and services, commitment and sincerity towards work undertaken</p> <p>Training on “Procurement Ethics and Responsibility” for all Business Units, as part of the YGC Community Learning, with the aim to provide a practical understanding of what it means to ‘buy ethically’, how purchasing practices can impact on workers, and how to integrate ethical procurement into buying practices and understand the process of building a sound ethical procurement policy and selecting vendors.</p> <p>It is specified in the policy that suppliers shall not offer bribes or kickbacks to employees or family members in exchange for any favors. In the same manner, the Bank’s Code of Conduct specifies that employees must avoid situations which may unduly influence relationships with customers or suppliers. Copy of the Code of Conduct may be accessed at https://www.rcbc.com/corporate-governance.</p>

Health and safety	Y	<p>Sustainability Attestation: YGC Sustainability Practices Prescribed for Vendors. A sustainability requirement for vendor accreditation which states that the vendor company is compliant with government rules relating to occupational health and safety standards</p> <p>Blacklisting Policy with provisions on Safety Policies and procedures as ground for Permanent or Temporary Blacklisting</p> <p>New Facilities Inspection Checklist (as applicable to the vendor's service offering)</p> <p>Stricter compliance on Philippine Contractors Accreditation Board (PCAB) license for contractor to ensure lawful and safe construction activities</p>
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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	<ul style="list-style-type: none"> - Procurement policies - Supplier Accreditation process - Vendor Performance Evaluation
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 E&S impacts in the supply chain.

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 influences suppliers to be sustainable through supplier accreditation processes, among other approaches. Vendors' compliance with government-mandated requirements like DOLE 174 certification and PCAB License for contractors are part of the accreditation requirements.

What are the risks identified?

Vendors' adaptability on full sustainability requirements.

Management Approach to Risks

Due diligence, data gathering and baselining prevent and mitigate 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.

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

New vendors applying for accreditation, for applicable categories, are being checked through actual facilities inspection as part of the accreditation process. This process covers assessment of vendor's facilities to determine the capability to support and satisfy the requirements of YGC members as applicable to the critical categories. RCBC is already in the process of enhancing the existing vendor accreditation policy targeted for implementation. Furthermore, the Enhanced Vendor Performance Evaluation Policy and Enhanced Vendor Blacklisting Policy have been adopted.

Enhanced and implemented the following policies and procedures:

- 1) Vendor Accreditation: to ensure that accredited vendors are capable of providing products and services to satisfy the

minimum acceptable quality and reliability requirements of the company and that all accredited suppliers have proven track record, viable financial position and promoting sound and ethical business practices

- 2) Vendor Performance Evaluation: to establish an efficient & effective mechanism to measure, analyze, and manage YGC vendor's performance in an effort to optimize costs, minimize risks, and drive continuous improvement

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. Employees are also bound by the Bank's Code of Conduct and Conflict of Interest Policy to lay out acceptable behaviors in dealing with stakeholders. Copy of the Code of Conduct and information on certain policies may be accessed at the RCBC website⁴².

What are the opportunities identified?

- Collaboration with the vendors to accelerate and establish shared sustainability commitments across the value chain
- Promotion of sustainability with internal stakeholders and vendors with joint implementation of processes for continuous improvement
- Strengthened work relations and knowledge-sharing with the vendors to create sustainability solutions that will benefit both parties

