

Act. Change. The RCBC Way

2023 Sustainability and Impact Report



About the Report

For the second consecutive year, RCBC has combined its Sustainability Report and Impact Report into one publication, signaling the Bank's collective commitment to making sustainability, and its diverse aspects, a core part of its business strategy.

This 2023 Sustainability and Impact Report (SIR) highlights significant milestones:

- **Artificial Intelligence (AI)-backed Innovation and Transformation** through the launch of RCBC Pulz and AI digital landscape training for the Bank's Senior Leaders
- **Strengthened Advocacy in Sustainable Finance** by laying the groundwork for updating the Bank's Sustainable Finance Framework, culminating in the publication of an enhanced Sustainable Finance Framework in February 2024
- **Transparency in Climate Risk Management** through continuing compliance with the financed greenhouse gas (GHG) emissions disclosure requirements of the Partnership for Carbon Accounting Financials (PCAF), where the Bank continues to be the sole Philippine bank signatory
- **Fortified Business Resilience** through the inauguration of a newly constructed alternate site, serving as the Bank's and its subsidiaries' backup for critical functions in case the primary office in Metro Manila becomes inaccessible or unsafe

The SIR also covers RCBC's contributions to the United Nations Sustainable Development Goals (UN SDGs).

Reporting Frameworks

The Report was designed in accordance with:

- Sustainability Reporting Guidelines for Publicly Listed Companies under the Securities and Exchange Commission (SEC) Memorandum Circular No. 4 Series of 2019. Consistent with the SEC's guidelines on Sustainability Reporting, these four material topics are extensively discussed:
 - Economic
 - Environment
 - Social
 - Contributions of RCBC products and services to the UN SDGs

- BSP Circulars 1085 and 1128 mandating banks to adopt a Sustainable Finance Framework and requiring banks to integrate environmental and social risks in the Environmental and Social Risk Management Framework, respectively.
- RCBC's Sustainable Finance Framework, as amended in February 2024 — Under this Framework, RCBC publishes an Allocation Report and an Impact Report that conform to the disclosure requirements of BSP Circular 1085. Reporting takes place a year following the issuance of the Sustainable Financing Instruments (SFIs) and renewed annually until the full allocation of the net proceeds.
 - The **Allocation Report** shows how the net proceeds from the SFIs are distributed in the Eligible Green (with a subset of Eligible Blue) and Social Portfolios.
 - The **Impact Report** shows the aggregated impact of the Eligible Green (with a subset of Eligible Blue) and Social Portfolios, as well as the impact of the Eligible Green (with a subset of Eligible Blue) and Social Portfolios based on the UN SDGs.
- PCAF's Global GHG Accounting and Reporting Standard Part A: Financed Emissions (Second Edition) – RCBC's disclosure on its financed GHG emissions is based on the PCAF's methodological guidance for asset classes, particularly for business loans. Included in the disclosure are:
 - **Financed Emissions, representing RCBC's Scope 3 GHG emissions.** This effectively supplements the SEC guidelines on Sustainability Reporting (limited to disclosure of Scope 1 and Scope 2 GHG emissions).
 - **Avoided Emissions, derived from loans to Renewable Energy projects.** Per PCAF Standard, these projects "can result in emissions being avoided as they displace the emissions that normally would have occurred without the project's implementation."
 - **Data Quality Scoring, in recognition of data limitations.** Inputs in applying the PCAF Standard formula rely on assumptions that depend on the available data. According to the PCAF Standard, this data quality scoring "enables financial institutions to develop a strategy to improve data over time."



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About RCBC

Rizal Commercial Banking Corporation (RCBC) started operations in the province of Rizal and was incorporated on September 23, 1960 under the name Rizal Development Bank. In 1963, the Bangko Sentral ng Pilipinas (BSP) granted RCBC a commercial banking license under its present name, and then a universal banking license in 1989.

For over 60 years, RCBC has been a pillar of the banking industry in the Philippines, offering a wide range of products and services, including investments, microfinancing, and overseas remittances.

RCBC is a publicly listed company (Stock Code: RCB) in the Philippine Stock Exchange. It is majority-owned by the Yuchengco Group of Companies (YGC), a premier business organization in the Philippines covering over 60 businesses 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 when it recorded total assets of over Php1.2 trillion in 2023. In the same year, the Bank posted a record-high consolidated net income of Php12.22 billion, boosted by a 15% year-on-year increase in customer loans, better than industry average.

As a diversified financial institution, RCBC serves corporate and individual banking needs through multiple customer channels that offer innovative products and services to various markets. As of end-2023, the Bank had a total consolidated network of 458 branches and 1,460 ATMs.

RCBC's inclusive financial business model expanded in 2010 when it ventured into the microfinance business through Rizal MicroBank (RMB, the thrift bank subsidiary) to serve the unbanked and underserved segments of the country's population. As one of the youngest affiliates of YGC, RMB mainly provides loans to microenterprise and small business operators as well as agricultural value chain players.

At the Forefront of Sustainability

RCBC leads the way in sustainable banking, having received a total of 16 sustainability-related awards since 2019.

In **2023** alone, it has been lauded as:



The Bank also 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 four years in a row, AsiaMoney has awarded RCBC the “Best Bank for Digital Solutions,” saying: “When it comes to digital solutions, RCBC remains the bank to beat.”

Others accolades in 2023 include

- *Grand Champion, Digital Payments and Financial Inclusion, Bankers Institute of the Philippines*
- *Best SSS Disbursement Partner for Digital Bank Category, 2023 Balikang Bayan Awards*
- *Best CSR Initiative - Financial Literacy, Retail Bankers International*
- *Best Digital Bank Philippines 2023, Global Business Review Magazine Award*
- *Best Innovation Management Team Philippines 2023, Global Business Review Magazine Award*
- *Most Innovative Internet Banking Service Philippines 2023, Global Business Magazine 2023*
- *Best Digital Bank 2023, Global Business Magazine 2023*
- *Best Bank for Digital 2023, World Economic Magazine*
- *Gold Award, Ecosystem-Led Innovation, Infosys Finacle Innovation Awards 2023*
- *Marketing & Brand Initiative of the Year, ABF Retail Banking Awards*
- *Best Financial Inclusion Initiative - RCBC ATMGo and Moneybela Barangayan Banking, The Asian Banker Excellence in Retail Financial Services and Technology Innovation Philippines Awards 2023*
- *Best Digital Bank Philippines 2023, International Business Magazine Awards 2023*
- *Best Financial Inclusion Initiative, The Digital Banker 6th Annual Global Retail Banking Innovation Awards 2023*
- *Best Initiative in Social Responsibility, The Asset ESG Corporate Awards*
- *Inspirational Brand Award, Asia Pacific Enterprise Awards (APEA) 2023*
- *Best Program in Digital Marketing - RCBC Pulz, 5th Bank Marketing Awards*
- *Best Electronic Channel Program - ATMGo, 5th Bank Marketing Awards*
- *Best Brand Program - RCBC DiskarTech, 5th Bank Marketing Awards*
- *Service and Solution Category - RCBC DiskartechPreneur, International Innovation Awards*

2023 was another challenging year for the global economy. We were expecting full economic recovery, but inflation and interest rates remained high; geopolitical rifts in Ukraine, Gaza, and some parts of the Middle East widened; while China struggled to rise from its property woes.

Against this backdrop, the Philippines outpaced its neighboring economies in Asia in 2023, with a growth of 5.6% in gross domestic product.

RCBC benefitted from this strong economic momentum, as well as managed to successfully navigate the turbulent global environment — and we did so without losing sight of our strategic focus on sustainability.

We began our sustainability journey nearly 13 years ago when we implemented an Environmental and Social Management System (ESMS) in 2011, followed by having our own Sustainable Finance Framework in 2019 (updated this year). We became one of the earliest adopters of Bangko Sentral ng Pilipinas (BSP) Circular 1085, which mandates Philippine banks to integrate sustainability considerations in their governance frameworks, risk management systems, strategies, and operations.

Along the way, our goals and aspirations have evolved. While we remain focused on achieving our sustainability goals, we also strive to do more to contribute to the sustainability transition. To this end, in 2021, we signed up as a member of the Partnership for Carbon Accounting Financials (PCAF) — becoming the first Philippine bank to be a signatory and the first Southeast Asian advisory engagement of the International Finance Corporation (IFC) and 2 Degrees Investing Initiative (2DII) for the use of the Paris Agreement Capital Transition Assessment (PACTA) tool. The following year, we started adopting these quantitative global climate risk analysis tools to help address climate change in terms of our loan portfolio.

Being a leader in this field is an important part of our commitment to sustainability. Not only do we aim to be recognized for our size — as the country's fifth largest privately owned bank in terms of assets — but even more so for the breadth and depth of the impact we make in the lives of our customers and employees, the communities we touch, and the world we live in.

MESSAGE FROM THE CHAIRPERSON

Sustainability, the RCBC Way

In 2023, two highly prestigious award-giving institutions gave their affirmation that we are doing well and doing things right. For the second year in a row, RCBC was recognized in The Asset ESG Corporate Awards 2023, where we bagged the Platinum Award for creating sustainable value for our investors and stakeholders. Also, for the second consecutive year, RCBC was named as the “Best Bank for Sustainable Development” by the 2023 Global Banking & Finance Awards® for having sustainable development objectives, sustainable business practices, and sustainable offerings to clients like impact investing, and sustainable financing solutions. The award also considered our dedication to energy management, reducing our environmental impact, and stakeholder engagement in promoting sustainable development in the region.

These accolades serve as a powerful testament, not only of our firm commitment to sustainability, but of what we proudly call “The RCBC Way” — how we work to achieve commercial success, but at the same time, fulfill our purpose as a responsible business.

It also speaks of the many ways our people, products, and technology innovations are helping to improve lives.

We recognize that realizing a future without climate change, poverty, or social inequity will require more than just our own efforts and resources. It will require partnerships and collaboration, innovation, and supportive public policy. To this view, we are committed to taking a broad view of our value chains and engaging with other organizations to create more ripples of positive change. Only by linking arms with each other can we magnify our actions and create significant results for a more sustainable future together. Thus, we invite you to read our 2023 Sustainability and Impact Report to find out how we strive to create lasting and positive change, and how you can join us in making the world a better place.



**“Being a leader in this field
is an important part of our
commitment to sustainability.”**

HELEN YUCHENGCO-DEE
Chairperson

PRESIDENT'S REPORT

Our Role in a Growing World

By all measure, 2023 was a tumultuous year.

Climate change, the world's biggest existential threat, is no longer just a topic for scientific or political debate. If it's not the extreme heat that causes drought, wildfires, and dangerous fumes, it's the flooding, storms, and other disasters that destroyed many lives and property. The reality is that our planet is now being pushed beyond its ability to support us.

The world's population is reported to have breached eight billion people for the first time. This has profound implications on the availability of water, food security, biodiversity, and greenhouse gas emissions, among others.

As one of the leading banks in the Philippines, a country considered among the world's most vulnerable to the impacts of climate change, RCBC plays an important role in mobilizing funds that will help meet the needs of a growing population. While we must fulfill this obligation, we cannot do it alone. Securing broad and lasting impact requires a concerted effort to find fair and shared solutions to common challenges.

For the Environment

We support the principles under the Paris Agreement on Climate Change to limit global warming.

Demonstrating our commitment, we pledged to cease funding for the construction of new coal-fired power plants since 2020 and zero-out our remaining exposures by 2031. We are channelling more credit to renewable energy and energy efficiency projects, which accounted for the lion's share of our total sustainable portfolio (comprising over 40% as of end-2023).

We started to report our funding for eligible blue projects in 2023, in support of opportunities in sustainable water management. As in previous years, these projects form part of our financing activities for Eligible Green projects.

For Society

While green or environmental projects comprise the bulk of our sustainable portfolio, we also help fund projects which contribute to meeting societal needs such as affordable housing, employment generation for MSMEs, and access to basic services such as healthcare and education.

In 2023, RCBC has mobilized approximately Php 41 billion for over 18,000 projects in its Eligible Social portfolio. Of the total, close to 50% went to affordable housing, which help augment the estimated 22 million housing backlog by 2040.¹

We have so far issued USD1.8 billion in sustainable financing instruments, including the USD400-million, five-year Sustainability Bond in January 2024.

As of December 2023, RCBC has around Php35 billion in sustainability bonds and green time deposits that refinance our Eligible Green and Eligible Social portfolio.

We continue to embark on and support initiatives that will empower our customers, employees, and local communities, while working alongside various partners and civic organizations.

For Good Governance

Sustainability is also about good governance or simply doing the right and responsible thing.

We believe in maintaining the highest standards of transparency, accountability, and ethical conduct in everything we do. A concrete proof of this commitment is the 4 Golden Arrows recognition we earned from the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards of the Institute of Corporate Directors in 2023. This recognized our initiatives to uphold best-in-class corporate governance standards and practices.

For the Future

As the global population continues to grow, so is the importance and urgency to mobilize more financing to support sustainable practices and initiatives. Securing enough resources poses the biggest challenge to meeting the United Nations Sustainable Development Goals by 2030, with developing countries facing a growing financing gap estimated at US\$ 4.2 trillion per year.²

We will continue to roll out initiatives that would reduce our environmental footprint, provide economic and social mobility for the people working for and with us, and promote responsible practices and behaviors within the company and in our value chains.

With your strong support to our sustainability journey, I am confident that RCBC will continue to be a leader in sustainable finance. We thank our fellow bankers for the hard work and dedication they continue to demonstrate daily to realize RCBC's ambitions while creating fair and sustainable value, for the benefit of current and future generations.

"Securing broad and lasting impact requires a concerted effort to find fair and shared solutions to common challenges."

EUGENE S. ACEVEDO
President and CEO

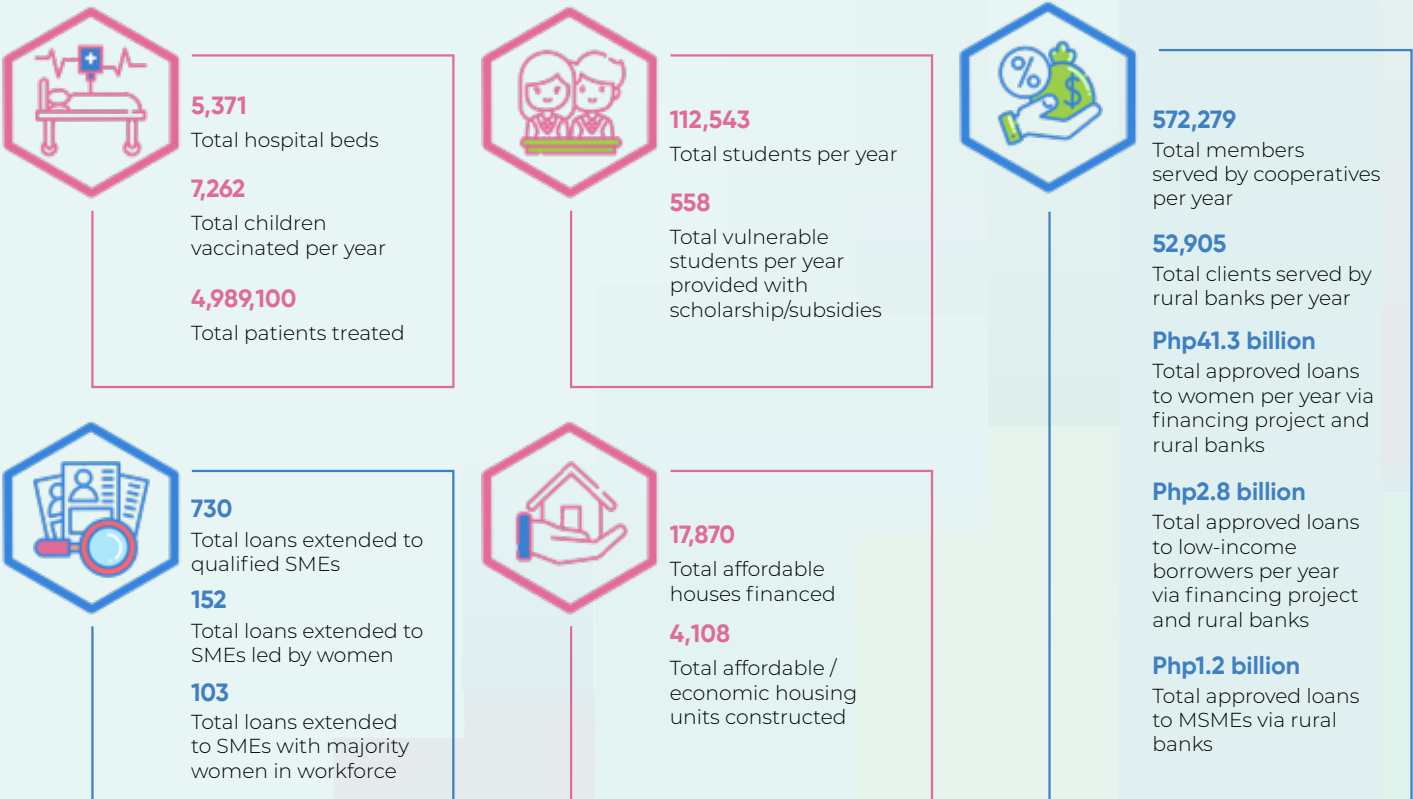
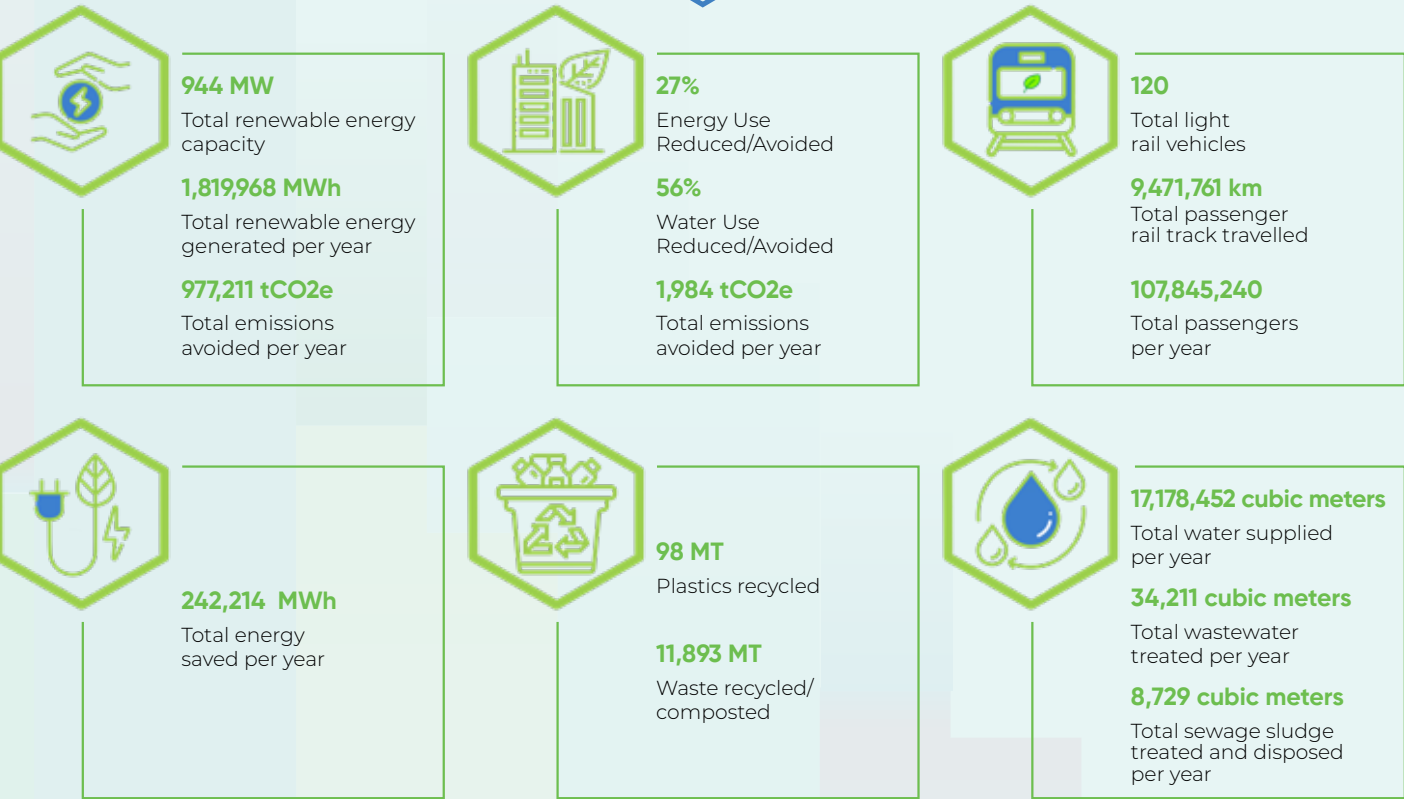


