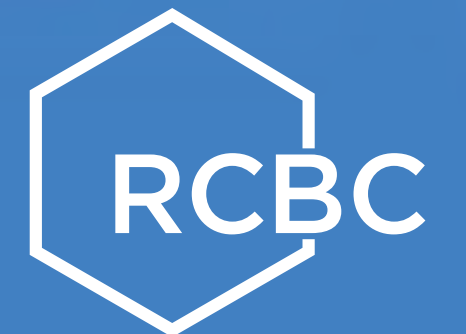


LEADING FORWARD

2022 SUSTAINABILITY AND IMPACT REPORT



Propelled by a 60-year track record in Philippine banking, RCBC is forging ahead into the future, LEADING FORWARD by embedding environmental, social, and governance (ESG) principles into its operations.

First of its Kind

For the first time since reporting on its sustainability performance, the Bank has combined its Sustainability Report and Impact Report into one publication, signaling its determination to make sustainability, and its diverse aspects, a core part of its business strategy.

This Report also contains RCBC’s contributions to the United Nations Sustainable Development Goals (UN SDGs). It includes the Bank’s first disclosure of UN SDG loans based on the internal mapping of its total loan portfolio versus the UN SDGs.

Being the first of its kind for RCBC, this 2022 Sustainability and Impact Report (SIR) highlights these pioneering strategies:

- **Strategic financial inclusion** through the launch of “Moneybela: Barangayan Banking,” the country’s first human-assisted remote banking service;
- **Climate risk management** through the conduct of an initial greenhouse gas (GHG) emissions accounting of its business loans as part of the Partnership for Carbon Accounting Financials (PCAF), the first Philippine bank to participate;
- **People transformation** by integrating deep awareness of Customer Experience (CX) principles and practices on all employees; and
- **Sustainable value chain** by issuing recycled or environment-friendly cards by 2023, an unprecedented innovation made possible through RCBC Credit Cards’ collaboration with its supplier, Thales.

Reporting Frameworks

This Report was designed in accordance with these references:

- **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 Circular 1085 and BSP Circular 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 (April 2019)** 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 net proceeds are fully allocated.
 - The **Allocation Report** shows how the net proceeds from the SFI are distributed in the Eligible Green and Social Portfolio.
 - The **Impact Report** shows the aggregated impact of the Eligible Green and Social Portfolio, as well as the impact of the Eligible Green and Social Portfolio 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. The following are included in the disclosure:
 - **Financed Emissions**, representing RCBC’s Scope 3 GHG emissions. This 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 the 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.”

The results in this Report are in fulfilment of the Bank’s commitment to PCAF, more than a year before the three-year deadline since it started participating in PCAF in September 2021.



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ABOUT RCBC



RCBC started its operations in the province of Rizal and was incorporated on September 23, 1960 under the name Rizal Development Bank. RCBC received approvals from the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank in 1963 under its present name and then as a universal bank in 1989.

RCBC is listed in the Philippine Stock Exchange and trades under the stock symbol 'RCB'.

For over 60 years, the Bank has been a pillar of the banking industry in the Philippines with a wide range of services in investments, microfinancing, and overseas remittances, among many others.

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

RCBC ranks as the fifth largest private universal bank in the Philippines with total resources of Php1.2 trillion

(including subsidiaries and affiliates) and net income of Php12.1 billion as of December 31, 2022. The Bank recorded an increase in asset volume of 23%.

As a diversified financial institution, RCBC serves corporate and individual banking needs through multiple customer channels offering innovative products and services to various markets. Its inclusive financial business model expanded in 2010 when it ventured into the microfinance business via Rizal MicroBank (RMB, the thrift bank subsidiary) to serve the unbanked and underserved segments of the country's population. One of the youngest affiliates of YGC, RMB mainly provides loans to microenterprise and small business operators as well as agricultural value chain players.