Management Approach to Opportunities

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

1. 100% compliance with Sustainability Vendor Attestation for Primary / Active Vendors by 2023. This will improve visibility on vendor's sustainability compliance and performance for easy follow-up of improvement actions and collaboration on sustainability initiatives to facilitate identification of priority areas.
2. Enhanced and implemented the Vendor Accreditation Policy. The new policy will ensure that all accredited suppliers have proven track record, viable financial position and promote sound and ethical business practices. The policy will cover the different stages of accreditation as to: (1) Vendor Sourcing; (2) Vendor Registration & Pre-screening; (3) Vendor Pre-Qualification; (4) Vendor Technical Assessment; (5) Facilities Inspection; and (6) Final Recommendation.
3. Enhanced and implemented the Blacklisting Policy. The enhancement will address promptly instances of unsatisfactory performance, illegal practices and violations committed during any vendor business engagements, while providing a comprehensive and balance blacklisting policy and guidelines
4. Enhanced and implemented the Vendor Performance Evaluation Policy to ensure that accredited vendors are capable of providing products and services that will satisfy the minimum acceptable quality and reliability requirements of the company
5. Enhanced Facilities Inspection parameters for applicable categories. This covers the actual inspection and checking of Vendor's general facilities, equipment availability, tools and machinery, safety and protection, availability of workforce, regulatory compliance and permitting, sustainability programs, risks identification and mitigation plans as applicable to contractors depending on the criticality and complexity of the service or as required by the Business Units. May not be applicable to all vendor service offerings
6. 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.

⁴² RCBC. Corporate Governance. <https://www.rcbc.com/corporate-governance>

Relationship with Community - Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities	Location	Vulnerable groups (if applicable) ⁴³	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 16 branches and 2 branch-lite units.	RMB is RCBC's thrift bank	Yes. RMB serves the unbanked and underserved markets in the Philippines, including the unbanked agricultural communities and low-income sectors	<ul style="list-style-type: none"> - RMB offers the BDA⁴⁴ 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. - Other products offered by RMB include AgriBiz Loan (for agri value chain players such as producers and growers), the Small Biz Lite (for micro and small business entrepreneurs). - 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 communities.	<ul style="list-style-type: none"> - DiskarTech also offers the BDA deposit product. - RCBC launched the Moneybela and NegosyanTech programs on RCBC DiskarTech to Filipinos in provincial areas and geographically isolated and disadvantaged communities. MoneyBela, leveraging on the versatility of the Philippine e-tricycle, enabled RCBC to enter yet-to-be-connected communities. With the pilot

⁴³ 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)

⁴⁴ 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) ⁴³	Does the particular operation have impacts on indigenous people?	Mitigating measures (if negative) or enhancement measures (if positive)
				launched in Davao and Bacolod - Refer to details under Economic Performance
ATM Go	Handheld ATM Terminals in 82 provinces nationwide	An inclusion application that mainly targets class C, D, and the unbanked sector. This was instrumental to the government's distribution of funding assistance.	Yes. ATM Go is an Inclusion application that targets the unbanked and underserved sector.	Expanded coverage nationwide and is available through sari-sari stores, pharmacies, rural banks, grocery stores, bakeries, and pawnshops.
Credit Risk Database (CRD) project of the BSP for SMEs.	Created out of a collaboration between the BSP and Japan International Cooperation Agency (JICA) to establish a Credit Risk Database (CRD) for SMEs in the Philippines	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 is an ongoing risk-based lending project which uses a statistical scoring model that assesses the capacity of SMEs to repay their loan.

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	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	
<p>YGC Earth Care Project - The YGC has launched an expanded and forward-looking project of planting 50,000 native trees within a sprawling 100 hectares in Mt. Bangkaan in the Sierra Madre, the longest mountain range in the Philippines. Since the inception of the project in 2011, 23,000 10-year old YGC forest trees planted along the 58-hectare plant site, most of which are now over 20 feet high. The final leg of the project is to cover the remaining 42 hectares. In 2023, the first phase of the Earth Care Project aims to cover 20 hectares with 10,000 tree saplings and the second phase will cover an additional 22 hectares with 11,000 tree saplings. Volunteers from RCBC participated in the tree planting activity conducted in February 2023. The project contributes to reforestation initiatives and watershed protection. Furthermore, the project protects not only the endemic species of the forest but also provides benefit to the nearby indigenous community. Once the trees start bearing fruits between three to five years, the indigenous people will have sustainable cash income streams coming from the various fruit harvests.</p> <p>YGC Christmas Fund Drive - The AYF organized a donation drive encouraging all YGC employees to donate whatever amount. The collected funds will be turned over to Caritas Manila who will distribute gift certificates to the communities who need it the most. The Foundation received a total donation over Php 12 million in the 2023 YGC Christmas Fund Drive.</p>	
What are the risks identified?	
Engaging the unbanked and underserved towards financial inclusion may expose RCBC 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, 2023)	Score	Did a third party conduct the customer satisfaction study?
Customer satisfaction	None ⁴⁵	N/A
Which stakeholders are affected?		
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to customer satisfaction)	