¹ UN Habitat Philippines. (2023). UN-Habitat Philippines Country Report 2023. https://unhabitat.org/sites/default/files/2023/06/5_un-habitat_philippines_country_report_2023_final_compressed.pdf

² Joint SDG Fund, <https://jointsdgfund.org/sdg-financing#:~:text=If%20progress%20toward%20the%20SDGs,US%24%204.2%20trillion%20per%20year.>

Sustainability Impacts at a Glance

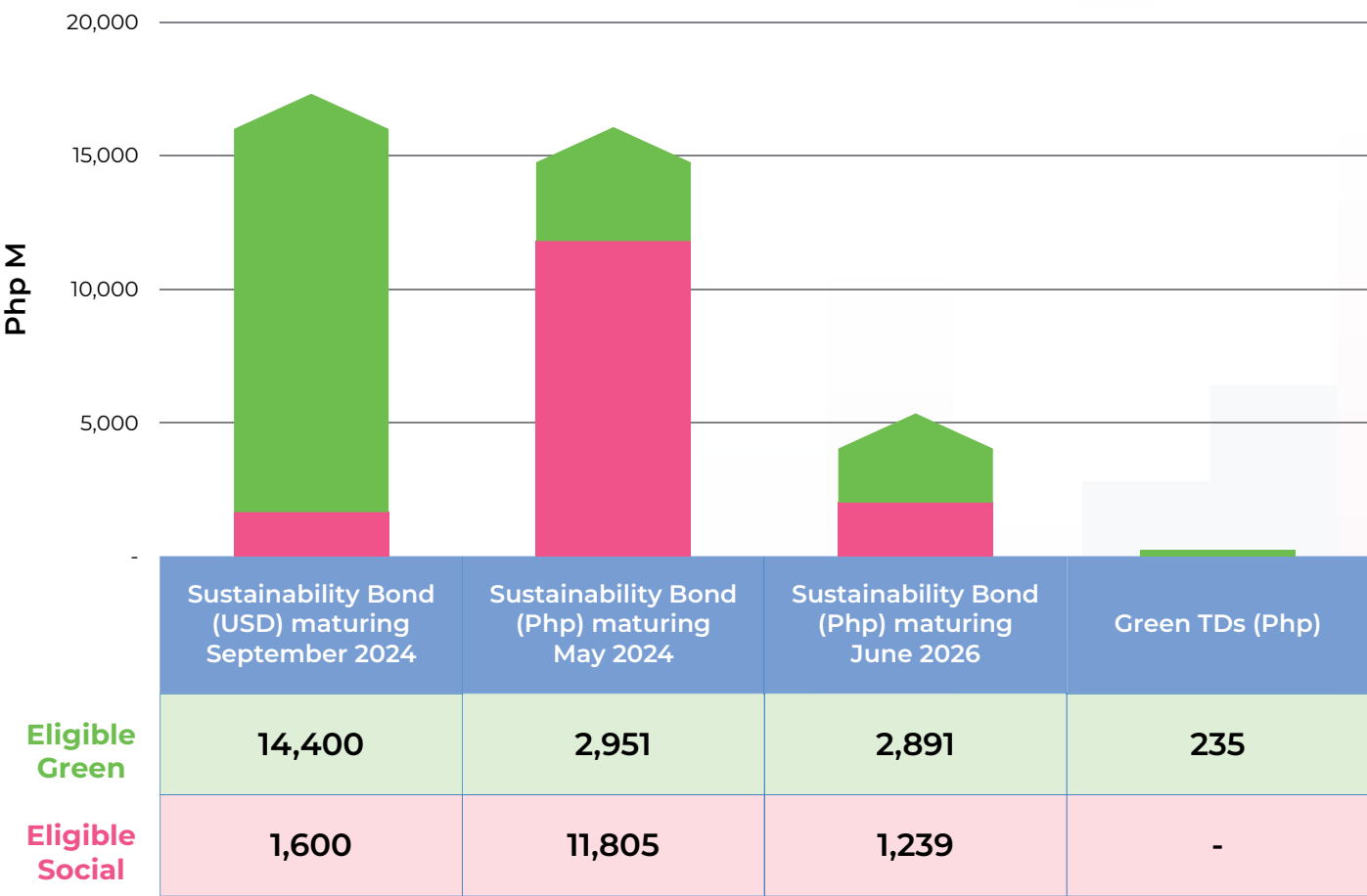
RCBC helped fund projects that have made environmental and social impacts.



Sustainability Impacts at a Glance



RCBC Sustainable Financing Instruments
As of December 31, 2023



RCBC on Sustainability

RCBC aligns its business strategy to support the development needs of the environment and society, as articulated in the United Nations Sustainable Development Goals (UN 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 the communities it serves. The Bank believes 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 for the construction of new coal power plants in the country or anywhere 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.

As the economy continues to recover in 2023, the following remain fundamental to the Bank'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
- Ensuring sustainability across the value chain (including lending units, suppliers and partners)

Governance

RCBC affirms its commitments to Environmental, Social, and Governance (ESG) principles as part of its 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 on various functions affecting the Bank's overall business. The Risk Oversight Committee (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. Rizal Microbank (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.



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 its lending process since 2011, almost a decade ahead of the issuance of BSP Circular 1085. Its 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. The Performance Standards of IFC, a shareholder of RCBC, 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, establishing a shared commitment with RCBC toward sustainable practices. Unresolved concerns over an established monitoring period, if any, are escalated to the ROC for proper guidance/oversight discussions. The ESMS 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.

- The Bank's Risk Management Group (RMG) submits monthly ESMS updates to the ROC. 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 fund raising 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 standards³ 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

the Philippines. Under the SPO, Sustainalytics cited RCBC's Framework as "credible and impactful." These documents are published on RCBC's website: <https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-1.pdf>, <https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-Second-Party-Opinion.pdf>

- 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 its Eligible Sustainable Portfolio and Sustainable Funding. The allocation report covering 2023 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 Blue Bond or Blue Loan go to Eligible Blue 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 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 combatting climate change. Both the annual Allocation Report and the Sustainability and Impact Report are published on RCBC's website: <https://www.rcbc.com/sustainability>.
- 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 2023. 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 surpassed its remaining exposure to coal-fired power projects.

³ 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.

RCBC on Sustainability

RCBC helped fund projects that have made environmental and social impacts.



Eligible Green

	No. of Projects	Amount (Php M)	%	Impact				SDG Addressed
	22	57,134	58%					
Renewable Energy	14	28,248	29%	944 MW total renewable energy capacity	1,819,968 MWh total renewable energy generated per year	977,211 tCO ₂ e total emissions avoided per year		
Green Buildings	1	4,960	5%	27% % of Energy Use Reduced/Avoided	1,984 tCO ₂ e total emissions avoided per year	56% % of Water Use Reduced/Avoided	0.50 km distance to public transportation	
Clean Transportation	1	8,211	8%	120 Total No. of vehicles	9,471,761 Total km of passenger rail track travelled	107,845,240 Total No. of passengers per year		
Energy Efficiency	1	14,740	15%	1,106,000 km of Fiber Technology Constructed	242,214 MWh Energy Savings			
Pollution Prevention and Control	2	57	0.1%	98 MT total plastic recycled	11,893 MT waste recycled/composted			

Eligible Blue

Sustainable Water Management	3	917	1%	17,178,452 m3 total water supplied	34,211 m3 total wastewater treated	8,279 m3 total sewage sludge treated and disposed	



Eligible Social

	No. of Projects	Amount (Php M)	%	Impact					SDG Addressed
	18,641	41,009	42%						
Access to Essential Services - Healthcare	11	2,131	2%	5,371 Total No. of Hospital Beds	7,262 Total No. of Children Vaccinated per year	4,989,100 Total No. of Patients Treated per year	1,791 Total No. of Live Births in the Hospital per year		
Access to Essential Services - Education	13	3,210	3%	112,543 Total No. of Students per year	558 Total No. of Vulnerable Students per year				
Socioeconomic Advancement and Empowerment	16	11,339	12%	572,279 Total number of members served by cooperatives per year	52,905 Total number of clients served by rural banks per year	Php 41.3 billion Total Approved Loans to Women via financing project and rural banks	Php 2.8 billion Total Aproved Loans to Low Income Borrowers via financing project and rural banks	Php 1.2 billion Total Aproved Loans to MSMEs via rural banks	
Employment Generation	730	4,758	5%	730 Total No. of loans extended to qualified MSMEs	152 Total No. of MSMEs with majority women in senior management / ownership positions	103 Total No. of MSMEs with majority women in workforce / supply chain	4 Total No. of Small-scale Food Producers		
Affordable Housing	17,871	19,572	20%	17,870 Total No. of Affordable Houses financed	4,108 Total No. of Affordable/Economic Housing units sold				

Stakeholders



Stakeholders	Component	Issues that Influence Their Assessments and Decisions
Stockholders	Economic Performance	<ul style="list-style-type: none">Financial performance/health: Revenue, operating costs, remaining value retained in the company for liquidity and future investmentsFiscal and risk management to enhance profitability and bank operationsRegulatory compliance with BSP, SEC and PSE and international best practicesEconomic contribution to the countryDividends given to themCommunity investments
	Financial Intermediation	<ul style="list-style-type: none">Credit risk of portfolioProfitability of portfolio
	Business Ethics	<ul style="list-style-type: none">Capability to fight corruptionCommitment in combatting corruptionAdvocacy for transparency and accountabilityTimely and transparent disclosures on governanceEnforcement of policies on anti-corruption, AMLA and Fraud
Management	Financial Intermediation	<ul style="list-style-type: none">Credit / transition riskProfitability of portfolio
	Procurement Practices	<ul style="list-style-type: none">Local sourcing to help ensure stable supply
Loan/Fund Providers & Creditors/ Depositors	Economic Performance	<ul style="list-style-type: none">Equitable interest rates and sound financial adviceValue creation: financial contribution and impact to UN SDGs
	Business Ethics	<ul style="list-style-type: none">Capability to fight corruptionCommitment in combatting corruptionProtection of deposits and loans/credits provided
Customers/ Clients	Economic Performance	<ul style="list-style-type: none">Evidence of financial capacityReliability of operations, unusual decline in financial results
	Financial Intermediation	<ul style="list-style-type: none">Support for financing
	Business Ethics	<ul style="list-style-type: none">Capability to fight corruptionCommitment in combatting corruptionProtection of deposits
Employees	Economic Performance	<ul style="list-style-type: none">Equitable wages and benefits
	Business Ethics	<ul style="list-style-type: none">Capability to fight corruptionCommitment in combatting corruptionProtection of employees
Suppliers	Economic Performance	<ul style="list-style-type: none">Payments made
Government/ Regulators (BSP, SEC, PSE)	Economic Performance	<ul style="list-style-type: none">Taxes paid
	Financial Intermediation	<ul style="list-style-type: none">Credit risk of the portfolio
	Business Ethics	<ul style="list-style-type: none">Bank transparency and accountabilityCompliance with rules and regulations set by BSP, SEC and PSERegular conduct of internal and external auditsMonitoring of ethics and complianceCapability to fight corruptionCommitment in combatting corruption

Stakeholders	Component	Issues that Influence Their Assessments and Decisions
Community	Economic Performance	<ul style="list-style-type: none">Corporate Social Responsibility (CSR) programsCommunity investments with positive impactPeriodic partnerships and sponsorshipsParticipation in and support of worthy causesSupport for the economy through local sourcing
	Financial Intermediation	<ul style="list-style-type: none">Reduced environmental and social impact of RCBC clients' operations
	Procurement Practices	<ul style="list-style-type: none">Economic inclusion as positive impactLocal sourcing support for stable local economy and community relationsEncouraging of additional investment to the local economy
Public, including media	Financial Intermediation	<ul style="list-style-type: none">Reduced environmental and social impact of RCBC clients' operations – potential reputational impact
	Business Ethics	<ul style="list-style-type: none">Capability to fight corruptionCommitment in combatting corruption - potential reputational impact for public legal cases regarding corruption



Stakeholders	Component	Issues that Influence Their Assessments and Decisions
Management	Resource Management	<ul style="list-style-type: none">Efficiency of managing resources
	Environmental Compliance	<ul style="list-style-type: none">Monetary finesNon-monetary sanctions
Government / Regulators (DENR)	Ecosystems and Biodiversity, Environmental Impact Management, Environmental Compliance	<ul style="list-style-type: none">Compliance with environmental laws and regulationsReduction of environmental impactsConcern for environmental protectionAbility to conform to certain performance parameters
Customers/ Clients	Environmental Compliance	<ul style="list-style-type: none">Interruption of business/operations due to breach of environmental laws/regulationsReputational impact
Employees	Environmental Compliance	<ul style="list-style-type: none">Interruption of business/operations due to breach of environmental laws/regulationsReputational impact
Stockholders	Resource Management	<ul style="list-style-type: none">Profitability of the organizationEfficiency of managing resources
	Environmental Impact Management, Environmental Compliance	<ul style="list-style-type: none">Compliance with environmental laws and regulation and potential reputational impact that may lead to divestment
Suppliers	Resource Management	<ul style="list-style-type: none">Consumption of resources (e.g., electricity, water, materials used)Actions that can affect the organization's ability to operate, implement its strategies, and achieve its objectives
Communities, including environmental NGOs	Resource Management	<ul style="list-style-type: none">Environmental effects of resource consumption alongside scarcity of supply, and practices employed by suppliers
	Ecosystems and Biodiversity, Environmental Impact Management, Environmental Compliance	<ul style="list-style-type: none">Reduction of environmental impacts and concern for environmental protection
Public, including media	Resource Management	<ul style="list-style-type: none">Potential reputational impact of the extent of resource consumption, alongside scarcity of supply, and practices employed by suppliers
	Ecosystems and Biodiversity, Environmental Impact Management, Environmental Compliance	<ul style="list-style-type: none">Potential reputational impact of environmental impacts and concern for environmental protection

Stakeholders



Stakeholders	Component	Issues that Influence Their Assessments and Decisions
Management	Employee Management	<ul style="list-style-type: none"> Direct cost implications of policies on employees Efficiency and productivity of employees Quality of service provided by employees
	Workplace Conditions	<ul style="list-style-type: none"> Health and safety of employees
Stockholders	Employee Management	<ul style="list-style-type: none"> Direct cost implications of policies on employees Efficiency and productivity of employees Quality of service provided by employees Satisfaction among employees Talent acquisition and development and organization's investment in training, and the degree to which the investment is made across the entire employee base Equity in the workplace, elimination of gender bias, and equal opportunity
	Workplace Conditions, Labor Standards, and Human Rights	<ul style="list-style-type: none"> Health, safety, and minimal harm – potential reputational impact that may lead to divestment Abolition of child labor, elimination of forced labor, and upholding human rights – potential reputational impact that may lead to divestment
	Supply Chain Management	<ul style="list-style-type: none"> Reduction of negative environmental and social impacts in the supply chain – potential reputational impact that may lead to divestment
	Relationship with Community	<ul style="list-style-type: none"> Reduction of negative impacts on local communities and concern for society – potential reputational impact that may lead to divestment
	Customer Management	<ul style="list-style-type: none"> Customer satisfaction and upholding the rights of customers – potential reputational impact that may lead to divestment
	Data Security	<ul style="list-style-type: none"> Data security and customer privacy – potential reputational impact that may lead to divestment
Employees	Employee Management	<ul style="list-style-type: none"> Satisfaction among employees Equity in the workplace 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 Talent acquisition and development and organization's investment in training, and the degree to which the investment is made across the entire employee base Approach to communicating significant operational changes Negotiations for determining working conditions and terms of employment or for regulating relations between employers and workers Equity in the workplace, elimination of gender bias, and equal opportunity
	Workplace Conditions, Labor Standards, and Human Rights	<ul style="list-style-type: none"> Health and safety, minimal harm Abolition of child labor, elimination of forced labor, and upholding human rights

Stakeholders	Component	Issues that Influence Their Assessments and Decisions
Customers/ Clients	Employee Management	<ul style="list-style-type: none"> Efficiency and quality of service provided by employees
	Customer Management	<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 Fast complaints resolution Upholding the rights of customers
	Data Security	<ul style="list-style-type: none"> Data security Customer privacy Compliance with laws and regulation Ability to conform to certain performance parameters
Suppliers	Supply Chain Management	<ul style="list-style-type: none"> Procurement policies Supplier Accreditation process Vendor Performance Evaluation
Government / Regulators	Employee Management	<ul style="list-style-type: none"> Protection of employees
	Customer Management	<ul style="list-style-type: none"> Absence of major issues and concerns raised with the regulator
	Data Security	<ul style="list-style-type: none"> Data security and customer privacy Compliance with laws and regulation Ability to conform to certain performance parameters
Community	Employee Management	<ul style="list-style-type: none"> Optimal use of available labor and talent in different regions Organization's investment in human resources, training, and the quality of benefits Ability to attract talent / potential employees in the 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 Equity in the workplace, elimination of gender bias, and equal opportunity
	Workplace Conditions, Labor Standards, and Human Rights	<ul style="list-style-type: none"> Health, safety, and minimal harm – potential reputational impact Abolition of child labor, elimination of forced labor, and upholding human rights
	Supply Chain Management	<ul style="list-style-type: none"> Reduction of negative environmental and social impacts in the supply chain and concern for environment and society
	Relationship with Community	<ul style="list-style-type: none"> Reduction of negative impacts on local communities and concern for society Continuous enhancement of community relations
	Customer Management	<ul style="list-style-type: none"> Customer satisfaction and upholding the rights of customers
	Data Security	<ul style="list-style-type: none"> Data security and customer privacy
	Employee Management	<ul style="list-style-type: none"> Ability to attract diverse, qualified employees Inclusive recruitment practices Equity in the workplace, elimination of gender bias, and equal opportunity – potential reputational impact Satisfaction among employees, organization's investment in human resources, and the quality of benefits – potential reputational impact Organization's investment in training, and the degree to which the investment is made across the entire employee base – potential reputational impact 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
Public, including media	Workplace Conditions, Labor Standards, and Human Rights	<ul style="list-style-type: none"> Health, safety, and minimal harm – potential reputational impact Abolition of child labor, elimination of forced labor, and upholding human rights – potential reputational impact
	Supply Chain Management	<ul style="list-style-type: none"> Reduction of negative environmental and social impacts in the supply chain – potential reputational impact
	Relationship with Community	<ul style="list-style-type: none"> Reduction of negative impacts on local communities and concern for society – potential reputational impact
	Customer Management	<ul style="list-style-type: none"> Customer satisfaction and upholding the rights of customers – potential reputational impact
	Data Security	<ul style="list-style-type: none"> Data security and customer privacy – potential reputational impact
	Employee Management	<ul style="list-style-type: none"> Ability to attract diverse, qualified employees Inclusive recruitment practices Equity in the workplace, elimination of gender bias, and equal opportunity – potential reputational impact Satisfaction among employees, organization's investment in human resources, and the quality of benefits – potential reputational impact Organization's investment in training, and the degree to which the investment is made across the entire employee base – potential reputational impact 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

Economic Impact

As the country's fifth largest privately owned commercial bank, RCBC makes significant economic contributions through business revenues, employee wages and benefits, payments made to suppliers, dividends for stockholders, taxes paid to the government, its investments in local communities, as well as core industries supporting the country's sustainable economic growth, and the expansion of its banking access to the unbanked and underserved segments of society.



Economic Impact

Our Economic Contributions

Direct Economic Value Generated and Distributed

Disclosure Items	Amounts in billion Php (Consolidated)		
	2023	2022	2021
Direct economic value generated (revenues)	49.997	44.454	36.394
Direct economic value distributed:			
a. Total operating costs	38.587	30.457	24.984
b. Employee wages and benefits	7.150	6.563	6.371
c. Payments to suppliers, other operating costs	18.099	14.732	12.272
d. Dividends given to stockholders	3.289	2.308	1.897
e. Taxes given to government	9.867	6.747	4.365
f. Units for Investments to community(e.g. donations, CSR) in millions Php	182	107	79

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, and the economy.