RCBC has been recognized for its digital and innovative solutions and aggressive business growth. In 2022, it garnered over 60 awards including: "Asia's Best Digital Bank" for three consecutive years by Asiamoney; "The Best Financial Inclusion Initiative" by the Asian Banker Financial Technology Innovation Awards for two consecutive years; "The Best SME Bank" by the Asian Banker Philippines Awards; "The Best Retail Bank" and v) "The Best Corporate Bank in the Philippines" both by the Global Banking Finance Awards.

AT THE FOREFRONT OF SUSTAINABILITY

RCBC has garnered a total of 12 awards on the sustainability front since 2019. In 2022-2023, the Bank earned the following recognitions:



MESSAGE FROM THE CHAIRPERSON

LEADING IN OUR INCREASINGLY FRAGILE WORLD

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



This has never been truer than now. The world we live in has become increasingly fragile since the COVID-19 pandemic.

According to OECD estimates, the pandemic has wiped out more than four years of gains on poverty eradication and pushed 93 million more people into extreme poverty in 2020. Disrupted essential health services resulted in a drop in immunization coverage for the first time in a decade and a rise in deaths from tuberculosis and malaria. More than 24 million learners- from pre-primary to university level- are at risk of never returning to school.

Compounding the lingering effects of the pandemic in 2022 were geopolitical conflicts such as the war between Russia and Ukraine, which created one of the largest refugee crises of modern time. The OECD said a quarter of the global population live in conflict-affected countries and a record 100 million people have been forcibly displaced worldwide. The war in Ukraine has also caused food, fuel and fertilizer prices to skyrocket, escalating into a global food crisis.

Closer to home, we are among the world's populations experiencing increased heatwaves, droughts, floods, and other extreme weather disturbances. Their devastating effects on millions of people and potentially irreversible damage to the Earth's ecosystems are further exacerbated by record inflation, rising interest rates, and looming debt burdens.

Our bigger purpose

Now more than ever, financing for sustainable development plays a critical role in human survival. In 2020 alone, the projected shortfall for financing the 17 UN Sustainable Development Goals (SDGs) already stood at USD1.7 trillion. This is on top of the existing gap of USD2.5 trillion in annual financing needed to achieve the 17 SDGs by 2030.

It would take a much stronger commitment to stem the tide. It is estimated that 80% of global financial assets are held in advanced economies and only 20% in developing countries where more than 80% of people on the planet live. If banks, institutional investors, and asset managers would reallocate just 1.1% of their total assets — estimated at USD4.2 trillion — to bridge the SDG financing gap, then all is not lost.

We feel this sense of urgency at RCBC, the fifth biggest privately owned universal bank in the Philippines. Being a major allocator of capital and financial intermediary in a country considered one of the world's most vulnerable to climate change, we have a responsibility to channel private financing towards the transition to a carbon-

neutral, climate-resilient, resource efficient, and fair economy.

For more than a decade now, we have been putting sustainability at the heart of our business strategy. In 2011, we put in place an Environmental and Social Management System (ESMS) that enables us to promote sustainable practices in our clients' operations. Our commitment grew stronger in 2019 when we established our Sustainable Finance Framework, ahead of BSP Circular 1085 that mandates banks to integrate sustainability considerations in their governance frameworks, risk management systems, strategies and operations.

Our continuing journey

While the pandemic prompted many to push the "pause" button on their sustainability plans, we at RCBC forged ahead, driven by the realization that the world will only get more fragile if we do not do our part and act now.

This sense of urgency has emboldened us to take on diverse challenges and score many milestones in 2022, which include being the first Philippine bank to adopt quantitative tools to assess the global risk from climate change. We are proud to report these achievements in our 2022 Sustainability and Impact Report which we have put together into one publication for the first time. This represents our firm resolve to improve on our sustainability reporting journey, now on its fourth year.

We see this journey to be never-ending, much like the hard work we need to put in to tackle the world's problems. Transitioning to more sustainable, resilient and socially inclusive economies demands a great deal of commitment and sacrifice, huge investments, innovations, and a reinvention of how we live and do business.