⁴⁵ RCBC has an established feedback mechanisms via the following: (1) QR Code installed at the branches; (2) Consumer Lending Group (CLG) feedback from loan clients via Google Forms; (3) Client feedback generated from Sales Force (ticketing system); feedback posted via Social Media; and (5) direct email from different Head Office Units (if any) in order to effectively resolve complaints/concerns and to ultimately manage client expectations in general. The result of the feedback mechanism is being reported and discussed internally on a regular basis.

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	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?

RCBC is committed to fully enforce the Financial Consumer Protection (FCP) Framework and Reputational Risk Management Framework (RRMF) 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 FCP Framework.

In compliance with BSP Circular Nos. 857 1048, 1160 (BSP Regulations on Financial Consumer Protection), and BSP Circular No. 1114 (Guidelines on Reputational Risk Management), the 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 commitment towards upholding fair treatment of customers at all stages of their business relationship with the Bank. The FCP 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, namely: 1. Disclosure and transparency; 2. Protection of client information; 3. Fair treatment; 4. Effective recourse; and 5. Protection of Consumer Assets against Fraud and Misuse. The RRM Framework, on the other hand, is set out to address prudential requirements in managing reputational risk of the Bank.

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, the Bank follows 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 ROC 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, DiskarTech Customer Support Team and others). 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. Third party concerns related to ESG are forwarded by Customer Care of the Bank to the ESROs for investigation and response. All CAOs submit a complaints report to the Bank's Reputational Risk Department (RRD), formerly Consumer Protection Unit, on a monthly basis. RRD 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 ROC on a regular basis and discussed with targeted groups through monthly or quarterly forums (i.e Branch Services Operational Risk Forum (BSSORF), Digital Enterprise & Innovations Group (DEIG) Forum, Global Transaction Banking Group (GTBG) Forum, Consumer Lending Group (CLG) Forum, Deputy Operational Risk Officer (DORO) Forum).

Additionally, RCBC is focused on integrating a deep awareness of Customer Experience or CX principles and practices in all employees. Customer experience is a top priority for the Bank. To improve the customer experience, the Bank's HRG has formed the CX Excellence Academy, a self-paced certification that sets the global standard for Certified CX Qualifications. CX is one of the newest and fastest growing disciplines in the corporate world and is proven to help companies like RCBC grow their business by retaining customers, increasing new business sales and reducing the cost of serving customers.

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 ROC 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 mandatory 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, 2023)		Quantity	Units
No. of substantiated complaints on product or service health and safety ⁴⁶		0	#
No. of complaints addressed		N/A ⁴⁷	#
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	- 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 the Bank’s products and services are financial in nature, these 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			
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			
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 2 Labor and Working Conditions).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.			

⁴⁶ 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.

⁴⁷ No recorded complaints attributed to Health and Safety for the year 2023.

Marketing and Labeling

Disclosure (January 1 – December 31, 2023)		Quantity	Units
No. of substantiated complaints on marketing and labeling ⁴⁸		0	#
No. of complaints addressed		N/A ⁴⁹	#
Which stakeholders are affected?			
Stakeholder	Issues That Influence Their Assessments and Decisions (in relation to marketing and labeling)		
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	- 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		
Public, inc. media	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 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, E&S impacts of the products and services they consume – both from a product and service labeling and a marketing communications perspective.			
What are the risks identified?			
The display and provision of information and labeling 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			

⁴⁸ 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.