Like other DSIBs, RCBC needs to have a higher loss absorbency (HLA). The HLA requirement is attained through the Bank's Common Equity Tier 1 (CET1) which establishes a maximum degree of effective loss absorbing capacity. In the event of any breach in the HLA capital requirement, concrete and reasonable recovery plans shall be implemented as outlined in RCBC's Internal Capital Adequacy Assessment Process (ICAAP) document. The implementation of recovery plans is aimed at improving capital position and restoring financial condition to viable levels in cases of significant deterioration under certain scenarios.

As of December 31, 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 BS25999⁴.

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.
- 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.
- The destruction, together with the losses that the economy will suffer, will constitute a national crisis.

⁴ ISO 22301 is the international standard for BCM, 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.



As a preparation for the BIG ONE, the Bank officially inaugurated the newly constructed Angeles Alternate Site in the fourth quarter of 2023. Angeles City, in the province of Pampanga, is 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 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 dashboard⁵ 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.

A tabletop exercise on E&S is 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. Selected BCP Leaders, Support Groups, and Management Teams who are the drivers of continuity of business and crisis management participated in the exercise.



⁵ The dashboard is from the Bank's Data Science and Analytics Group.

There were no major natural or technological catastrophes in 2023 that could trigger a crisis management plan. However, awareness training, tabletop 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 PHIVOLCS (Philippine Institute of Volcanology and Seismology). Emergency go bags and survival kits are available at each employee's workstation 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).

The New Normal

Operational Modifications

The Bank's Human Resources Group (HRG) and RMG issued advisories on the relaxation of COVID-19 protocols following the issuance of Proclamation No. 297 dated July 21, 2023, "Declaring the Lifting of the State of Public Health Emergency throughout the Philippines due to the COVID-19 pandemic," and DOH Circular 2023-0324 dated July 23, 2023, "Updated Health Protocols following Lifting of the COVID-19 Public Health Emergency." The Bank's Spread Prevention and Safety Policy (SPSP) Version 10 was also updated to 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 at the Business Centers, and restrictions on travel abroad.

Economic Impact

Continuing Support for Financial Inclusion and Digitalization

Digital Products and Services



RCBC Pulz: Powered by AI

This 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, Hong Kong 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

As 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 or 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

To champion more empathy-driven, financially inclusive banking innovations, RCBC introduced RCBC MoneyBela Barangayan Banking, a Philippines' first that hybridizes physical-digital ('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.

Economic Impact



RCBC Boz

RCBC launched RCBC Boz In November 2023 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-learnings to provided 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 changes 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 in which the Bank reinforced its education campaign to enable customers to be more aware of various schemes that may compromise their RCBC accounts. The campaign was launched across different online platforms 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 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 Environmental and Social Management System (ESMS) Policy which requires the vetting of all lending relationships from an E&S perspective, and the 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, responsible for the integration of sustainability principles into the risk governance or 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).

While phasing out its coal exposures, RCBC is also actively pursuing fundraising and lending towards priority sectors with clear E&S benefits, as laid out in the Sustainable Finance Framework. In January 2024, the Bank raised US\$400 million in sustainability bonds, drawing strong support from global investors, and reflecting a positive outlook and confidence in RCBC’s implementation.

RCBC has also taken the initiative to amend its 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 on the RCBC website.

In January 2024, the Bank raised US\$400 million in sustainability bonds, drawing strong support from global investors, and reflecting a positive outlook and confidence in RCBC’s implementation.

As of end-2023, RCBC has financed over 18,000 projects under its eligible green and eligible social portfolio amounting to nearly Php 100 billion.

RCBC Allocation Report
December 31, 2023

ELIGIBLE SUSTAINABLE PORTFOLIO

	No. of Projects	Amount (Php M)	%
Eligible Green	22	57,134	58%
Renewable Energy	14	28,248	29%
Green Buildings	1	4,960	5%
Clean Transportation	1	8,211	8%
Energy Efficiency	1	14,740	15%
Pollution Prevention and Control	2	57	0.1%
Eligible Blue			
Sustainable Water Management	3	917	1%
Eligible Social	18,641	41,009	42%
Access to Essential Services	24	5,341	5%
Socioeconomic Advancement and Empowerment	16	11,339	12%
Employment Generation	730	4,758	5%
Affordable Housing	17,871	19,572	20%
Total Eligible Sustainable	18,663	98,143	100%

Economic Impact

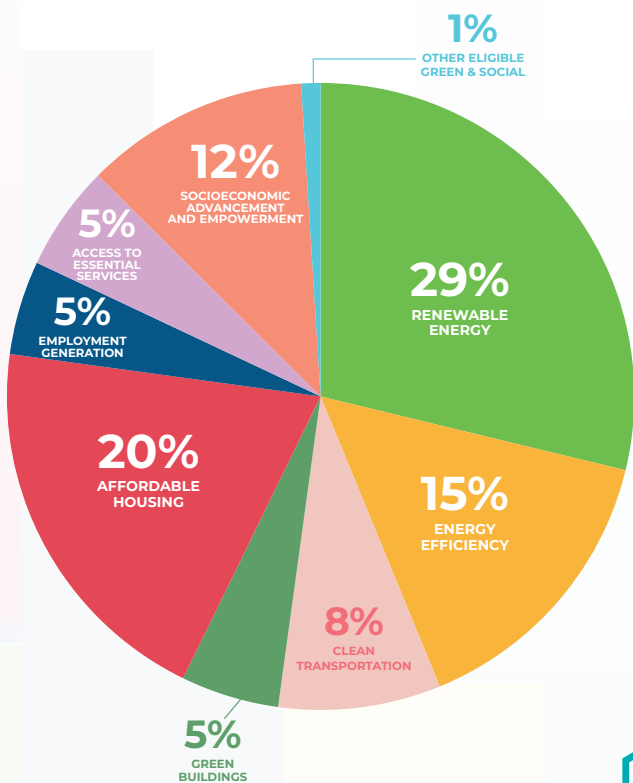
SUSTAINABLE FUNDING

Instrument	Maturity Date	Amount (Php M)	Allocation			
			Green	%	Social	%
Sustainability Bond (USD)	11-Sep-24	16,000	14,400	90%	1,600	10%
Sustainability Bond (Php)	30-Jun-26	4,130	2,891	70%	1,239	30%
Sustainability Bond (Php)	21-May-24	14,756	2,951	20%	11,805	80%
Green TDs (Php)		235	235	100%	-	0%
Total Funding		35,121	20,477	58%	14,644	42%

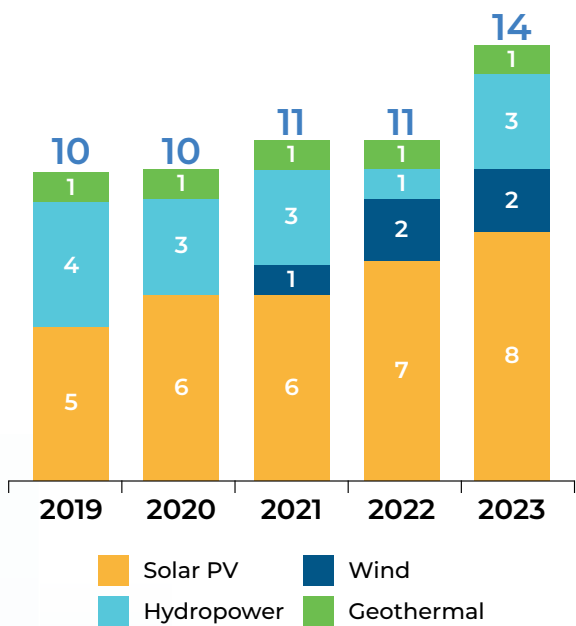
Percentage of Eligible Sustainable Portfolio Allocated (Usage)	36%
Percentage of Net Proceeds of Sustainable Funding	100%
Allocated to Eligible Sustainable Portfolio	

Buffer		
Eligible Green Portfolio	36,657	64%
Eligible Social Portfolio	26,366	64%
Total Eligible Sustainable Portfolio	63,023	64%

RCBC Sustainable Portfolio Size and Distribution
As of December 31, 2023



Renewable Energy Portfolio Projects



Renewable energy and energy efficiency projects continue to dominate the portfolio, comprising 44% of the total sustainable portfolio.

OPPORTUNITIES

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.

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, Hong Kong 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
(Php19.8 million)

34% Increase
in transaction value
(Php229 billion)

23% Growth
in transaction value in
PESONet transactions
(Php16.5 billion)

17% Leap
in transaction volume in
PESONet transactions
(597,000)

33% Increase
in transaction value
in InstaPay transactions
(Php87 billion)

31% Increase
in transaction volume
in InstaPay transactions
(9.9 million)

Economic Impact

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 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).

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.



RCBC MoneyBela Barangayan Banking

Working with several local government units (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.

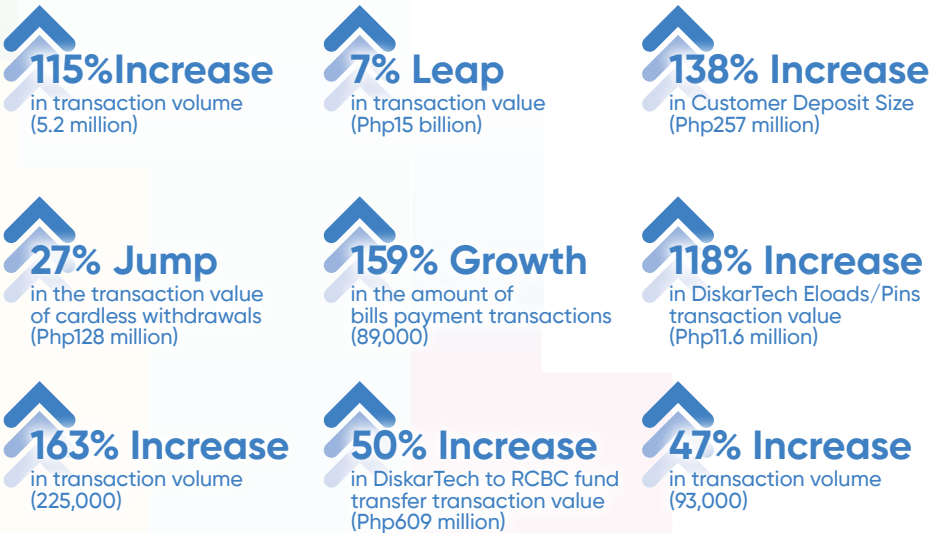


Branch of Today (BOT)

RCBC has redefined the customer experience across critical banking touch points as part of its Branch of Today (BOT) enterprise project. With customers' needs in mind, the Bank reimagined 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.

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.



Economic Impact

Responsible Lending and Capacity-Building in Sustainability

RCBC has continually supported Renewable Energy (RE) projects, which accounted for the lion's share of the Bank's eligible sustainable portfolio at an average of 35% 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% from the December 2023 level.

Sharing Our Advocacy

Starting 2022, RCBC has integrated a mandatory Sustainability Key Result Area (KRA) in its performance evaluation among employees, as advocated by BSP Circulars 1085 and 1128. The objective is to promote environmental and social responsibility among employees, with the internally developed Sustainability e-learning course materials launched in 2021 (three pillars of sustainability) and 2022 (evolution of UN SDGs) as the primary tools in applying the KRA. The e-learning course is mandatory for all employees and is accessible to the Board of Directors. In September 2023, the UN SDG Handbook was made available through the Bank's intranet and cascaded to all employees via an HRG advisory.

RCBC also mounted various capacity-building programs externally, and participated in knowledge-sharing events on sustainability in 2023:

- **September 2023:** RCBC's Retail Banking Group (RBG) collaborated with Sumitomo Mitsui Banking Corporation (SMBC) Consumer Finance Co. Ltd. in implementing the Financial Literacy Program. RBG Sales Leaders attended the "Effective Presentation Skill Workshop" for them to be certified resource speakers in conducting the Financial Literacy Sessions. The Program was initially rolled out by RCBC's RBG in three pilot ecozone regions (32 sessions) in the Philippines, in partnership with SMBC Consumer Finance Co. Ltd. and RCBC's Corporate Banking Group (CBG).
- **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 the RCBC President and CEO, CBG 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.
- **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.



Financial Intermediation

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.

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

Environmental and social due diligence (ESDD) conducted through site visits or 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 can 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.

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.



Loan Portfolio

RCBC’s concentration of credit as to industry as of December 31, 2023 is as follows⁶:

Economic Activity	Amount (Php million)	%
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%

Procurement Practices

RCBC supports the local economy and community. The Bank selects locally based suppliers and promotes economic inclusion when selecting suppliers RCBC follows a standard procurement procedure in purchasing the best resources at reasonable prices. This procedure is reviewed and revised as necessary.

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	%

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 ⁷	%
Percentage of business partners ⁸ 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 ⁹	%
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	#

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 its anti-corruption policies and procedures. From the day an employee is onboarded, the Bank's Code of Conduct, including the anti-corruption policies and procedures, are discussed with the new hire. Management ensures 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.

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.

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 website.

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:

- 1. Treatment of Clients
- 2. Treatment of Bank Assets
- 3. Treatment of Others
- 4. Conflict of Interests
- 5. Knowledge, Understanding & Compliance

⁷ Conducted via regular and compulsory e-Learning courses and examinations for all employees and those with direct contracts with RCBC
⁸ In this context, the term 'business partners' includes suppliers and customers/clients.
⁹ Conducted via regular and compulsory e-Learning courses and examinations for all employees and those with direct contracts with RCBC

Economic Impact

Anti-Corruption Policies. To avoid conflict of interest, employees are to conduct business transactions 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 is stated under Part D of the Code of Conduct on Conflict of Interests. The following, among other things, are prohibited by the Bank: accepting gifts, entertainment or favors from customers or suppliers; getting employment or directorship outside the Bank; and receiving commissions or benefits from customers or suppliers.

The Code of Conduct is a main topic in the Bank's regular Employee Orientation Program. Penalties are stipulated for violations of the Code. 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. It ensures that the appropriate preventive, corrective, and disciplinary measures are imposed on cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee.

Use of Insider Information. There are local 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 RCBC 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 Whistleblowing Policy is a key element in safeguarding the Bank's integrity. It aims to enhance RCBC'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.

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 system¹⁰ - 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.

¹⁰ RCBC. Talk to Us. www.rcbc.com/TalktoUs

Anti-Money Laundering Act (AMLA). The Bank's Money Laundering and Terrorist Financing Prevention Program (MLPP) is a comprehensive and risk-based policy geared towards 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. It 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 ongoing 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 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.

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 HRG for its training and/or certification requirements.

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 in July 2019. The 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.

The Bank's RPT policy shall be reviewed by the RPT Committee and approved by the Board every three 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.

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.

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.

Further details on RCBC's Economic Impact are provided through RCBC's 2023 Sustainability Report. Access: <https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf>

Environmental Impact

As a major financial institution doing business in the Philippines, one of the world's most vulnerable to the impact of climate change, RCBC recognizes it must create positive change in the environment. It does this by efficiently using and managing resources in its business operations, in its supply chain, and within its organization. It also contributes indirectly to safeguarding the environment by lending to clients that help mitigate climate-related risks.



Environmental Impact

Environmental Contributions of the RCBC Business

RCBC continues to support the principles behind the Leadership in Energy and Environmental Design (LEED)¹¹ Gold certification of its RCBC Plaza in Makati City by complying with climate adaptation requirements, including spending on annual LEED consultation fees.

RCBC instills the discipline and promotes the benefits of being mindful of sustainability practices within its organization. In 2022, the Bank internally developed a Sustainability e-learning material on the United Nations Sustainable Development Goals (UN SDGs), which has been incorporated into annual Bank-wide learning programs since 2021 and made accessible to the Board of Directors. All employees, from senior management to rank and file, are required to take this e-learning course. The e-learning course also facilitates a global learning experience as sustainability measures such as efficient energy consumption, water conservation, and other related activities are explained within the context of attaining the UN SDGs. In September 2023, the Bank also made available a UN SDG Daily Handbook in its internal Online Library and cascaded to all employees via an HRG advisory.

Resource Management

Energy

Disclosure Items	Energy Consumption within the Organization	Reduction of Energy Consumption
Renewable sources (Gigajoules or GJ)	0	0
Gasoline (GJ)	0	0
LPG (GJ)	0	0
Diesel (GJ)	2,036 ¹²	0
Electricity (Kilowatt hour or kWh)		
Head Office (RCBC Plaza)	552,012 ¹³	0
A.T. Yuchengco Centre	1,442,712	0
Branches	11,448,132	0

Efficient energy consumption is one of the underlying objectives of cost control measures. The Bank keeps tab of its operating expenses through initiatives that promote environmental responsibility and resource efficiency including switching to LED lighting systems and using energy-saving mechanisms in office elevators. As more RCBC branches open in the country, it is necessary to continue to monitor overall consumption so energy efficiency is practiced.

The goal of reducing global warming is embedded in RCBC's Sustainable Finance Framework which supports investments in renewable energy. This is aligned with RCBC's declaration to cease funding of the construction of new coal-fired power plants, as coal technology is known to release more greenhouse gas (GHG) per unit of energy produced (thus increasing global warming) compared to other electricity sources.

RCBC remains committed to action towards operational efficiency leading to conservation of energy and other energy efficient technologies.

Water

Water Withdrawal	In cubic meters
Water withdrawal	0
Water consumption <ul style="list-style-type: none">Head Office (RCBC Plaza)A.T. Yuchengco CentreBranches	21,764 ¹⁴ 11,067 107,867
Water recycled and reused	0

RCBC institutes water conservation measures in its day-to-day operations, as well as promotes the benefits of being mindful of water use through its Sustainability e-learning course. It remains committed to action towards operational efficiency, including responsible water utilization and conservation.

RCBC's Sustainable Finance Framework supports investments in Sustainable Water Management covering clean water infrastructure, wastewater treatment, among others.

Materials Used¹⁵

Renewable (kg)	1,074,722
Non-renewable (kg)	25,742
Percentage of recycled input materials used to manufacture the organization's primary products and services ¹⁶	94.7%

RCBC ensures that suppliers uphold sustainability standards and practices, including compliance with Philippine laws.

The Bank continues to improve its existing supply chain procedure to avoid negative environmental and reputational impacts. It is able to influence suppliers to be sustainable through the supplier accreditation processes. It employs sustainability-related questionnaires in the accreditation/vetting process of vendors. The supplier's environmental performance is also observed during site visits. The YGC Group, to which RCBC belongs, engages vendors through information campaigns on YGC's sustainability initiatives.

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

Disclosure Items	Quantity
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 (in hectares)	-
IUCN* Red List species and national conservation list species with habitats in areas affected by operations	None

** International Union for Conservation of Nature*

Adhering to the protection of ecosystems and biodiversity promotes sustainable business practices. In accordance with the Bank's 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.

The ESMS Policy adheres to the guidelines of the DENR-EMB and subscribes to IFC's Performance Standards (includes Biodiversity Conservation and Sustainable Management of Living Natural Resources).

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

Environmental Impact Management

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

Air Emissions: GHG

Disclosure Items	In Tonnes CO2e
Direct (Scope 1) GHG Emissions	0
Energy indirect (Scope 2) GHG Emissions	9,574 ¹⁷
Emissions of ozone-depleting substances (in Tonnes)	0

Air Pollutants

Disclosure Items	In kg
NOx	-
SOx	-
Persistent organic pollutants (POPs)	-
Volatile organic compounds (VOCs)	-
Hazardous air pollutants (HAPs)	-
Particulate matter (PM)	-

Solid and Hazardous Wastes

Disclosure Items	In kg
Solid Waste	
Total solid waste generated: <ul style="list-style-type: none">Head Office (RCBC Plaza)*A.T. Yuchengco Centre	773,684 86,555
Reusable	0
Recyclable <ul style="list-style-type: none">RCBC Plaza	572,164
Composted	0
Incinerated	0
Residuals/Landfilled: <ul style="list-style-type: none">Head Office (RCBC Plaza)A.T. Yuchengco Centre	201,520 86,555

**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, and 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, and total amounts are recorded and tabulated.

RCBC will continue to implement initiatives aimed at operational efficiency and digitization, including waste reduction or reduced paper consumption. These include encouraging employees to apply double-sided printing on paper and lessening plastic waste. RCBC customers are no longer required to fill out forms¹⁸, significantly decreasing paper usage.

Through the Bank's Sustainability e-learning material, deeper understanding of carbon footprint or GHG emissions, and how this can be reduced through preservation of forests, proper waste segregation, and recycling of waste is promoted.

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.