⁴⁹ No recorded complaints attributed to Marketing and Labeling for the year 2023

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 labeling and marketing communications. 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:

- 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

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.

What are the opportunities identified?

Continuous improvements on marketing and labeling 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, point-of-sale materials, and social media materials.

For product updates that will impact fees, rates and other features, a minimum 60 day notice is given to customers prior to implementation.

Other promotional updates and offers are delivered to clients who subscribe to receiving marketing communication from the Bank on a regular basis through Electronic Direct Mailers (EDM).

A Customer Experience or CX Council also meets on a monthly basis to help address customer pain points and find solutions to make customers' transactions with the Bank an excellent customer experience.

Customer Privacy

Disclosure (January 1 – December 31, 2023)		Quantity	Units
No. of substantiated complaints on customer privacy ⁵⁰		0	#
No. of complaints addressed		0	#
No. of customers, users and account holders whose information is used for secondary purposes		606,010	#
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		

⁵⁰ 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.

Government	<ul style="list-style-type: none"> - 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 values and upholds the rights of customers to privacy. RCBC respects consumer privacy and takes reasonable measures to ensure the security/protection of personal data that the Bank collects, stores, processes or disseminates from misuse, interference, unauthorized access, modification and unauthorized disclosure.	
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. Those who are found guilty of violating data privacy will be penalized with imprisonment and payment of fines.	
Management Approach to Risks	
<p>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 and its subsequent revisions are approved by the ACC and confirmed by the Board. The Bank is committed to collect user data through lawful and transparent means, with explicit consent to the data subject where required.</p> <p>The Bank is committed to implement leading data protection standards in order to take care of the employees' personal data. Data Privacy is discussed upon onboarding of all employees of the Bank. E-Learning modules are also provided to ensure all employees are updated of changes in the regulations, as applicable. Privacy bulletins are also regularly issued to provide tips and reminders on best practices. The policy and e-learning materials is reviewed at least every two years, or earlier as applicable. Under the Bank's 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 are 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. It is posted not only in the Bank's website but in all of the Bank's branches, lending centers, and other areas where personal data of customers are being processed.</p>	
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 ensures that privacy policies are updated and cascaded, and privacy notices are posted where appropriate (i.e., RCBC website, Branches). The Bank 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, 2023)		Quantity	Units
No. of data breaches, including leaks, thefts and losses of data		0	#
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			
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:			
<ul style="list-style-type: none">- To protect the information assets that support the Bank’s operations;- To provide Management with 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.			
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 that those providers take appropriate measures to protect that information and restrict the uses to which they can put that information. The data privacy and security policy are considered and applied in 100% of the Bank's operations.			


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
<p>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:</p> <ul style="list-style-type: none"> - 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. - Constant information security awareness campaigns across the Bank that will strengthen the level of appreciation of its associates in protecting information assets. - Close monitoring of information security related incidents through accessible and timely reporting processes. <p>The Bank's Information Security Governance Division (ISGD) has an Information Security Strategic Plan (ISSP) and Information Security Program (ISPr) aligned with the business objectives of the Bank. ISGD also establishes governance-specific policies, standards, and procedures for information security risk management, conducts trainings and issues advisories to increase information security awareness, and performs the Information Security Risk Assessment (ISRA) and Information Security Annual Certification (ISAC) for the whole Group to manage, identify, and address information security risks.</p> <p>RCBC's information security management system is based on the National Institute of Standards and Technology (NIST) and Payment Card Industry Data Security Standard (PCI DSS). The Bank's cyber security personnel have obtained the following qualifications: CISM (Certified Information Security Manager, CDPSE (Certified Data Privacy Solutions Engineer) and CPISI (Certified Payment Industry Security Implementer).</p>
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
<p>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.</p> <p>RCBC may amend its data privacy notice to comply with changes in relevant laws and regulations and to keep customers informed of changes in the ways that the Bank processes their personal data. Updates are posted on the RCBC website.</p>