¹¹ US Green Buildings Council Inc. RCBC Plaza. <https://www.usgbc.org/projects/rcbc-plaza>

¹² This pertains to generator sets which make use of diesel.

¹³ Data as of reporting date for RCBC Plaza has been updated to reflect only the RCBC banking floors with direct meter measurements.

¹⁴ Water consumption data pertains to the entire premise of the building not just the RCBC-occupied floors.

¹⁵ This includes printed forms, check books, and check vouchers, envelopes, and tempus calendars procured from suppliers.

¹⁶ Data provided and collated from various suppliers.

¹⁷ 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-ngel>); 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.

¹⁸ Additional one form to fill out and sign if client applies for a Hexagon Club Membership (i.e. Hexagon Enrollment Form)

Environmental Impact

Hazardous Waste

Total weight of hazardous waste generated	- kg
Total weight of hazardous waste transported	- kg

RCBC does not generate hazardous waste in its operations. The Bank, however, may have an indirect impact as its clients may be generating hazardous waste harmful to the environment.

Effluents

Total volume of water discharges	- cubic meters
Percent of wastewater recycled	- %

RCBC does not generate hazardous waste in its operations. The Bank, however, may have an indirect impact as its clients may be generating hazardous waste harmful to the environment.

Environmental Compliance

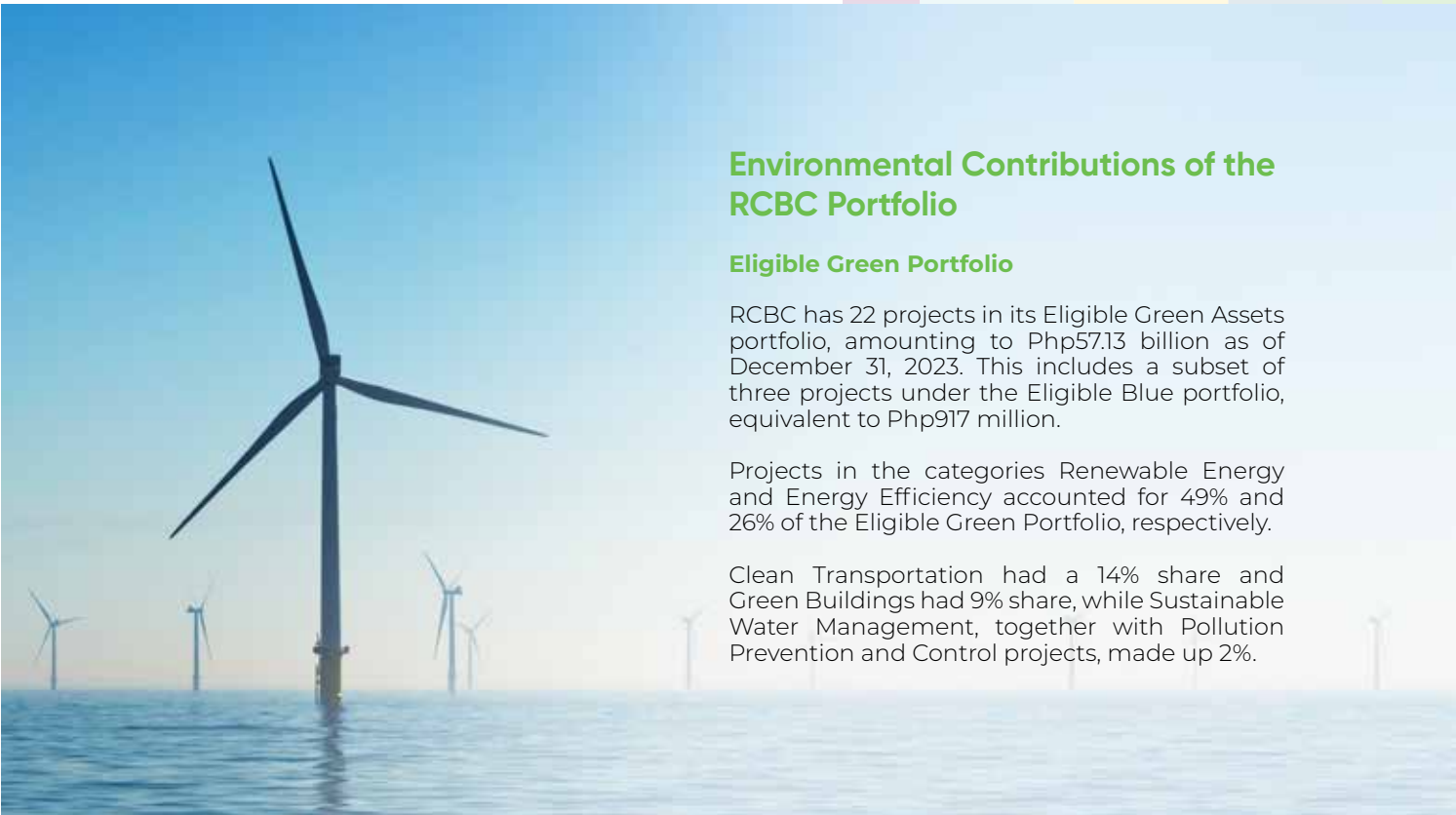
RCBC’s ability to conform to performance standards, environmental laws, and regulations impacts the communities within the proximity of its operations, and the overall environmental welfare of society.

Non-compliance with Environmental Laws and Regulations

Disclosure Items	
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	33,580*
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0
No. of cases resolved through dispute resolution mechanism	1

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

Further details on RCBC’s Environmental Impact are provided through RCBC’s 2023 Sustainability Report. Access: <https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf>



Environmental Contributions of the RCBC Portfolio

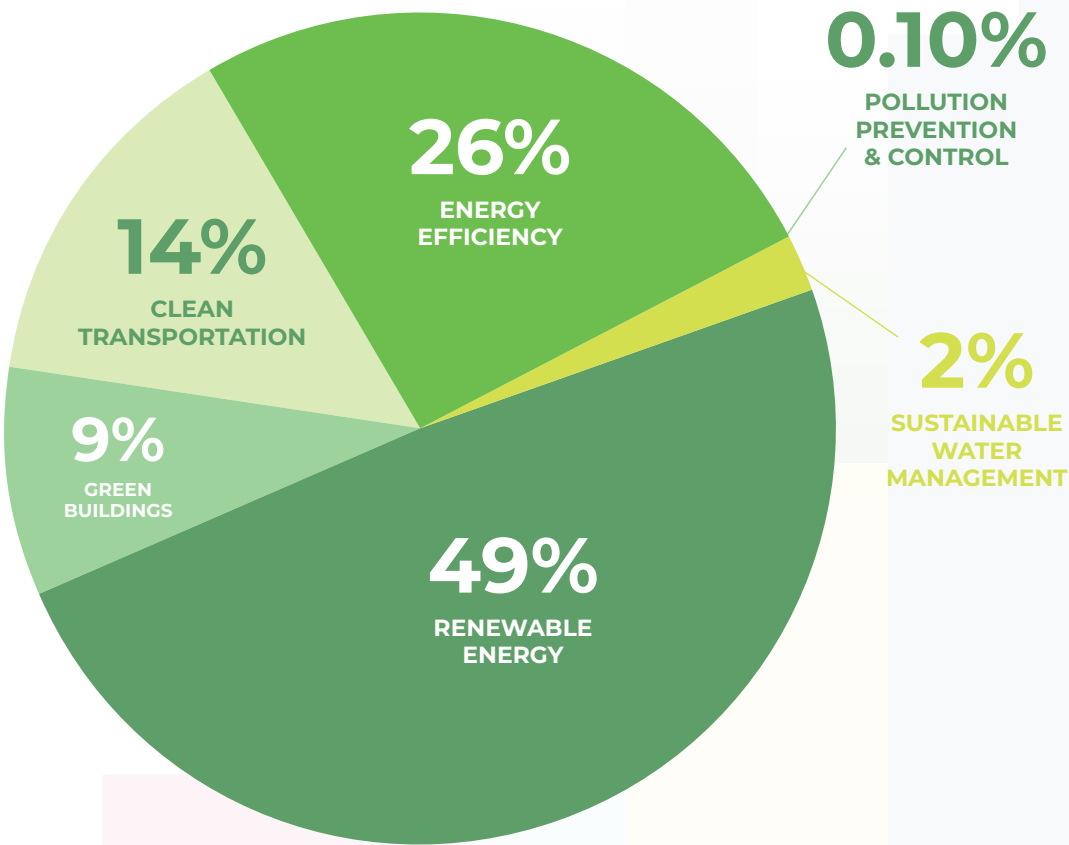
Eligible Green Portfolio

RCBC has 22 projects in its Eligible Green Assets portfolio, amounting to Php57.13 billion as of December 31, 2023. This includes a subset of three projects under the Eligible Blue portfolio, equivalent to Php917 million.

Projects in the categories Renewable Energy and Energy Efficiency accounted for 49% and 26% of the Eligible Green Portfolio, respectively.

Clean Transportation had a 14% share and Green Buildings had 9% share, while Sustainable Water Management, together with Pollution Prevention and Control projects, made up 2%.

Eligible Green Portfolio Distribution



Environmental Impact

Renewable Energy

Renewable Energy	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	MW total renewable energy capacity	MWh total renewable energy generated per year	tCO2e total emissions avoided per year
Solar Energy	8	17,249	17%	754	1,229,527	675,295
Wind Energy	2	5,645	6%	133	252,051	124,261
Hydropower Energy	3	3,770	4%	25	82,681	43,408
Geothermal Energy	1	1,584	2%	32	255,709	134,247
Total Renewable Energy	14	28,248	29%	944	1,819,968	977,211

Eligible accounts refer to projects aimed at developing the generation and use of renewable energy such as solar, wind, hydro, geothermal, and bioenergy. These may also include fuel cell and other energy storage systems for renewable energy projects/assets and/or battery facilities that result in substantial GHG emission reductions in transport, stationary and off-grid energystorage,and other industrial applications; and green hydrogen facilities, including electrolyzers powered by renewable energy, and equipment for the production and use of hydrogen powered by renewable energy.

At the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28), the European Union announced that the Philippines has been added to the official list of countries supporting a pledge to triple renewable energy and double energy efficiency by 2030.¹⁹ This move is aligned with the Philippine government’s target of increasing the share of renewable energy in the country’s generation mix to 35% by 2030 and to 50% by 2040.²⁰

According to the Independent Electricity Market Operator of the Philippines Inc. (IEMOP)²¹, the share of RE in the power generation mix as of December 2023 is 21.6%, while the share of coal is 59.4%. The Bank supports the government’s goal to ramp up the share of RE in the country’s generation mix by helping fund solar, wind, and hydro power plant projects, with a total capacity of 912 MW and total energy output of 1,564,259 MWh in 2023, involving funds of Php26.7 billion.

RCBC helped fund geothermal power plant projects (Php1.6 billion in financing support, accounting for up to 70% of total project cost) with a total capacity of 32 MW and total energy output of 255,709 MWh in 2023.

The Bank’s support towards operational solar, wind, hydro, and geothermal power plants results in an estimated 977,211 tons of CO₂ equivalent emissions avoided per year. As approved by the Bank’s ROC in March 2023, RCBC is targeting to increase its RE portfolio by 10% to 15% per annum in the next 12 to 24 months. As of January 2024, its RE portfolio already grew by 37% against the December 2023 level.



Green Buildings

Green Buildings	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	% of Energy Use Reduced/ Avoided	tCO2e total emissions avoided per year	% of Water Use Reduced/ Avoided	Electric Vehicle Charging Stations
Green Building (LEED Platinum)	1	4,960	5%	27%	1,984	56%	16

These are projects aimed at the construction of buildings (data centers and offices) that have achieved or are expected to achieve certifications/criteria such as LEED V4.0 or V4.1 (Gold, Platinum), Green Globes (3 or 4 Globes), BREEAM (Excellent or Outstanding), BCA Green Mark GoldPlus or better, NABERS 4.5 stars or better, IFC’s EDGE (EDGE Certified, EDGE, Advanced, Zero Carbon), Philippines BERDE Green Building Rating System (4-star and above), and data centers with a design average annual Power Usage Effectiveness (PUE) at or below 1.4.

Commercial buildings are locations for high levels of emissions, energy consumption, and waste due to construction, concentration of urban populations, and economic activity. According to the Department of Energy (DOE), energy consumption for the commercial sector, which includes commercial buildings, is expected to increase from around 14% of Total Final Energy Consumption due to rising urbanization and the construction of new buildings in the Philippines.²² Commercial waste comprised around 27% of municipal solid wastes in the Philippines based on data from the NSWMC Status Report as cited in the Solid Waste Management Program Performance Audited Report 2023.

In response to these concerns, RCBC’s Sustainable Finance Framework facilitates the financing of Green Buildings which have obtained or are expected to obtain certifications or criteria that recognize buildings that reduce the harmful impacts on the environment and promote healthy indoor premises. RCBC has financed about Php5 billion for the construction and development of a Green Building project in Metro Manila which obtained a LEED Platinum certification.

With this Green Building project, energy consumption savings against the local baseline is estimated at 27%. A total of 4,373,753 lbs. of CO₂ is diverted annually and 56% of water consumption is reduced against the local baseline. The Green Building project is accessible by public transport with a 500-meter distance from the nearest train station. It is also equipped with 16 electric vehicle charging stations (2% of total number of parking lots) and 92 bicycle storage units.

¹⁹ Abaño, I. (2023, December 3). COP28: Showdown on climate finance, future of fossil fuels. Philippine Daily Inquirer. <https://globalnation.inquirer.net/223954/cop28-showdown-on-climate-finance-future-of-fossil-fuels>
²⁰ Department of Energy Philippines. (2023, June 15). 2020-20240 Philippine Energy Plan. <https://www.doe.gov.ph/sites/default/files/pdf/pep/PEP-2020-2040-Final%20eCopy-as-of-15-June-2023.pdf>
²¹ Independent Electricity Market Operator of the Philippines. 2023 Market Operations Highlights. <https://www.iemop.ph/market-reports/2023-market-operations-highlights/>

²² Department of Energy. (2023). National Energy Efficiency and Conservation Plan and Roadmap 2023-2050. Energy Utilization Management Bureau. <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2023-05-0018-NEECP-and-Roadmap-2023-2050.pdf>



Clean Transportation

Clean Transportation	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of vehicles	Total passenger track travelled (km)	Total No. of passengers per year
Passenger Rail Infrastructure	1	8,211	8%	120	9,471,761	107,845,240

These are projects that aim to develop or manufacture low-carbon passenger, freight transportation and/or related infrastructure (subject to various criteria) such as passenger non-public transportation (e.g., passenger cars and commercial vehicles), passenger public transportation, freight rail, road freight, rechargeable batteries and fuel cell for clean transportation, and low-carbon infrastructure such as EV charging infrastructure, expansion of metro or train network and station upgrades, hydrogen fuel, and Information Communications and Technology (e.g., smart cards, smart load pricing/charging).

Based on a 2021 report by the Japan International Cooperation Agency (JICA)²³, the Philippines faces about Php3.5 billion of economic losses daily due to severe traffic conditions.

Linked to traffic congestion in the Philippines is the contribution of the transport sector to the country's air pollution. According to the Department of Environmental and Natural Resources (DENR), the sector causes around 80% of harmful air in Metro Manila.²⁴ GHG emissions by the transport sector are forecast to quadruple by 2050 to 147 million tCO₂e if the land-based sector operates at current levels, according to the World Bank.²⁵ To ensure a 75% decline in the Philippines' overall GHG emissions in line with its Paris Agreement target, GHG emission reductions in the transport sector should reach around 71% annually, according to the World Bank.²⁶ Given this, authorities recognize the imperative to promote the use of “low-carbon mobility” such as “energy-efficient transportation” to mitigate traffic congestion and related emissions, as evidenced in The Philippine Sustainable Finance Guiding Principles²⁷ issued in 2022.

RCBC helped finance passenger rail infrastructure (Php8.2 billion funding, equivalent to 16% of total project cost) with total passengers reaching 108 million over a total of 9 million kilometers travelled. By channeling funds to public transportation systems, the Bank helps in lowering fuel waste and CO₂ emissions.



Energy Efficiency

Energy Efficiency	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	km of Fiber Technology Constructed	MWh Energy Savings
Connectivity Services (with Fiber Technology)	1	14,740	15%	1,106,000	242,214

These are projects that involve the development or manufacturing of infrastructure, equipment, and technologies which yield an energy efficiency improvement of a minimum 20% as compared to baseline or market average. These include smart grid technologies, waste heat recovery technologies, energy management systems, building technologies, and fiber optic connection lines to replace legacy copper technologies for broadband networks.

In June 2023, the DOE issued a circular, known as the National Energy Efficiency and Conservation Plan (NEECP), and Roadmap 2023-2050²⁸ which provides an outline of the strategic plans and actions for energy efficiency and conservation in the Philippines across all sectors. The Roadmap recognizes that “financing is a cross-cutting theme crucial to incentivize the uptake of energy efficiency projects, and is considered one of the most important factors in accelerating the global deployment of energy efficiency.”

To support the adoption of energy efficiency activities in the country, RCBC extended loans of Php14.7 billion to projects involving transition towards fiber technology to replace legacy copper technologies. Fiber technology promotes reduced energy consumption, translating to lower CO₂ emission and heat generation. By extending the loans, RCBC helped financed projects that reduce energy usage by 242,214 MWh per year.²⁹

²³ Japan International Cooperation Agency.(2021). Ex-ante Evaluation. https://www2.jica.go.jp/en/evaluation/pdf/2021_PH-P275_1_s.pdf
²⁴ Ranada, P. (2023, September 27). As dire as vog: Car-fueled smog in Metro Manila shows gaps in air quality, transport policies. Rappler. <https://www.rappler.com/environment/car-fueled-smog-metro-manila-shows-gaps-air-quality-transportation-policies/#:~:text=The%20DENR%20has%20long%20cited,construction%20sites%2C%20and%20garbage%20burning>
²⁵ Jocson, L. M. J. C. (2023). Greenhouse gas emissions from PHL land transport to quadruple by 2050. Business World. <https://www.bworldonline.com/top-stories/2023/11/06/555501/greenhouse-gas-emissions-from-phl-land-transport-to-quadruple-by-2050/#:~:text=%E2%80%9Ccurrent%20motorization%20continues%2C%20greenhouse,%2C%E2%80%9D%20the%20World%20Bank%20said>
²⁶ Ibid.
²⁷ Bangko Sentral ng Pilipinas. (2022). Philippine sustainable finance roadmap and guiding principles. <https://www.bsp.gov.ph/Regulations/Issuances/2022/CL-2022-011.pdf>

²⁸ Department of Energy. (2023). National Energy Efficiency and Conservation Plan and Roadmap 2023-2050. <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2023-05-0018-NEECP-and-Roadmap-2023-2050.pdf>
²⁹ Studies have shown that fiber optic technology only uses 10 watts over 1 KM while coaxial cables take up to 35 watts. Source: Nexus-net. (2019, May 20). Fiber Optics: Road to an Eco-Friendly Network. <https://nexus-net.info/fiber-optics-road-to-an-eco-friendly-network/>



Pollution Prevention and Control

Pollution Prevention and Control	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	MT total plastic recycled	MT total waste recycled/composted per year
Pollution Control Projects	2	57	0.1%	98	11,893

These are projects aimed at developing or manufacturing infrastructure, transport, equipment and technology for recycling of materials, reuse of materials, and waste management (excluding landfills) such as waste prevention, waste reduction, material recovery with emission abatement technologies.

According to the DENR, the Philippines produces 61,000 metric tons (MT) of solid wastes daily, of which about 24% are plastic wastes consisting of 163 million sachet packets, 48 million shopping bags and 45 thin-film bags.³⁰ Of the daily total wastes, 33% ends up in landfills and dumpsites while 35% is leaked into the open environment and oceans.

To contribute to the country’s pollution control efforts and transition to a circular economy, RCBC provided Php57 million in loans to businesses engaged in waste management, facilitating the recycling of 98 MT of plastics, and the recycling / composting of 11, 893 MT of wastes.



Eligible Blue Portfolio

Sustainable Water Management

Energy Efficiency	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	m³ total water supplied	m³ total wastewater treated	m³ total sewage sludge treated and disposed
Infrastructure for Clean Water, Wastewater Treatment	3	917	1%	17,178,452	34,211	8,279

These are projects on developing or manufacturing infrastructure, equipment, and technology for sustainable infrastructure for clean water, wastewater treatment, sustainable urban drainage systems, and other forms of flooding mitigation; increasing water-use efficiency (e.g., digital water metering, smart control center, leakage prevention and irrigation system to promote water saving recovery), and restoring hydro-ecological systems.