UN SUSTAINABLE DEVELOPMENT GOALS


The RCBC Plaza in Makati City received the 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. LEED-certified buildings save money, improve efficiency, reduce carbon emissions, and create healthier working / living spaces. They are a critical part of addressing climate change, addressing the following UN SDGs: SDG 7, SDG 11, SDG 12, and SDG 13.


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**. The Bank is committed to safeguarding our people and our planet, while fostering partnerships, and pursuing prosperity that will usher in a sustainable and resilient path by 2030.

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"> - RCBC Pulz - DiskarTech - ATM Go - MoneyBela - RCBC Boz 	 <p>No Poverty. Both DiskarTech and ATM Go were instrumental in the government's distribution of funding assistance.</p> <ul style="list-style-type: none"> - DiskarTech targets lower economic classes, C and D, and provides all-in-one online financial services needed by the unserved and underserved consumers - ATM GO has expanded its services to all 82 provinces of the Philippines and is available through sari-sari 	<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>The bank partners with various organizations and LGUs to reach more Filipinos and educate them about financial services that can grow and protect their income.</p>


Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	<p>stores, pharmacies, rural banks, grocery stores, bakeries, and pawnshops.</p> <p>Zero Hunger and Good Health and Well Being. Services have been instrumental conduit for government financial aid and assistance for food and nutrition and education of beneficiary children in schools.</p> <p>Quality Education. Modules on financial literacy called <i>Aralin sa Madiskarteng Pananalapi</i> and the DiskarTechpreneur Bootcamp are provided as part of digital acceleration.</p> <p>Gender Equality. The digital innovations improve the economic lives of women with low or no income, working class women and members of female-led households.</p> <p>Decent Work and Economic Growth. Digital acceleration provides and expands access to banking and financial services for all. RCBC Boz is designed for microentrepreneurs and business owners for managing budgets, invoicing, and payrolls among others.</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 processed more than Php 15 billion in transactions as of year-end 2023.</p> <p>In an effort to champion empathy-driven banking innovations, RCBC launched RCBC Moneybela Barangay Banking. Through the use of sustainable e-trikes RCBC is able to provide remote banking services to Filipinos in provincial areas and geographically isolated and</p>		


Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	<p>disadvantaged communities</p> <p>Sustainable Cities and Communities. Financial capacity building is offered at the barangay level through the ATM Go and Moneybela Barangayan Banking physical-digital (phygital) blended banking experiences at geographically isolated, disadvantaged and conflict areas. RCBC also took the lead to fully adopt PalengQR which empowered merchants and market vendors in different pilot cities and provinces' public markets to accept digital payments through the interoperable QRPh code.</p> <p>Climate Action. Bridging the gap through digital engagements among and between government and non-government organizations promote reduction in carbon footprint.</p> <p>Partnerships for the Goals (refer to details under Economic portion). RCBC remains to be a dependable partner in distributing emergency aid to millions of Filipinos during the pandemic.</p> <ul style="list-style-type: none"> • For DiskarTech, key partnerships with the following: DTI, SEC, social enterprises Hapinoy and Growsari and USAID. • For ATM Go, RCBC partnered with the DSWD. 		
<p>Deposits</p> <ul style="list-style-type: none"> - Savings Accounts <ul style="list-style-type: none"> o Flexi Savers o iSave 		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	The Bank identifies, measures, controls, and monitors the risk inherent to its business activities or embedded in products and portfolios. RCBC continually develops an efficient and


Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	<p>No Poverty. RCBC offers inexpensive, easy to open and customizable deposit accounts.</p> <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>Affordable and Clean Energy. RCBC launched the Philippines' first Peso Green Time Deposit (TD) in February 2022 for clients who would like to support green loans and projects under RCBC's Sustainable Finance Framework.</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>Partnership for the Goals. Collaborated with Asian Development Bank (ADB), which allowed RCBC to offer new lending structures and fulfill its commitment to completely divest from its coal exposure by 2031. ADB developed the energy transition mechanism (ETM) concept.</p>		effective risk management infrastructure, and complies with regulations on risk and capital management.
Loans <ul style="list-style-type: none"> - Corporate Loans - Home Loans - Auto Loans - Personal Loans 		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	The Bank identifies, measures, controls, and monitors the risk inherent to its business activities or embedded in its products and

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	  <p>RCBC's Php298.5B UN SDG Loans comprised approximately 41% of the Bank's total loan portfolio in 2023⁵¹. Of this, around half support UN SDG 9: Industry, Innovation, and Infrastructure.</p> <p>Affordable and Clean Energy. RCBC participated in the ETM project of ACEN for the early decommissioning of SLTEC's coal-fired power plant by 15 years.</p> <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 Credit Cards' Personal Loan and Salary loan products increase access to financial services. Moreover, through the credit card's Digital Cash Loan platform, RCBC enables credit cardholders to easily avail of a loan by converting their unused credit limits into cash with real-time loan approval.</p> <p>Reduced Inequalities. RCBC's loan products empower and promote economic inclusion. RCBC lends to the underserved and low-income individuals, promoting</p>	managed to prevent bank failure.	portfolios. RCBC continually develops an efficient and effective risk management infrastructure, and complies with regulations on risk and capital management.

⁵¹ RCBC's Sustainable Finance Framework (initially issued April 2019 and amended February 2024) expounds on the alignment of the Green / Social Bond Principles with the UN SDGs and their corresponding target descriptions. Estimates on the UN SDG loans were derived from the Bank's Sustainable Finance Framework and continuing internal cross-checking with other industry practices such as the BSP definition for Small and Medium Enterprises (SMEs), Department of Human Settlements and Urban Development (DHSUD) definition of Economic and Socialized Housing and the Philippine Standard Industrial Classification (PSIC) among others.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	<p>socioeconomic advancement and empowerment.</p> <p>Sustainable Cities and Communities. RCBC's personal loan products increase access to safe and affordable housing and transport</p> <p>Climate Action. The Bank's coal exposure will be phased out by 2031. This is aligned with the RCBC President and CEO Eugene S. Acevedo's public commitment in December 2020 to cease funding of the construction of new coal power plants in the Philippines.</p>		
Credit Cards	 <p>Zero Hunger and Gender Equality. RCBC Credit Cards' Diamond Platinum Mastercard has a built-in program, the Diamond Cares Program, where for every Php 100 charged to the card, RCBC Credit Cards automatically donates Php 0.10 to support Gawad Kalinga's Kusina ng Kalinga, Zonta Foundation for Women or the World Wide Fund (WWF).</p> <p>Good Health and Well-Being and Life on Land. The Philippine Red Cross, World Vision Philippines, and WWF-Philippines are beneficiaries of RCBC Credit Cards' <i>Rewards for the Soul</i> – a social advocacy component of the RCBC Credit Cards Rewards Program.. Cardholders earn rewards points for their qualified purchases, and can donate the peso value of their Reward Points to their</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.	RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	<p>chosen organization.</p> <p>Quality Education. Other beneficiaries of RCBC Credit Cards' <i>Rewards for the Soul</i> are AY Foundation and SOS Children's Village Philippines. Cardholders can voluntarily donate to help support the education and provide homes & facilities to the most vulnerable children and communities using their Rewards Points.</p> <p>Responsible Consumption and Production. In 2023, RCBC pioneers the use of recycled materials for the Bank's credit cards indicating a strong commitment to promoting environment-friendly materials reducing the use of virgin plastic in the Bank's operations. As of December 31, 2023, 61% of average monthly card issued are rpVC. Since 2021, RCBC Credit Cards has been promoting the use of electronic Statement of Account (SOA) to reduce printing of paper SOA.</p>		
Micro & Small Business Loans & Savings Products	 <p>No Poverty. RMB's loan and savings products cater to the underserved and small businesses in the country. RMB 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>	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.	RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	<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>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 its subset of Eligible Blue) and Eligible Social assets.</p>	 <p>Download RCBC's Sustainability and Impact Report from www.rcbc.com/sustainability. This report presents the Bank's Sustainable Finance Framework's impact and contribution to the UN SDGs.</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.	The Sustainable Finance Framework has a clear project selection and evaluation process.