The DENR estimated that around 40 million people in the Philippines have limited access to water sources, particularly populations in Central Visayas, Zamboanga Peninsula, and the Bangsamoro Autonomous Region in Muslim Mindanao.³¹ Only 12.9% of the population are covered by sewerage systems in the Philippines, with populations outside Manila being covered by only by 0.1% based on data from the National Economic and Development Authority.³² Majority of the population continue to depend on septic tanks and pit latrines, which increase the risk for pathogens harmful to people.

RCBC continues to support the country’s needs for clean and safe sources of water through its extension of Php917 million in loans to clean water and wastewater treatment infrastructure projects. In 2023, the Bank supported the supply of 17 million cubic meters of clean water, the treatment of 34,000 cubic meters of wastewater, and treatment of more than 8,000 cubic meters of sewage sludge.

³⁰ Cariaso, B. (2023, August 6) Philippines produces 61,000 metric tons of wastes daily. The Philippine Star. <https://www.philstar.com/headlines/2023/08/06/2286595/philippines-produces-61000-million-metric-tons-waste-daily>

³¹ Moaje, M. (2024, January 26). DENR: C. Visayas, Zambo, Bangsamoro regions lack access to clean water. Philippine News Agency. <https://www.pna.gov.ph/articles/1217745>
³² National Economic and Development Authority. (2021). Philippine water supply and sanitation master plan. <https://neda.gov.ph/pwssmp/>

Environmental Impact

Climate-Related Risks and Opportunities

In a May 2023 article, the World Economic Forum (WEF) said it considers the understanding, monitoring, and managing of financed emissions as among the opportunities to pivot to a greener economy for financial systems uniquely positioned to drive about meaningful changes.³³ The article defines financed emissions as those which result from investment and financial activities such as loans and portfolios. It notes that the 1.5°C threshold has already been breached, as global temperature has reached 1.52°C average from February 2023 to January 2024.³⁴

RCBC has recognized early on that financial institutions play a critical role in being part of the solution to help address climate change. As a catalyst for economic development, it is essential that the Bank’s investments lead into activities that understand climate issues and have incorporated mitigation or adaptation in the client’s operations. However, the lack of harmonized approaches and a common understanding in measuring financed emissions may result into gaps instead of solutions.

To address this, RCBC has joined the Partnership for Carbon Account Financials (PCAF), becoming the first in the Philippines and among over 450 financial institutions globally to have adapted The Global GHG Accounting and Reporting Standard for the Financial Industry³⁵. PCAF is a global partnership working together for a harmonized approach in GHG emissions associated with loans and investments for financial institutions. PCAF provides a platform for transparency and accountability as signatories are made to commit to disclosing their financed GHG emissions within three years from becoming a signatory. The partnership also provides signatories with accreditation courses to equip the team in conducting and reporting financed emissions assessment for their portfolio.

This is the second disclosure of RCBC on its Financed GHG Emission calculations, following the disclosure in the 2022 Sustainability and Impact Report — a year ahead of the three-year commitment to PCAF.

Methodology

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 PCAF, an initiative among financial institutions worldwide to enable harmonized assessments and disclosures of GHG emissions financed by loans and investments³⁶. 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).

RCBC's GHG measurements remain faithful to The Global GHG Accounting and Reporting Standard: Part A Financed Emissions (Second Edition)³⁷ or "PCAF Standard." The process supports the GHG Protocol Corporate Accounting and Reporting Standard on Scope 3 Category 15.

For this report, RCBC retains the scope in covering business loans, listed and unlisted, which include corporate clients and small-medium enterprises for financial year ending 2022 (FY2022). This is consistent with its first disclosure covering FY2021.

Financed emissions calculations cover the business loans in RCBC's Corporate Banking Group (CBG) portfolio and High Risk or Environmental Risk Category A (ERC A) accounts in the CBG and Small and Medium Enterprise Banking portfolio as of end-FY2022.

Table 1. Key Assumptions and Coverage

Reporting Scope	40% of total loan portfolio as of December 31, 2022 including 22 borrowers engaged in high E&S risk projects (ERC A)
Business Loan Type	<ul style="list-style-type: none">• Business loans to listed companies• Business loans to private companies with unlisted equity
PCAF Methodology Emission Calculation Option	<ul style="list-style-type: none">• Reported emissions• Economic activity-based emissions
Reporting Period (Financial Data)	Fiscal Year-end 2022 (latest financial data as of the computation period)
Emission Factor Source	PCAF Database
Overall Data Quality Score (1 as highest, 5 as lowest)	Scope 1 and 2: 3.13 Scope 3: 1.56

RCBC follows the PCAF guidelines below on the data quality score assigned depending on the type and source of data on-hand, with 1 being the highest data quality score and 5 being the lowest data score.

Table 2. PCAF Data Quality Score for Business Loans and Unlisted Equity

Data Quality Score	Data Quality Description	When to Use
1	Reported emissions in the borrowers' Sustainability Report or publicly available disclosure	Reported emissions are verified by a third-party auditor
2		Reported emissions are not verified by a third-party auditor
3	Physical-activity based emissions	Emissions data estimated using the company's energy consumption and emission factors
		Emissions data estimated using the company's production and emission factor
4	Economic-activity based emissions	Emissions data estimated using the company's revenue and emission factors (e.g. tCO2e per revenue in USD or EUR earned in a sector)
5		Emissions data estimated using the company's total asset value and emission factors (e.g. tCO2e per total assets in USD or EUR in a sector)

RCBC computed for the weighted data quality score per industry and for the business loan asset class. For this disclosure, majority of our estimated financed Scopes 1 and 2 emissions received a data quality score of 4 as these were primarily derived using revenue data from our borrowers (economic activity-based). Meanwhile, financed Scope 3 emissions generally garnered a data quality score of 2 as majority of the borrowers reported their annual emissions.

Table 3. PCAF FY2022 Results for 40% of the total loan portfolio

	FY2022
Absolute Financed Emissions(Scopes 1 to 3)	4,866,335
Scope 1 and Scope 2	3,995,486
Scope 3	870,849
RCBC Scope 3 versus RCBC Scope 2	514x
Avoided Financed Emissions	361,357

In a study conducted by the Carbon Disclosure Project (CDP) in 2020, it is reported that the financed emissions of banks can be "over 700x larger than reported operational emissions." (excerpt from the CDP Financial Services Disclosure Report). This underscores the important role that banks play in influencing and rebalancing carbon emission growth through its selection of funding activities to be included in their loan portfolio.

³³ World Economic Forum (May 2023). "Tackling 'financed emission' as the gateway to a greener economy". <https://www.weforum.org/agenda/2023/05/financed-emissions-could-be-a-gateway-to-a-greener-economy/>

³⁴ Financial Times (February 2024). "Climate Graphic of the Week: Critical 1.5C threshold breached over 12-month period for first time". <https://www.ft.com/content/8927424e-2828-4414-86b7-f3a991214288>

³⁵ <https://carbonaccountingfinancials.com/standard>

³⁶ GHG emission assessment is advocated under BSP Circular 1149.

³⁷ PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Environmental Impact

Table 4. RCBC's Estimated Financed Emissions (Scope 3) as of December 31, 2022 for 40% coverage of the loan portfolio

Industry	O/S with RCBC as of end 2022 (Php M)	% TO TOTAL COVERED O/S	Absolute Financed Emissions (tCO2e)		Financed Avoided Emissions (tCO2e)	Economic emissions intensity (tCO2e/USD M)	Average Weighted Data Score	
			Scope 1 & Scope 2	Scope 3			Scope 1 & Scope 2	Scope 3
Energy	69,332	28.79%	3,288,594	-	361,357	2,662	3.1	-
Real Estate Activities	34,704	14.41%	9,936	9		16	3.1	3.1
Manufacturing	30,116	12.51%	400,244	772,496		2,185	3.4	3.4
Financial and Insurance Activities	30,263	12.57%	37,256	28,095		121	3.0	3.0
Wholesale And Retail Trade; Repair of Motor Vehicles and Motorcycles	22,672	9.42%	220,250	-		545	3.8	-
Transportation and Storage	20,923	8.69%	14,447	59,903		199	2.8	2.8
Information and Communication	19,012	7.90%	6,868	-		20	2.2	-
Construction	3,077	1.28%	997	10,083		202	4.0	4.0
Water Supply; Sewerage, Waste Management And Remediation Activities	1,993	0.83%	1	-		0	1.0	-
Agriculture, Forestry and Fishing	2,007	0.83%	11,717	-		328	4.0	-
Education	2,255	0.94%	1,296	-		32.3	4.0	-
Accommodation and Food Service Activities	266	0.11%	60	-		13	4.0	-
Human Health and Social Work Activities	791	0.33%	238	-		17	4.0	-
Mining And Quarrying	982	0.41%	2,077	264		134	2.2	2.2
Arts, Entertainment and Recreation	484	0.20%	120	-		14	4.0	-
Other Service Activities	1,221	0.51%	1,286	-		59	4.0	-
Administrative and Support Service Activities	298	0.12%	95	-		18	4.0	-
Professional, Scientific and Technical Activities	15	0.01%	1	-		4	4.0	-
Activities of Households as Employers	379	0.16%	4	-		1	4.0	-
Total	240,787	100.00%	3,995,486	870,849	361,357	1,134	3.13	1.56

Figure 1. Financed Emissions per Industry (in kt CO2e) with Outstanding Loan Balance (Php Million) as of December 31, 2022 for 40% coverage of the loan portfolio

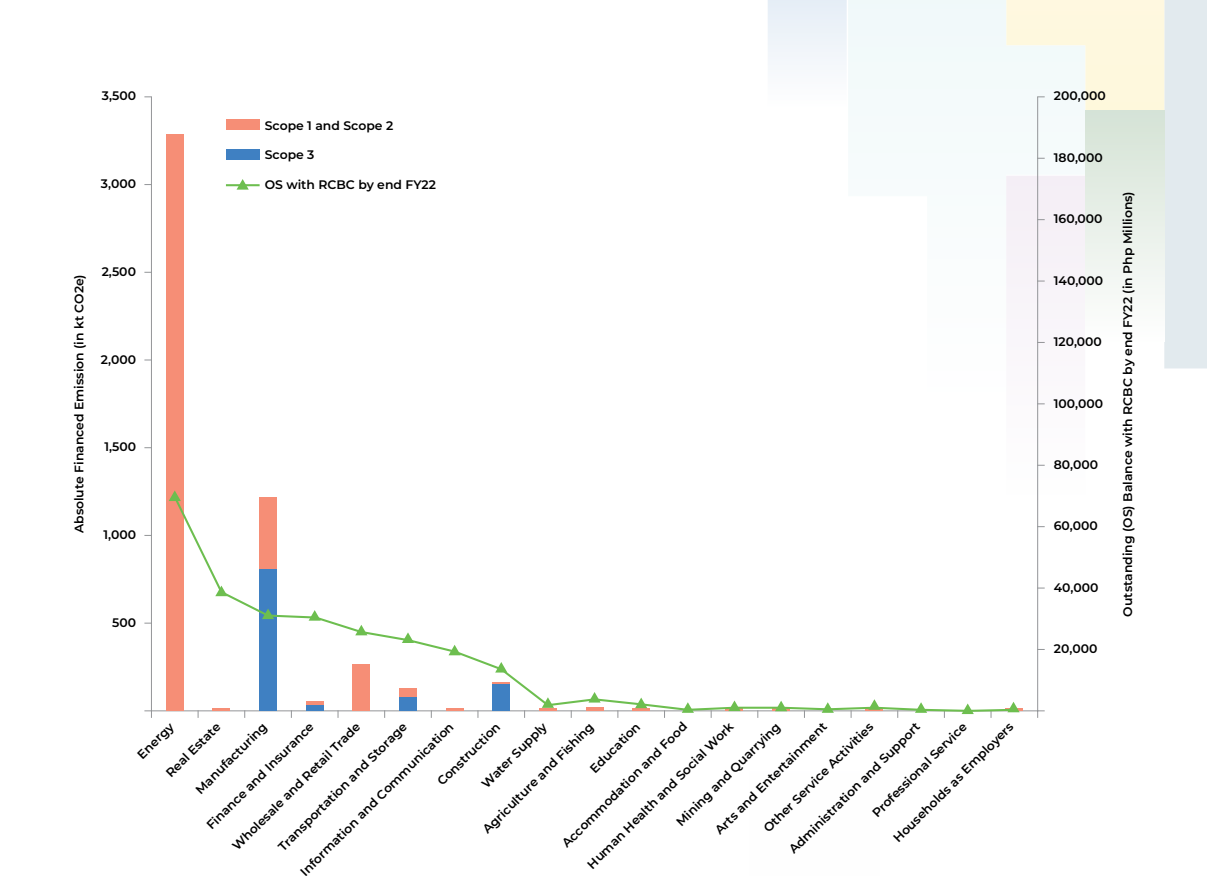
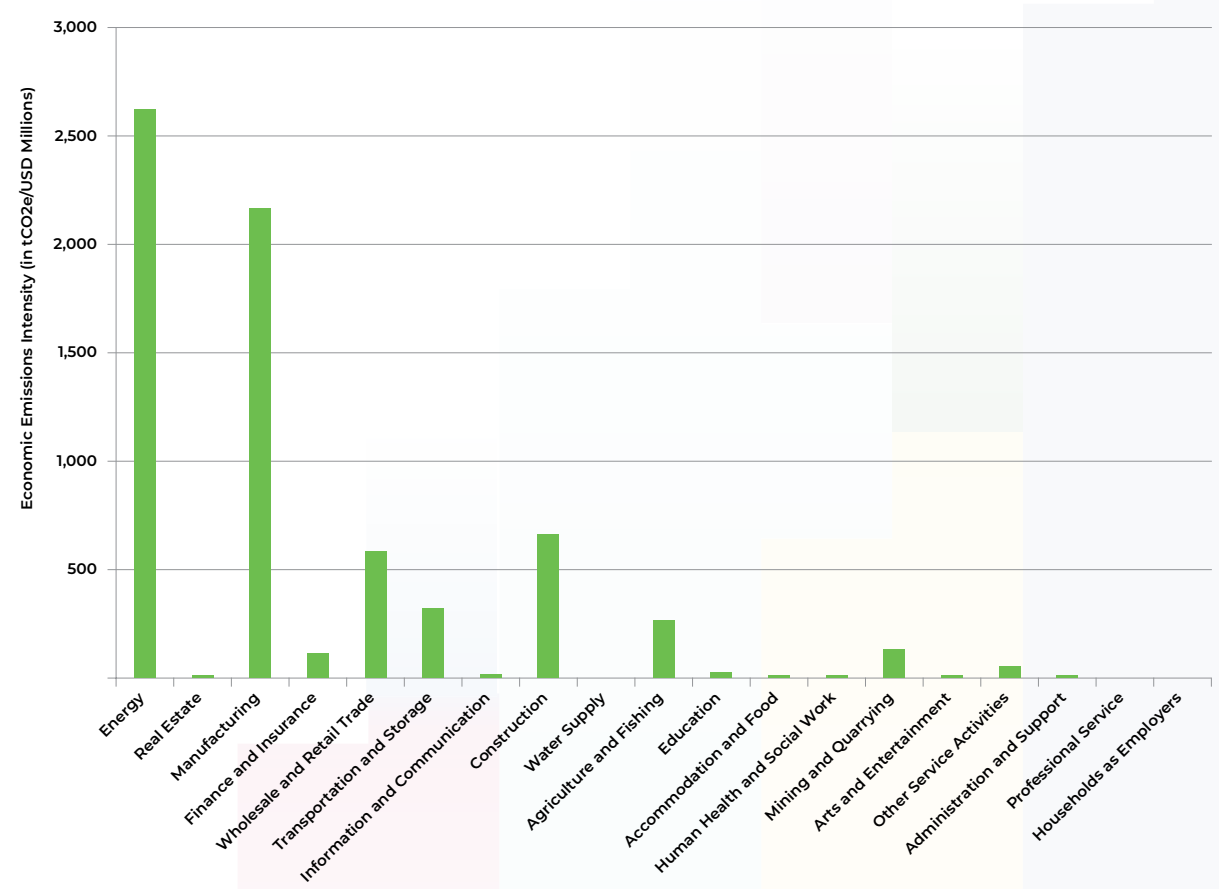


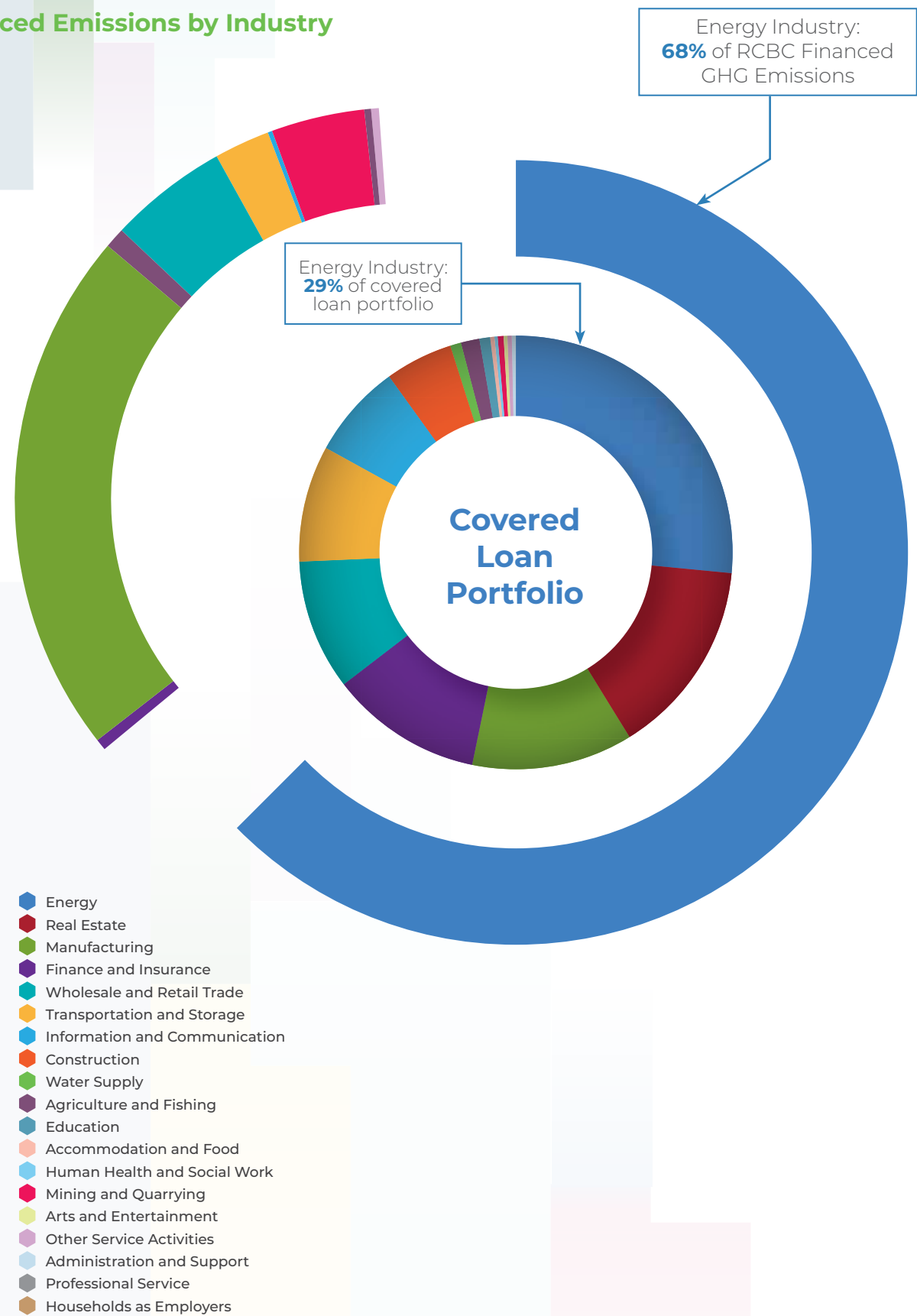
Figure 2. Economic Emissions Intensity as of December 31, 2022 for 40% coverage of the loan portfolio



Environmental Impact

Figure 3. Distribution of FY2022 Financed Emissions (outer) with Total Share of Covered Loan Portfolio (inner) per Industry as of December 31, 2022 for 40% coverage of the loan portfolio

Financed Emissions by Industry



Way Forward

The results of PCAF calculations on GHG financed emissions for FY2022 follow the updates in the PCAF database emission factors and hence may no longer be accurately compared with FY2021 results.

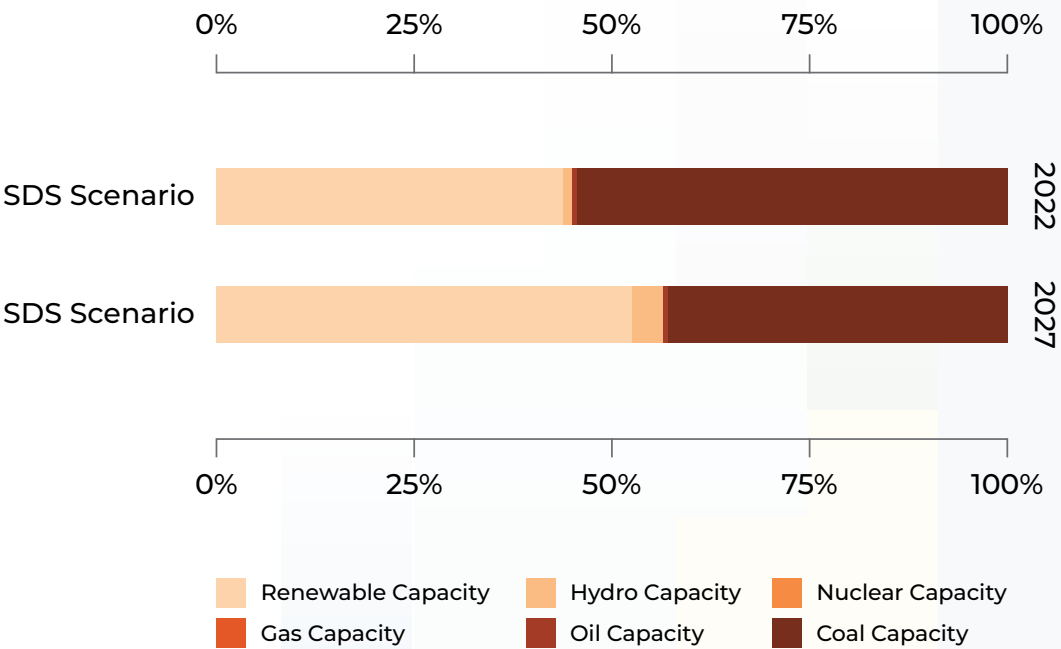
Over the past year, PCAF went through a process of enhancing its references based on more recent information to improve the quality of data and relevance to its increasing participants. While this is the case, RCBC will continue to perform its carbon accounting/GHG measurement annually, with the goal of establishing the appropriate baseline data and sufficient trend analysis for GHG emission target-setting.

RCBC remains committed to monitor the developments along with the Bank's previous declarations as follows:

- No funding for construction of new coal power plants, with remaining exposure to coal-fired power projects to be zeroed out by 2031.
- Enhancement of the Bank's Sustainable Finance Framework in further pursuit of projects with clear environmental and social benefits.
- Strong support for RE growth. 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, its RE portfolio already grew by 37% versus the December 2023 level.

Continual measurement of portfolio financed GHG emissions based on the PCAF methodology will eventually enable the Bank to correlate results with those generated through the PACTA and climate stress test models. RCBC's RE portfolio growth strategy remains aligned with the Technology Mix recommendations (per internal PACTA modeling) under the Sustainable Development Scenario, promoting the increase in RE capacity while reducing coal capacity. (Refer to Figure 4).

Figure 4. 2022 (Actual) and 2027 (Forecast) Technology Mix for the Power Sector (Southeast Asia)



Social Impact

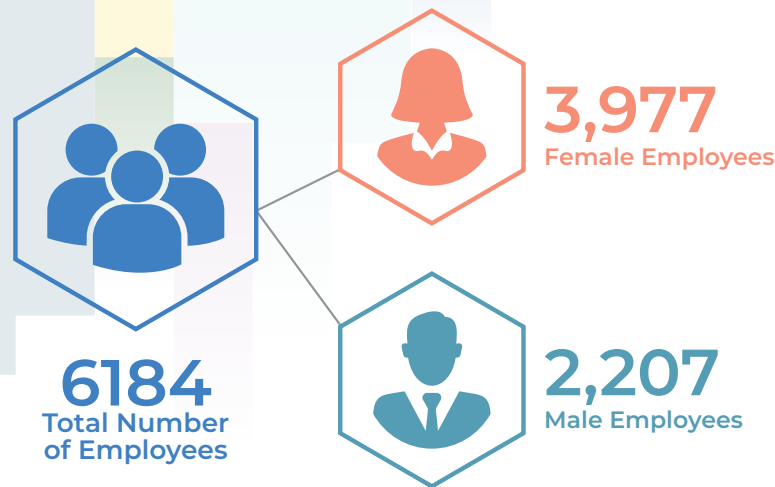
RCBC's social contributions are built on the strength of its relationships with people, both within its workplace and in the communities impacted by its business and presence. The Bank ensures the creation of sustainable value by being a responsible business and a good corporate citizen.



Social Impact

Social Contributions

Employee Hiring and Benefits



People as RCBC's Most Important Asset

Employee Management

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

The quality of benefits for full-time employees is a key factor in retaining employees. RCBC has a 17th-month pay for rank-and-file employees, a benefit superior to other peer banks. RCBC constantly improves its employee benefit packages to keep them competitive, to retain employees and to 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). In November 2021, the Bank (not including its subsidiaries) and the RCBC Employees Association peacefully agreed on three-year economic provisions and the five-year non-economic terms of the CBA for the period 01 October 2021 to 30 September 2026.

Compensation and Rewards Program

RCBC commits to pay its employees, salaries, or 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 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.



- The Bank implements and maintains a sound Compensation and Incentive Program with the following objectives:
 - To establish a basis for determination and management of compensation, salary increase and performance incentives
 - 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
 - To maintain competitive salary levels/structures consistent with those in the banking industry
 - To ensure retention and attraction of performing and key talents in the organization.
- To guide the Bank in managing the compensation levels of its employees, a salary structure was designed and developed using the following parameters:
 - 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.
 - 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.
 - 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.
- The salary structure is reviewed regularly by HRG to maintain its relevance and competitiveness internally and externally.

- 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.
- Final approval of recommendations about changes in the compensation structure and policies will need to be secured from the Corporate Governance Committee.
- 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.
- The Compensation and Incentive Program shall be composed of:
 - Basic Pay. This refers to the employee's monthly take-home pay, exclusive of overtime pay.
 - Guaranteed Pay. Part of the annual compensation supplementary to the Basic Pay such as the 13th-month pay.
 - 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 implements retention programs to help manage the Bank's attrition rate at 14.10% which is slightly below industry level.

Employee Engagement: Some 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.

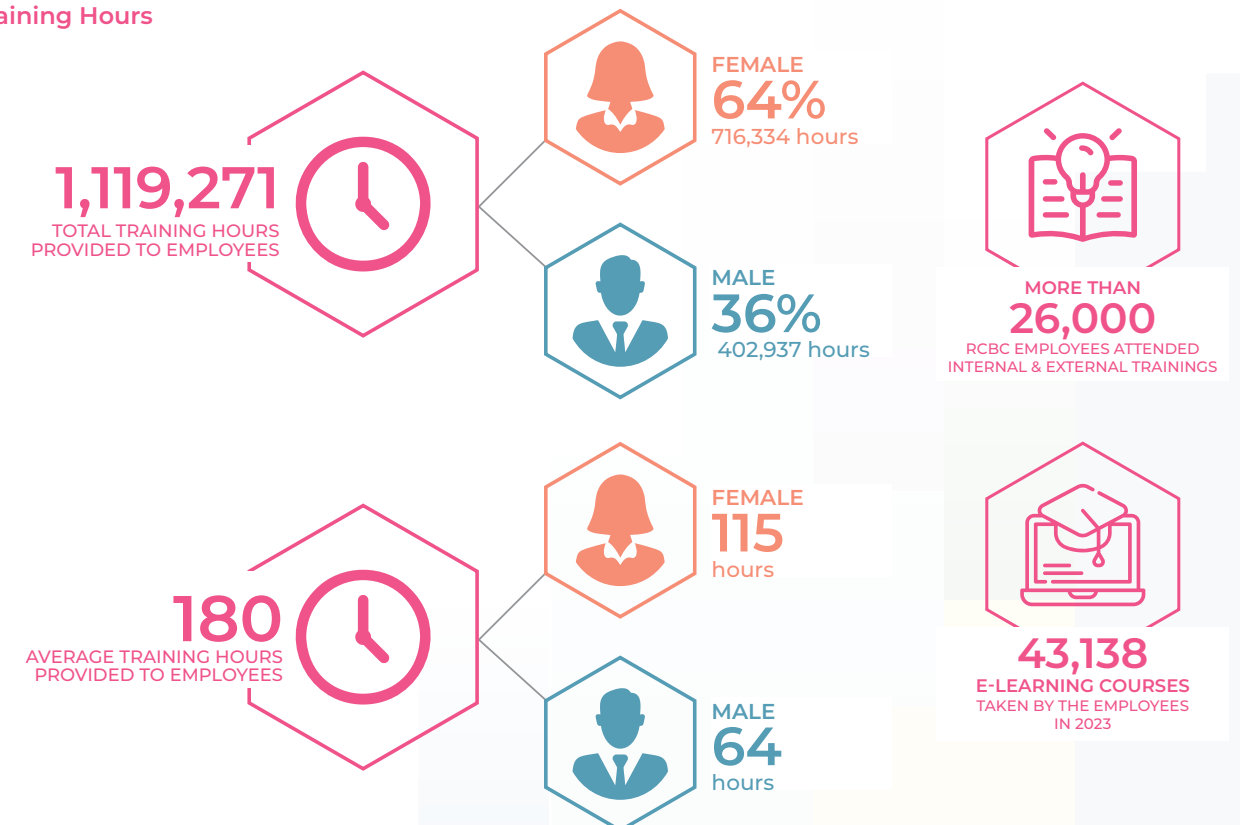
Human Resource Information System (HRIS):

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.

Employee Training and Development

The Bank invests in training and developing employees, and upgrading employee skills. It 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.

Training Hours



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.

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)



Various training programs are 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 to be ready to face the changes in the business landscape were supported by the following initiatives:

- **ELITE (Entry Level IT Education Program):** This management training program for the IT Group was reviewed and re-launched in 2023. It comes in two tracks: Infrastructure and Application. Eleven employees successfully completed the program.
- **Branch Program Assessment (BPA) Tool:** The aim of this 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. Four 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.
- **"AI is for Everyone":** This Coursera program was for the Bank's Senior Leaders to better understand the digital landscape. Delivered by highly acclaimed Stanford Professor Andrew Ng, the course was mandatory learning under the RCBC Digital Academy and intends to provide Group Heads, and Segment and Division Heads the opportunity to learn more about AI. A total of 159 attendees were certified in 2023.

- **RCBC Internship Program:** Launched in 2023, the program ran for eight 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 various bank processes, clients, products, and other day-to-day activities, as well as allow them to apply the knowledge they gained in a practical manner. It also provided the interns with program- and career-related work experience, as they were assigned to areas aligned with their respective courses. A total of 17 interns joined the program, of which two joined RCBC's Data Science and Analytics Group after graduating from university.
- **Other Trainings:**
 - **Core Credit Course for the Corporate Banking Group:** 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. Sixty-four participants attended two runs in 2023. To support the development of the Marketing Assistants, a run of the MA Track was conducted with 11 participants.
 - **Mandatory e-Learning programs for all employees:** 1) UN Sustainable Development Goals (SDGs) eLearning, 2) Fraud Risk Management eLearning, and 3) Data Privacy eLearning.
 - **In compliance with the BSP Directive to have all UITF Selling Personnel accredited,** the Bank conducted five 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.

- Regular trainings and examinations are also conducted to ensure 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 its resident expert, Dr. Michele Alignay. The following webinars were offered in 2023:
 - 1st quarter: "From Bent to Breakthrough," 299 attendees
 - 2nd quarter: "It Could Happen: Understanding Key Concepts in Mental Health," 451 attendees
 - 3rd quarter: "Emotions Matter," 345 attendees
 - 4th quarter, "Dealing with Relationship Burnout," 208 attendees



PMAP 2023 Employer of the Year Exemplar

RCBC scored significant milestones in 2023 for its HR programs. The Bank was recognized as "2023 Employer of the Year Exemplar" by the People Management of the Philippines (PMAP), the country's preeminent HR organization. It also landed in The Best Employers 2024 list released by the Philippine Daily Inquirer in partnership with Statista, the world's leading data and business intelligence portal.

Now the country's 5th largest privately owned bank, RCBC saw its profits soar to a five-year high. With this increase, the Bank recognizes 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:

1. Employees as Partners in Growth and Development
2. Employees as Partners in Sustainable and Inclusive Growth
3. Employees and Clients as Partners Through Generations

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.

RCBC's journey towards being a sustainable business, a leading innovator, and a strong partner for generations is far from over. It has proven that its success is only made possible because of its steady and true partners in its journey — each and every RCBC Banker working to make things happen.

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.

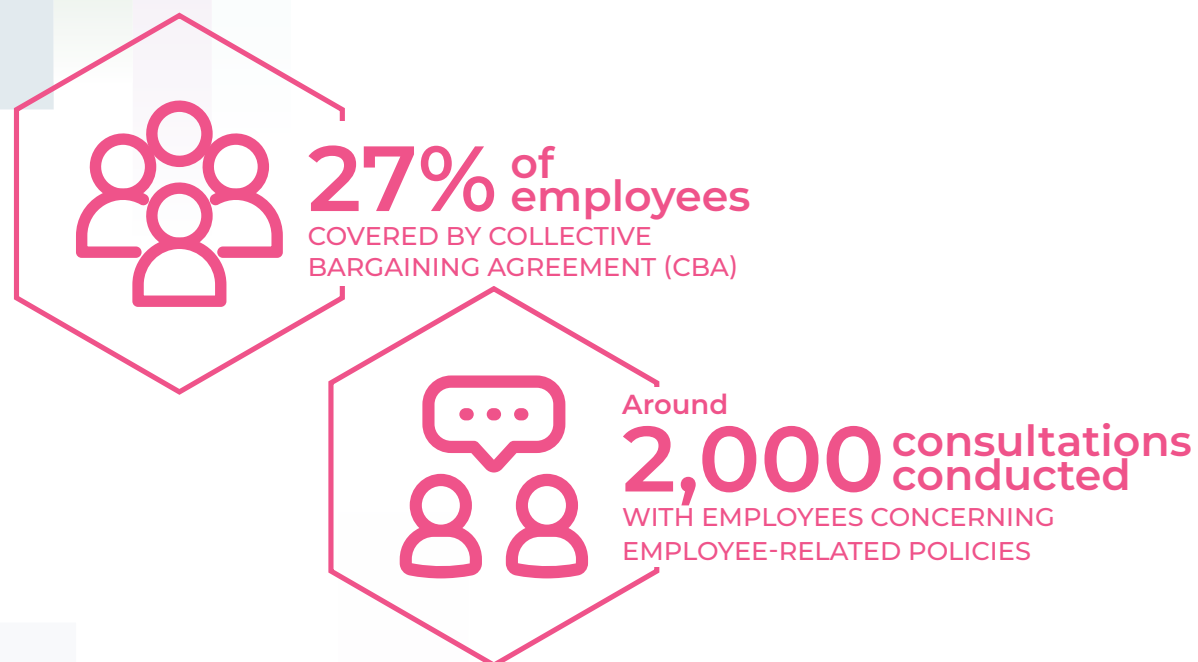
The tireless efforts of the Bank's more than 6,000 workforce contributed to making RCBC the 5th biggest private domestic bank in the country.

Social Impact

Labor-Management Relations

Effective labor-management relations preserve the welfare of employees. Management takes the views of workers into account when making specific decisions. Meaningful consultations, together with timely processing of relevant information, are needed to make an informed decision that is both fair and just.

RCBC has a union of rank-and-file employees, which negotiates with Management for a Collective Bargaining Agreement (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.



Diversity and Equal Opportunity

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 actively promotes diversity and equality at work.



Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

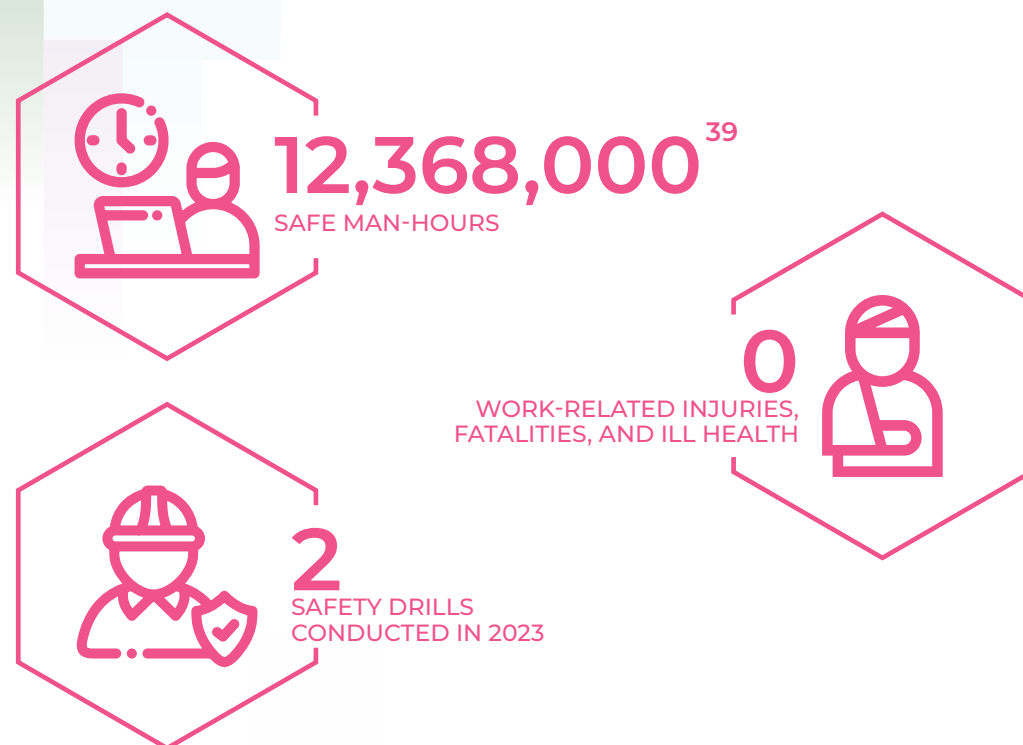
RCBC gives importance and commits to upholding occupational health and safety in the workplace through worker training and incident investigations. The Bank has safety officers, certified Basic Occupational, Safety and Health (BOSH) personnel, and first-aiders trained by the Philippine Red Cross.

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 and safety policies, as well as inspection and search procedures.

- Substance Abuse and Health & Safety Policies: Employees who work while under the influence of drugs or alcohol present a safety and operational hazard to themselves and their colleagues as well as pose a risk to the trustworthy and professional image of the Bank. The Bank also promotes the health and safety of its employees and their families, thus, the enactment of the following policies:
 - RCBC's Drug-Free Workplace Policy & Programs
 - Policy Against Alcohol Abuse
 - Policy on Off-Duty Substance Abuse
 - Family Welfare Policy
 - TB Workplace Program
 - HIV/AIDS Workplace Program
- Inspection & Search Procedures: Employees are mandated to notify security personnel if they see anything suspicious, including the presence of strangers and unattended bags or packages on the premises. Employees are likewise mandated to subject themselves, their personal belongings and the Bank assets under Bank custody to intensive inspection and search procedures by security personnel, upon entering, while within and upon leaving Bank premises. Bank premises include parking lots, whether owned or leased by the Bank. Personal belongings shall mean pockets, bags, storage media, cars and any other personal property that may be used as repository of cash, jewelry, documents, keys, data and other valuable items.
- Employee Welfare and Well-Being: In 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 availments for employees and 2,813 availments for dependents in 2023
 - ▶ Executive Check-up for employees with total cost of Php10.8 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 setup 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 Php179 million in 2023 for health benefits of employees and their dependents.

Social Impact



Labor Laws and Human Rights

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): freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation.