Partners Through Generations

Rizal Commercial Banking Corporation

Sustainability Report 2023 Annex

Supply Chain Management

Code of Ethics for Suppliers



Procurement Shared Services

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



Procurement Shared Services

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.



Procurement Shared Services

Policies on Entertainment & Business Meals

1. Entertainment and business meals from suppliers for procurement personnel are generally not allowed.

Exceptions are the following:

1. Site visits
2. Social event of suppliers where customers are invited to attend
3. Social event of supplier to discuss business with supplier's partners
4. Official group visits to suppliers where benefit is for the group (not individual)
5. Product launches or updates
6. All other exceptions shall be cleared and approved by the PSS GM



Procurement Shared Services

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. A supplier shall immediately disclose to PSS if a YGC employee 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.



Procurement Shared Services

Policies on Conflict of Interest

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



Procurement Shared Services

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.



Procurement Shared Services

Policy on Confidentiality

1. Suppliers with access to non-public information shall not disclose such information to other parties without the written consent of a Senior Officer (SVP or higher) of the YGC Member.



Procurement Shared Services

Sanctions

1. Those found in violation of the Code of Ethics for Suppliers shall be permanently Blacklisted and delisted from the Accredited Suppliers List.
2. If the YGC member suffers a loss, remedies (i.e. legal case) against the erring supplier shall be pursued.



Procurement Shared Services

Policies on Supplier Blacklisting

1. The PSS Board shall approve the blacklisting of suppliers as well as lifting of blacklisted suppliers.
2. If supplier commits a violation against YGC PSS policies on Code of Ethics, supplier will be blacklisted, regardless if supplier has more than one product or service used by YGC.
3. Supplier shall also be blacklisted if the following offenses are committed:
 - a. Integrity issues such as: dishonesty i.e. willful action of the supplier to defraud any YGC Member; connivance with YGC personnel to commit fraud; payment of commissions or gratuity in any form in cash or in kind; submission of fake corporate documents; misuse of YGC funds (down payment); willful use of inferior/ unapproved materials



Procurement Shared Services

Policies on Supplier Blacklisting

- b. Abandonment of project with or without down payment
- c. Failure to meet contractual commitments, e.g off standard deliveries
- d. Failure to meet corrective actions
- e. Failure to meet safety policies leading to loss of life, injury or damage to property
- f. Unjustified delays in the completion of delivery of ordered products/ services
- g. Failure to improve unsatisfactory performance for 2 consecutive years
- h. Failure to submit audited financial statements for 2 consecutive years



Procurement Shared Services

Policies on Supplier Blacklisting

- i. Failure to submit Close-out documents within 60 days from deadline date
 - j. Inability to make payments to suppliers
 - k. Distressed companies
 - l. Companies in the negative list
 - m. With pending legal case filed by YGC Member against the supplier
 - n. Upon instruction from Senior Management or as approved by the IT Council Head for IT suppliers
4. If the supplier is blacklisted, there will be no temporary lifting even if sole supplier. Erring suppliers with current transactions with YGC shall be Watchlisted or Restricted . No future projects shall be granted to such supplier but handling shall be Confidential in coordination with YGC PSS GM.



Procurement Shared Services