RCBC has the following labor policies in place:

- **Forced Labor:** 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:** RCBC's Recruitment Policy requires that we hire college graduates, at the minimum. The Bank does not employ child labor.
- **Human Rights:** Existing Philippine laws set expectations and standards that disallow violations of and promote human rights. RCBC abides by these laws.

In 2023, there were no legal actions or employee grievances involving forced or child labor were filed against the Bank.

³⁹ Estimated at 6,184 employees working 8 hours per day over 250 working days

Supply Chain Management

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.

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 enhancing the existing vendor accreditation policy targeted for implementation. The Enhanced Vendor Performance Evaluation Policy and Enhanced Vendor Blacklisting Policy below have also been adopted:

- **Vendor Accreditation:** This is to ensure that accredited vendors are capable of providing products and services to satisfy the minimum acceptable quality and reliability requirements of the Bank and that all accredited suppliers have proven track record, viable financial position and promoting sound and ethical business practices
- **Vendor Performance Evaluation:** This is to establish an efficient and 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 website⁴⁰.

⁴⁰ RCBC. Corporate Governance. <https://www.rcbc.com/corporate-governance>

The Bank 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. This 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.

Social Impact

Social Impact of RCBC Business

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities	Location	Vulnerable groups (if applicable) ⁴¹	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 BDA⁴² product called "Pangarap Savings." With RMB's cloud-base 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). <i>Refer to details under Economic Performance.</i>
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">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. Pilot launched in Davao and Bacolod. <i>Refer to details under Economic Performance.</i>
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.

In 2023, there were no Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational.

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.

Initiatives in local communities in 2023

- 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, a total of 23,000 decade-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. The project also 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.
- 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 Php12 million in the 2023 YGC Christmas Fund Drive.

Customer Management

Customer Satisfaction

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, 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 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 FCP Framework is generally composed of the following:

- FCP Policies and Procedures
- FCP Code of Conduct
- Consumer Assistance and Risk Assessment Mechanism
- FCP Training Program
- FCP Compliance Program
- FCP Audit Program
- Financial Consumer Education and Awareness Program

The Reputational Risk Management Framework is set out to address prudential requirements in managing reputational risk of the Bank. 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 established feedback mechanisms via the following:

- QR Code installed at the branches
- Consumer Lending Group (CLG) feedback from loan clients via Google Forms
- Client feedback generated from Sales Force (ticketing system)
- Feedback posted via social media
- Direct email from different Head Office Units (if any) to effectively resolve complaints/concerns and to ultimately manage client expectations in general.

⁴¹ 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)

⁴² 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.

Social Impact

The results of the feedback mechanism are reported and discussed internally on a regular basis.

RCBC has further strengthened its Consumer Assistance Mechanism with the creation of a well-trained and dedicated team of Consumer Assistance Officers (CAOs) to whom customers can conveniently lodge complaints, inquiries and requests (i.e., Customer Care Department-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).

In addition, RCBC is focused on integrating a deep awareness of Customer Experience (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.

Product Health and Safety

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.

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.

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.

In 2023, there were no recorded complaints attributed to product health and safety. 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.

Marketing and Labeling

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. 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 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

Regular updates on communication materials, including website, point-of-sale materials, and social media materials are made. 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). 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. 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.

No complaints⁴³ attributed to marketing and labeling were recorded in 2023.

Customer Privacy

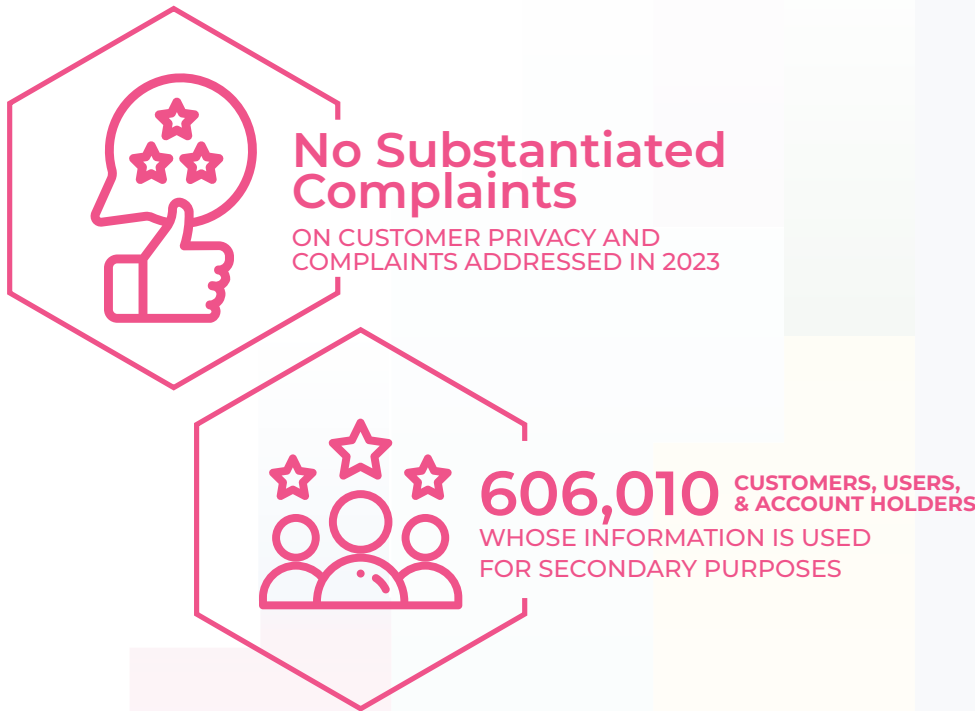
RCBC upholds the rights of customers to safety and security from probable negative impacts of its products and services. This includes customer access to accurate RCBC values and upholds the rights of customer to privacy and control of their data (including access, rectification and deletion). It respects 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.

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 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.

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.

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.



⁴³ 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

Social Impact

Data Security

As the Bank's products and services are financial in nature, 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:

- 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
- 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.

RCBC has zero tolerance for information security/cyber security breaches. In 2023, there were no recorded data breaches, including leaks, thefts and losses of data.

The Bank protects its information assets to ensure that breaches do not cause material damage to its liquidity and capital position, and reputation. Information security objectives are achieved through both a technical and process-based defensive strategy:

- Multi-layer IT defenses including threat intelligence/assessment, prevention, detection and remediation
- Identification of information assets including both hardware and software that are considered essential to the Bank
- Assistance to business units in identifying risks in information assets being handled
- 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

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.

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).

Further details on the Social Impact are provided through RCBC's 2023 Sustainability Report. Access:<https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf>

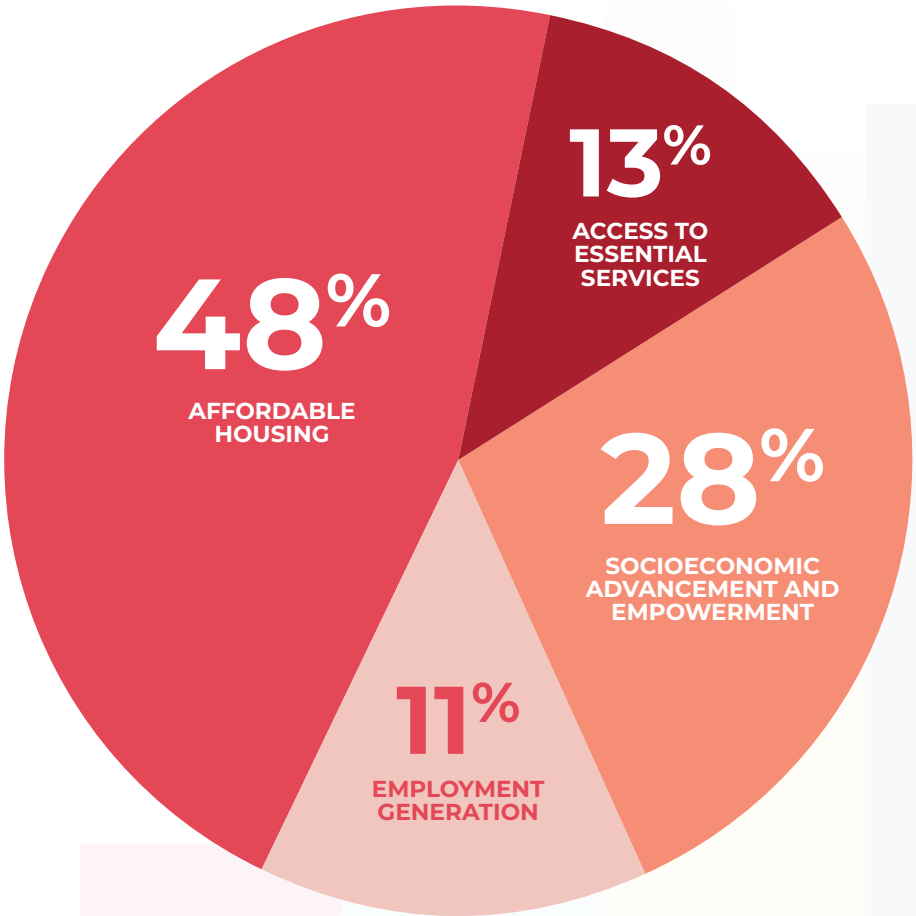


Social Impact of RCBC Portfolio

Eligible Social Portfolio

RCBC has 18,641 projects in its Eligible Social investment portfolio as of December 31, 2023, amounting to Php41 billion. Affordable Housing and Socioeconomic Advancement and Empowerment accounted for 48% and 28% of the portfolio, respectively. Employment Generation comprised 11% while Access to Essential Services had a 13% share.

Eligible Social Portfolio Distribution





Affordable Housing

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Affordable Houses Financed	Total No. of Affordable/Economic Housing units constructed
Economic/Socialized Housing Loans	17,870	19,207	19.6%	17,870	-
Affordable Housing Development	1	364	0.4%	-	4,108
Total Affordable Housing	17,871	19,572	20%	17,870	4,108

These are loans for the development or purchase of socialized housing and economic housing as defined by the Department of Human Settlements and Urban Development (DHSUD) of the Philippines.

According to UN-Habitat Philippines Country Report 2023⁴⁴, housing backlog in the Philippines is projected to increase from 6.5 million in 2022 to 22 million by 2040. To address the housing deficit, the national government launched a new flagship housing program in 2022, the Pambansang Pabahay para sa Pilipino (National Housing Program for Filipinos), or 4PH Program, that aims to build 1 million houses annually for until 2028. The DHSUD has signed memoranda of understanding with 155 local government units around the country and has broken ground in 28 housing projects as of June 2023⁴⁵.

To help address the country’s housing backlog, RCBC extended affordable loans of Php19.6 billion to support the purchase of 17,870 houses and the construction of 4,108 affordable housing units in 2023.



Employment Generation

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of loans extended to qualified MSMEs	Total No. of MSMEs with majority women in senior management / ownershippositions	Total No. of MSMEs with majority women in workforce / supply chain	Total No. of Small-scale Food Producers
Employment Generation	730	4,758	5%	730	152	103	4

These are loans to micro, small, and medium enterprises (MSME) as defined by the BSP, including those that promote women entrepreneurship, and/or small-scale food production.

MSMEs remain as one of the pillars of the Philippine economy. They comprise 99.58% of the business enterprises operating in the country and employ 63% of the workforce⁴⁶. The government has underscored the importance of forging partnerships with different sectors to come up with solutions to support the MSME sector in terms of financial and market access, skills development, and technology adoption⁴⁷. In March 2023⁴⁸, BSP encouraged financial institutions to consider serving more women-led MSMEs, citing that 58% of female-owned MSMEs lack access to funding compared to 37% of male-owned MSMEs.

By providing support to the MSMEs in the Philippines, the Bank can also help small-scale food producers who are essential for the sustainable transformation of agri-food systems⁴⁹ and key to the achievement of target 2.3⁵⁰ of the 2030 agenda for sustainable development.

Affirming its commitment to support MSME growth and recovery, RCBC provided 730 loans amounting to Php4.8 billion as of December 31, 2023. These include loans to 152 women-led MSMEs, 103 MSMEs whose majority of workforce are women, and four small-scale food producers.

⁴⁴ UN Habitat Philippines. (2023). UN-Habitat Philippines Country Report 2023. https://unhabitat.org/sites/default/files/2023/06/5_un-habitat_philippines_country_report_2023_final_compressed.pdf
⁴⁵ Reganit, J. C. (2023, July 24). Gov't to further expand Pambansang Pabahay program. Philippine News Agency. <https://www.pna.gov.ph/articles/1206270>

⁴⁶ Santiago, E. (2023, June 10). MSME highlights for the half of 2023. The Manila Times. <https://www.manilatimes.net/2023/06/10/business/top-business/msme-highlights-for-the-half-of-2023/1895351>
⁴⁷ Gita-Carlos, R.A. (2023, July 19). PBBM vows to boost MSMEs' global competitiveness. Philippine News Agency. <https://www.pna.gov.ph/articles/1205911>
⁴⁸ Ta-asan, K. (2023, March 2). BSP says female-owned MSMEs disadvantaged in accessing capital. BusinessWorld. <https://www.bworldonline.com/economy/2023/03/02/508245/bsp-says-female-owned-msmes-disadvantaged-in-accessing-capital/>
⁴⁹ The Importance of small-scale producers. Food and Agriculture Organization of the United Nations. <https://www.fao.org/science-technology-and-innovation/resources/stories/the-importance-of-small-scale-producers/en>
⁵⁰ "TARGET 2.3 by 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment." <https://indicators.report/targets/2-3/>



Access to Essential Services – Healthcare

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Hospital Beds	Total No. of Children Vaccinated per year	Total No. of Patients Treated per year	Total No. of Live Births in the Hospital per year
Hospitals	11	2,131	2%	5,371	7,262	4,989,100	1,791

These are loans to hospitals, clinics or healthcare centers providing free or subsidized care, including those accredited by Philhealth.

According to the Philippine Health Facility Development Plan (PHFDP) 2020-2040⁵¹, the country has 105,000 hospital beds with a bed density similar to the poorest countries in the world (1.2 per 1,000 population). Upper middle-income and high-income countries which the Philippines aspire to be by 2024 have bed density of 4 per 1,000 population, on average. An additional 400,000 beds are needed, majority of which are Level 1 beds, to meet the projected hospital care by 2040 (around 2.7 beds per 1,000 population). The PHFDP outlines the potential role of public and private sectors in closing the gap.

The Philippine healthcare system is shared between the public sector, which focuses efforts on preventive and primary care, and private sector, which focuses on specialized care⁵². Access to finance by the private health sector has been consistently listed as a challenge to growth. To stay accredited with PhilHealth, private providers need to make upgrades on their services and facilities which will require access to capital.⁵³

In support of the healthcare system in the Philippines, RCBC provided Php2.1 billion in loans to hospitals. The loans to these hospitals helped finance 5,371 hospital beds, benefiting almost five million patients, including 7,262 children vaccinated and 1,791 live births.

⁵¹ Office of the President of the Philippines. (2023, July 7). Memorandum Circular No. 26 Adopting the Philippine Health Facility Development Plan 2020-2040. <https://www.official-gazette.gov.ph/downloads/2023/07/jul/20230725-MC-26-FRM.pdf>
⁵² International Trade Administration. (2023, January 1). Philippines - Country Commercial Guide Healthcare. <https://www.trade.gov/country-commercial-guides/philippines-healthcare>
⁵³ SHOPS Plus. (2020). Philippines Private Health Sector Assessment. <https://banyanglobal.com/wp-content/uploads/2021/02/Philippines-Private-Health-Sector-Assessment.pdf>



Access to Essential Services – Education

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Students per year	Total No. of Vulnerable Students per year
Schools	13	3,210	3%	112,543	558

These are loans to public and private educational institutions - where private institutions are considered, these include enterprises that serve vulnerable populations and charge a nominal fee that is affordable to all in the local context.

According to the Department of Education (DepEd)⁵⁴, a total of 22.38 million students have enrolled for the school year 2023 - 2024 as of August 26, 2023. These enrollees are from public and private schools, as well as from State Universities and Colleges (SUCs) and Local Universities and Colleges (LUCs) that offer basic education programs. During a senate committee on education hearing in August 2023⁵⁵, DepEd disclosed the backlog of 159,000 classrooms nationwide, including schools struggling with congested classrooms and a high ratio of students to teachers. Based on data presented during the hearing, 30% of kindergarten to Grade 6 classrooms nationwide is congested, with the percentage much higher in junior and senior high schools at 41% and 50%, respectively.

To help the country cope with the challenges in the education sector, RCBC provided Php3.2 billion in funding support to educational institutions, benefiting 112,543 students including 558 beneficiaries of scholarships, subsidies and discounts offered by the schools.

⁵⁴ Hernando-Malipot, M. (2023). DepEd registers over 22.3 million enrollees for SY 2023-2024. Manila Bulletin. <https://mb.com.ph/2023/8/27/dep-ed-registers-over-22-million-enrollees-for-sy-2023-2024>
⁵⁵ Sarao, Z. (2023, August 23). DepEd: P397B needed to build schools and close classroom gap. <https://hewsinfo.inquirer.net/1820554/dep-ed-says-p397-billion-needed-to-close-classroom-gap>



Socioeconomic Advancement and Empowerment

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total number of members served by cooperatives per year	Total number of clients served by rural banks per year	Total Approved Loans to Women via financing project and rural banks	Total Approved Loans to Low Income Borrowers via financing project and rural banks	Total Approved Loans to MSMEs via rural banks
Access to Finance	16	11,339	12%	572,279	52,905	Php41.3 billion	Php2.8 billion	Php1.2 billion

These are loans to entities which improve access to financial services for minority, underserved, and low-income individuals or MSMEs, including rural and cooperative banks as defined by the Philippine Central Bank’s Manual of Regulation for Banks, and to cooperatives as defined by Republic Act 9520.

According to the Philippine Statistics Authority⁵⁶, poverty incidence declined to 22.4%, equivalent to 25.24 million individuals living below the poverty line, in the first half of 2023 from 23.7% in 1H2021. It was also noted that families require a monthly income of at least Php 13,797 during this period to ensure food and non-food needs are met.⁵⁷ To further the decline of poverty incidence and to meet the authorities’ goal of reaching a single digit by 2028⁵⁸ rural/cooperative banks, cooperatives and entities targeting low-income or minority populations have the significant role of alleviating poverty by providing inclusive and responsive financial services to disadvantaged groups.

In support of the country’s poverty alleviation program as well as the global call to eradicate poverty, RCBC extended Php11.3 billion worth of loans to rural banks, cooperatives and a firm supporting inclusive finance, serving a total of 572,279 cooperative members, 52,905 rural bank clients, and providing support to affordable credit by supporting entities which loaned a total of Php41.3 billion to women, Php2.8 billion to low-income borrowers, and Php1.2 billion to MSMEs in 2023.

⁵⁶ Philippine Statistics Authority. (2023). Highlights of the 2023 first semester official poverty statistics. <https://psa.gov.ph/system/files/phdsa/Highlights%20of%20the%202023%201st%20sem%20Official%20Poverty%20Statistics.pdf>
⁵⁷ Philippine Statistics Authority. (2023). Highlights of the 2023 first semester official poverty statistics. <https://psa.gov.ph/system/files/phdsa/Highlights%20of%20the%202023%201st%20sem%20Official%20Poverty%20Statistics.pdf>
⁵⁸ Balisacan, A. M. (2023, December 22). As-delivered statement of NEDA Secretary Arsenio M. Balisacan at the 2023 first semester official poverty statistics press conference. NEDA.gov.ph. <https://neda.gov.ph/as-delivered-statement-of-neda-secretary-arsenio-m-balisacan-at-the-2023-first-semester-official-poverty-statistics-press-conference/#:~:text=In%20terms%20of%20population%2C%20poverty,Luzon%2C%20SOCCSKSARGEN%2C%20and%20Caraga.>

Contributions to the United Nations Sustainable Development Goals

For the second time, RCBC is disclosing its UN SDG loans based on the internal mapping of its total loan portfolio versus the UN SDGs.




Contributions to the 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	SDGs	Societal Value / Contribution to UN SDGs
<p>Delivering in the New Normal Through Digital Acceleration:</p> <p>[Refer to details under the Economic and Social portions]</p> <p>• RCBC Pulz • DiskarTech • ATM Go • MoneyBela • RCBC Boz</p> <p>Potential Negative Impact of Contribution 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>Management Approach to Negative Impact EThe 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>		<p>No Poverty. Both DiskarTech and ATM Go were instrumental in the government’s distributionof 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 stores, pharmacies, rural banks, grocery stores, bakeries, and pawnshops. <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 Aralin sa Madiskarteng Pananalapi 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 Barangayan 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 disadvantaged communities</p>

Key Products and Services	SDGs	Societal Value / Contribution to UN SDGs
		<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">◦ Flexi Savers◦ iSave <p>Potential Negative Imp act of Contribution Banks are custodians of public money. Given the banking sector’s Systemic importance, it is critical that credit risk, market risk, and other bank risks are properly managed to prevent bank failure</p> <p>Management Approach to Negative Impact 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 effective risk management infrastructure, and complies with regulations on risk and capital management.</p>		<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 launchedthe 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>

Contributions to the UN Sustainable Development Goals

Key Products and Services	SDGs	Societal Value / Contribution to UN SDGs
<div>Loans</div> <div><div>• Corporate Loans</div><div>• Home Loans</div><div>• Auto Loans</div><div>• Personal Loans</div></div> <div>Potential Negative Impact of Contribution</div> <div>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.</div> <div>Management Approach to Negative Impact</div> <div>The Bank identifies, measures, controls, and monitors the risk inherent to its business activities or embedded in its products and portfolios. RCBC continually develops an efficient and effective risk management infrastructure, and complies with regulations on risk and capital management.</div>	<div><div><div>7</div><div>RENEWABLE ENERGY AND CLIMATE ACTION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>13</div><div>CLIMATE ACTION</div></div></div>	<div>RCBC's Php298.5-billion UN SDG Loans comprised approximately 41% of the Bank's total loan portfolio in 2023⁹⁹. Of this, around half support UN SDG 9: Industry, Innovation, and Infrastructure.</div> <div>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.</div> <div>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.</div> <div>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.</div> <div>Reduced Inequalities. RCBC's loan products empower and promote economic inclusion. RCBC lends to the underserved and low-income individuals, promoting socioeconomic advancement and empowerment.</div> <div>Sustainable Cities and Communities. RCBC's personal loan products increase access to safe and affordable housing and transport</div> <div>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.</div>
<div>Credit Cards</div> <div>Potential Negative Impact of Contribution</div> <div>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.</div> <div>Management Approach to Negative Impact</div> <div>RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.</div>	<div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>5</div><div>GENDER EQUALITY</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>15</div><div>LIFE ON LAND</div></div></div>	<div>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).</div> <div>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' Rewards for the Soul – 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 chosen organization.</div> <div>Quality Education. Other beneficiaries of RCBC Credit Cards' Rewards for the Soul 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.</div> <div>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.</div>

Key Products and Services	SDGs	Societal Value / Contribution to UN SDGs
<div>Micro & Small Business Loans & Savings Products</div> <div>Potential Negative Impact of Contribution</div> <div>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.</div> <div>Management Approach to Negative Impact</div> <div>RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.</div>	<div><div><div>1</div><div>NO POVERTY</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div></div>	<div>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.</div> <div>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.</div> <div>Industry, Innovation and Infrastructure. RMB's products increase access to financial services, including affordable credit.</div> <div>Reduced Inequalities. Regardless of financial status, RMB's loan and savings products cater to underserved individuals not covered by commercial banks.</div>
<div>Sustainable Finance Framework</div> <div>Potential Negative Impact of Contribution</div> <div>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.</div> <div>Management Approach to Negative Impact</div> <div>The Sustainable Finance Framework has a clear project selection and evaluation process.</div>	<div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>5</div><div>GENDER EQUALITY</div></div><div><div>6</div><div>CLEAN WATER AND SANITATION</div></div><div><div>7</div><div>RENEWABLE ENERGY AND CLIMATE ACTION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>14</div><div>LIFE BELOW WATER</div></div><div><div>15</div><div>LIFE ON LAND</div></div></div>	<div>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.</div> <div>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.</div>

⁹⁹ 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.

Content Index: UN Sustainable Development Goals

	UN SDG	Reference	Page
1	End poverty in all its forms everywhere.	<ul style="list-style-type: none">Economic Impact - Continuing Support for Financial Inclusion and Digitalization, Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Micro & Small Business Loans & Savings Products	23, 28 65 79
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	<ul style="list-style-type: none">Economic Impact - Continuing Support for Financial Inclusion and Digitalization, Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Credit Cards	23, 28 65 79
3	Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none">Economic Impact - Continuing Support for Financial Inclusion and Digitalization, Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Credit Cards, Sustainable Finance FrameworkRCBC on Sustainability – Access to Essential Services - HealthcareEligible Social Portfolio – Access to Essential Services - Healthcare	23, 28 65 79 14 73
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none">Economic Impact – Continuing Support for Financial Inclusion and Digitalization, Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Credit Cards, Sustainable Finance FrameworkRCBC on Sustainability – Access to Essential Services – EducationEligible Social Portfolio – Access to Essential Services - Education	23, 28 65 79 14 74
5	Achieve gender equality and empower all women and girls.	<ul style="list-style-type: none">Economic Impact – Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Credit Cards, Sustainable Finance FrameworkRCBC on Sustainability – Employment GenerationEligible Social Portfolio – Employment Generation	28 65 79 14 72
6	Ensure availability and sustainable management of water and sanitation for all.	<ul style="list-style-type: none">Contribution to the UN SDGs – Sustainable Finance FrameworkRCBC on Sustainability – Sustainable Water ManagementEligible Blue Portfolio – Sustainable Water Management	79 13 48
7	Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none">Economic Impact – Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Loans, Sustainable Finance FrameworkRCBC on Sustainability –Renewable Energy, Energy EfficiencyEligible Green Portfolio – Renewable Energy, Energy Efficiency	28 65 79 13 43, 46
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul style="list-style-type: none">Economic Impact – Continuing Support for Financial Inclusion and Digitalization , Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Micro & Small Business Loans & Savings Products, Sustainable Finance FrameworkRCBC on Sustainability – Employment GenerationEligible Social Portfolio – Employment Generation	3, 28 65 79 14 72

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9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	<ul style="list-style-type: none">Economic Impact – Continuing Support for Financial Inclusion and Digitalization , Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Micro & Small Business Loans & Savings Products, Sustainable Finance FrameworkRCBC on Sustainability – Green BuildingsEligible Green Portfolio – Green Buildings	23, 28 65 79 13 44
10	Reduce inequality within and among countries.	<ul style="list-style-type: none">Economic Impact – Continuing Support for Financial Inclusion and Digitalization , Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Loans, Micro & Small Business Loans & Savings Products, Sustainable Finance FrameworkRCBC on Sustainability – Socioeconomic Advancement and EmpowermentEligible Social Portfolio – Socioeconomic Advancement and Empowerment	23, 28 65 79 14 76
11	Make cities and human settlements inclusive, safe, resilient and sustainable.	<ul style="list-style-type: none">Economic Impact – Continuing Support for Financial Inclusion and Digitalization , Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Sustainable Finance FrameworkRCBC on Sustainability – Clean Transportation, Affordable HousingEligible Green Portfolio – Clean TransportationEligible Social Portfolio – Affordable Housing	23, 28 65 79 13, 14 45 71
12	Ensure sustainable consumption and production patterns.	<ul style="list-style-type: none">Contribution to the UN SDGs – Credit Cards, Sustainable Finance FrameworkRCBC on Sustainability – Pollution Prevention and ControlEligible Green Portfolio – Pollution Prevention and Control	79 13 47
13	Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none">Economic Impact – Continuing Support for Financial Inclusion and Digitalization , Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Sustainable Finance Framework	23, 28 65 79
14	Conserve and sustainably use the oceans, sea and marine resources for sustainable development.	<ul style="list-style-type: none">Contribution to the UN SDGs – Sustainable Finance FrameworkRCBC on Sustainability – Sustainable Water Management	79 13
15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	<ul style="list-style-type: none">Contribution to the UN SDGs – Credit Cards	79
17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	<ul style="list-style-type: none">Economic Impact - Continuing Support for Financial Inclusion and Digitalization , Digital Products and ServicesSocial Impact – Relationship with CommunityContribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts	23, 28 65 79

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- All references below are aligned with the following guidelines:
- RCBC Sustainable Finance Framework: 2.4.1 Allocation reporting and 2.4.2. Impact Reporting
 - ICMA Sustainability Bond Guidelines: 4. Reporting
 - ACMF ASEAN Sustainability Bond Standards

Additionally, the references below are also in accordance with the following:

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Eligible Social Portfolio – Affordable Housing	ICMA Social Bond Principles: 4. Reporting; ACMF ASEAN Social Bond Standards: 4.4. Reporting; ICMA Harmonised Framework for Impact Reporting for Social Bonds: Annex III. Working list of sample social indicators – VI – Affordable housing	71
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Notice of Disclaimer

The material information in the Sustainable Finance Impact Reporting portions of the 2023 Sustainability and Impact Report are based on data collected from RCBC-financed projects as of December 31, 2023. However, their accuracy has not been validated by a third party. All information in this Report is provided to the best of our knowledge and in good faith. While we endeavor to keep information up to date and correct, RCBC makes no representation or warranties of any kind, expressed or implied, about the completeness, accuracy, reliability, suitability, or availability with respect to the information, bonds, assets, and graphics contained

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Key Definitions

2-Degree Investing Initiative (2DII)

2DII is an independent, non-profit think tank working to align financial markets and regulations with the Paris Agreement goals. Globally focused with offices in Paris, New York, Berlin, London, and Brussels, 2DII coordinates some of the world's largest research projects on sustainable finance.

Bangko Sentral ng Pilipinas (BSP)

Formerly Central Bank of Philippines, the BSP was established on 3 January 1949 as the country's central monetary authority. The BSP enjoys fiscal and administrative autonomy from the National Government in the pursuit of its mandated responsibilities.

Basic Occupational, Safety and Health

A multidisciplinary field concerned with the safety, health, and welfare of people at work, with the goal of fostering a safe and healthy occupational environment.

COVID-19

An infectious disease caused by the SARS-CoV-2 virus.

CX Academy

An educational institution in Dublin, Ireland that sets the global standard for Customer Experience Training, certification and qualification.

Cyber Security

Refers to technologies, processes, and practices designed to protect information assets and consumers by preventing, detecting, and responding to cyber-attacks.

Department of Education

The agency that formulates, implements, and coordinates policies, plans, programs and projects in the areas of formal and non-formal basic education. It supervises all elementary and secondary education institutions, both public and private.

Department of Environment and Natural Resources (DENR)

The primary agency responsible for the conservation, management, development, and proper use of the country's environment and natural resources, as well as the licensing and regulation of all natural resources.

DENR-Environmental Management Bureau

Responsible for the protection and proper management of the quality of air, water and land in Metro Manila in accordance with the principles of sustainable development. It is tasked to regulate industrial and commercial establishments and proposed development projects through the issuance of permits and clearances as mandated under existing laws and regulations.

Department of Finance (DOF)

The DOF is the Philippine government's steward of sound fiscal policy. It formulates revenue policies to ensure funding for critical government programs that promote people's welfare and accelerate economic growth and stability.

Department of Health

The executive department of the government of the Philippines responsible for ensuring access to basic public health services by all Filipinos through the provision of quality health care, the regulation of all health services and products.

Department of Labor and Employment

One of the executive departments of the Philippine government mandated to formulate policies, implement programs and services, and serve as the policy-coordinating arm of the Executive Branch in the field of labor and employment.

Department of Trade and Industry

The executive department of the Philippine government tasked as the main economic catalyst that enables innovative, competitive, job generating, inclusive business, and empowers consumers.

Digital Payments Transformation Roadmap

Sets out the BSP's initiatives and strategies for achieving an efficient, safe, and inclusive payments ecosystem.

Economic and Socialized Housing

Department of Human Settlements and Urban Development (DHSUD) sets the price ceiling for economic housing to PHP 2,500,000 while a tiered classification is provided for Socialized Housing.⁶⁰

Energy Transition Mechanism

A scalable, collaborative initiative developed in partnership with developing member countries that will leverage a market-based approach to accelerate the transition from fossil fuels to clean energy.

Environmental, Social, and Governance (ESG)

ESG is the set of standards for a company's operations that promote environmental and social responsibility.

Global Warming

This refers to the long-term heating of the Earth's average surface temperature observed since the pre-industrial period (between 1850 and 1900) due to human activities.

Greenhouse Gas (GHG)

Gas that contributes to the greenhouse effect by absorbing infrared radiation. Carbon dioxide and chlorofluorocarbons are examples of greenhouse gases.

GHG Emissions, Scope 1, 2, 3

Gases in the earth's atmosphere that trap heat. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Independent Electricity Market Operator of the Philippines (IEMOP)

The Independent Market Operator of the Wholesale Electricity Spot Market (WESM), as required by the Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act or EPIRA.

International Finance Corp. (IFC)

IFC is the largest global development institution focused on the private sector in developing countries. It is a member of the World Bank Group that advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries.

Internal Capital Adequacy Assessment (ICAAP)

Process for assessing their capital adequacy relative to their risk profile.

International Capital Market Association (ICMA)

A self-regulatory organization and trade association for participants in the capital markets.

International Labour Organization

The only tripartite U.N. agency, since 1919 that brings together governments, employers and workers of 187 Member States, to set labour standards, develop policies and devise programs promoting decent work for all women and men.

International Organization for Standardization

An international standard development organization composed of representatives from the national standards organizations of member countries.

Intergovernmental Panel on Climate Change (IPCC)

The United Nations body for assessing the science related to climate change.

Leadership in Energy and Environmental Design⁶¹ (LEED)

A US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.

Local Government Unit (LGU)

LGUs oversee local governance in 81 provinces, 144 cities, 1,490 municipalities, and 42,028 barangays across the country. LGU officials are responsible for providing direct and basic services to the people and ensuring peace and order within communities.

Micro, Small and Medium Enterprise (MSME)

As defined by the Magna Carta for MSMEs⁶², these are business activity or enterprise with total assets having value under the following categories: micro (less than Php3 million), small (from above Php3 million to Php15 million), and medium (from above Php15 million to Php100 million).

Net Zero

The balance between the amount of greenhouse gas emitted and the amount removed from the atmosphere.

Paris Agreement

This is a legally binding international treaty on climate change, adopted by 196 parties at the COP 21 in Paris on 12 December 2015 and enforced on 4 November 2016. It aims to limit global warming to preferably below 1.5 degrees Celsius compared to pre-industrial level.

Partnership for Carbon Accounting Financials (PCAF)

PCAF aims to help financial institutions assess and disclose the GHG emissions emanating from their loans and investments through a standardized GHG accounting approach. This allows financial institutions to make transparent climate disclosures on their GHG emissions exposure, identify climate-related transition risks and opportunities, and set targets to align themselves with the goals of the Paris Agreement.

People Management of the Philippines

A professional, non-stock, not-for-profit organization of over 1,800 member companies and individual management executives engaged or interested in Human Resource Management and Industrial Relations work.

Philippine Contractors Accreditation Board (PCAB)

A government agency attached to the Department of Trade and Industry and is one of the implementing Boards in the Construction Industry Authority of the Philippines. R.A. 4566 as amended by P.D. No. 1746 provides that no contractor (including sub-contractor and specialty contractor) shall engage in the business of contracting without first having secured a PCAB license to conduct business.

Renewable Energy

This refers to energy from a source that is not depleted when used, such as wind or solar power.

Sustainable Finance

This refers to any form of financial product or service which integrates ESG criteria into business decisions that supports economic growth and provides lasting benefit for both clients and society while reducing pressures on the environment. This also covers green finance which is designed to facilitate the flow of funds towards green economic activities and climate change mitigation and adaptation projects.

Sustainalytics

Global leader in ESG research and data, serving the world's leading institutional investors and corporations.

United Nations Sustainable Development Goals (UN SDGs)

This is a universal call to action to end poverty, protect the planet, foster peace, and ensure that all people enjoy prosperous and fulfilling lives.

Universal Bank

A commercial bank with the additional authority to exercise the powers of an investment house and invest in non-allied enterprises.

World Wide Fund (WWF) for Nature

Swiss-based international non-governmental organization founded in 1961 that works in the field of wilderness preservation and the reduction of human impact on the environment.

⁶¹ *Sustainalytics. (2019, May 7). Second-Party Opinion: RCBC Sustainable Finance Framework. <https://www.rcbc.com/uploads/media/RCBC-Sustainable-Finance-Framework-SPO-FINAL.pdf>*
⁶² *Congress of the Philippines. (2008, May 23). Republic Act 9501: Magna Carta for Micro, Small and Medium Enterprises (MSMEs). https://lawphil.net/statutes/repacts/ra2008/ra_9501_2008.html*

⁶⁰ <https://dhsud.gov.ph/price-ceilings-hred-faqs/>

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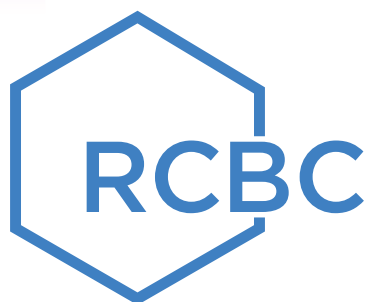
RCBC on Sustainability	Image by freepik	https://www.freepik.com/free-photo/researchers-looking-alternative-energy-souces_23668292.htm#from-View=search&page=1&position=32&uuid=b8010d32-7a04-4135-833e-1f5cbbff76eb
Sustainable Finance Framework	Image by freepik	https://www.freepik.com/free-photo/sustainable-development-goals-still-life_38687401.htm#fromView=search&page=1&position=16&uuid=-b7351e5c-572c-4894-afdf-aa9e99bf9173
Renewable Energy	American Public Power Association	https://unsplash.com/photos/solar-panels-on-green-field-513dBrMJ_5w
Green Buildings	Ricardo Gomez Angel	https://unsplash.com/photos/low-angle-photography-of-building-WsEAiVwGrwo
Clean Transportation	Gerald Escamos	https://unsplash.com/photos/a-train-station-with-a-person-walking-xz-SnYGJoGw
Energy Efficiency	Thomas Jensen	https://unsplash.com/photos/a-bunch-of-wires-are-connected-to-a-wall-plL_yZ7vuxM
Pollution Prevention and Control	Evgeny Karchevsky	https://unsplash.com/photos/crushed-assorted-beverage-cans-lot-k1tUxf8JYY
Environmentally Sustainable Management of Living Natural Resources and Land Use	Chris Ensminger	https://unsplash.com/photos/yJDZTDeHeG8
Marine Ecosystem Management	Florida-Guidebook.com	https://unsplash.com/photos/mangroves-b-2Bdlnl-BtUA
Fisheries, Aquaculture and Sea-food Value Chain	Paul Einerhand	https://unsplash.com/photos/man-in-yellow-jacket-and-yellow-pants-standing-on-boat-dock-during-daytime-qLlglFCcAeo
Sustainable Aquatic and Marine Tourism	Giulia Salvaterra	giulia-salvaterra-EW9z19sPiZc-unsplash
Sustainable Water Management	Ivan Bandura	https://unsplash.com/photos/top-view-of-concrete-structures-Ac97OqAWDvg
Affordable Basic Infrastructure	Liz Martin	https://unsplash.com/photos/gray-metal-water-pipe-9M8J7JvW_nc
Access to Essential Services	Joshua Coleman	https://unsplash.com/photos/AVqs0ltdMQM
Employment Generation	Zoe Chen	https://unsplash.com/photos/FmNf44CHMOI
Affordable Housing	Alexander Schimmeck	https://unsplash.com/photos/P0klexNkSNQ
Socio-economic Advancement and Empowerment	Nathaniel Sison	https://unsplash.com/photos/UfY4Ail9ypY
Eligible Green Portfolio	Nicholas Doherty	https://unsplash.com/photos/white-electric-wind-mill-pONBhDyOFoM
Renewable Energy	Zbynek Burival	https://unsplash.com/photos/blue-solar-panel-boards-V4ZYJZJ3W4M
Green Buildings	Lily Banse	https://unsplash.com/photos/architectural-photography-of-glass-building-nQ3tGlt8eJg

Energy Efficiency	Christopher Burns
Clean Transportation	Juan Paolo Cruz
Sustainable Water Management	Gallery DS
Pollution Prevention and Control	Nick Fewings
Eligible Social Portfolio	Lyman Hansel Gerona
Affordable Housing	T.H. Chia
Access to Essential Services - Healthcare	Levi Meir Clancy
Access to Essential Services - Education	Taylor Keeran
Employment Generation	Christian Ang
Socioeconomic Advancement and Empowerment	Beth Macdonald

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