In many ways, this is also what RCBC has been doing for more than 60 years, helping our customers navigate through challenges and opportunities. We have been unlocking the potential in people and businesses, using the power of finance to create sustainable progress.

We have a clear ambition to be a leader in sustainable finance and to lead forward by showing others the way to sustainability — the only way for humanity and our planet to survive.

HELEN YUCHENGO-DEE
Chairperson

LEADING THE WAY FOR SUSTAINABILITY

The year 2022 was the fifth warmest year on record.¹ Heat waves swept many continents while others grappled with extreme weather events. Many developed economies also faced an energy crisis as a consequence of the conflict in Ukraine.



In the Philippines, climate change is exacting a heavy toll on human lives, properties, and livelihoods. Half of our population live in urban areas while many cities are in coastal areas. This is why our country is considered one of the most vulnerable to the effects of climate change, particularly sea level rise. Annual losses from typhoons have been estimated to cost us 1.2% of our GDP.²

It also has a deep social and economic impact on the poor and on the most fragile, posing a major obstacle to the country's ambition to become an upper middle-income country by 2040. It hence serves as a wake-up call to champion social responsibility and accelerate the transition towards greener solutions and technologies.

The private financial sector plays a vital role in this transition to a resilient, low-carbon world. We hold the decision to ramp up climate finance by working with other local financial institutions, our clients, and our regulators.

The pursuit of true leadership

At RCBC, we see this as an opportunity to lead and lead forward.

In 2022, the Bank climbed in ranking and emerged as the fifth largest privately owned universal bank in the country in terms of assets. This represents, not just a steady climb to industry leadership, but one that carries a big badge of responsibility.

For us, true leadership demands more than just allocating capital. It is also about making impactful financing and investment decisions that would make our world a better place.

This mission emboldened us to embark on a sustainability journey as early as 2011 when we put in place an Environmental and Social Management System (ESMS). It enabled us to adhere to the International Finance Corporation's (IFC) eight performance standards.

In 2020, we were the first bank to publicly declare our commitment to cease funding for the construction of new coal power plants in the country. We will have zero exposure to coal-fired power projects by 2031.

To demonstrate the seriousness of our commitment, we became the first Philippine bank to be a signatory of the Partnership for Carbon Accounting Financials (PCAF) and the first Southeast Asian advisory engagement of IFC and 2 Degrees Investing Initiative (2DII) for the use of the Paris Agreement Capital Transition Assessment (PACTA) tool. In 2022, we started adopting these quantitative global climate risk analysis tools to help address climate change in terms of our loan portfolio. The results generated from these tools form part of our 2022 Sustainability and Impact Report.

Partnerships for the future

While climate change is one big fight we see, we are also cognizant of other issues that continue to expose the fragility of our society and widen the divides such as poverty, hunger and malnutrition, social inequity, and illiteracy.

To help address these challenges, we continue to develop and issue Sustainable Financing Instruments (SFIs) for projects with clear environmental and social benefits, in line with RCBC's Sustainable Finance Framework. Since 2019, we have issued USD1.4 billion worth of SFIs that refinanced our funding for over 8,000 sustainable projects. Our firm commitment towards sustainability assures investors that investment proceeds go to green and social projects that will ensure a healthy environment for future generations.

In 2022, we pioneered the country's first Peso green time deposit which expanded our SFIs. This enabled our customers to participate in our sustainability journey as well as ensure their own financial future while helping save the planet.

There is a lot more we can do, and even more when we lead and show others the way. In the coming years, our sustainability journey will be more exciting as we expand our efforts toward nature and wildlife preservation. By nurturing and broadening partnerships on a rock-solid foundation rooted in sustainability, we stay true to our DNA. After all, sustainability is a shared responsibility that we gladly embrace alongside our stakeholders.

EUGENE S. ACEVEDO
President and CEO

¹ <https://climate.copernicus.eu/copernicus-2022-was-year-climate-extremes-record-high-temperatures-and-rising-concentrations>
² <https://reliefweb.int/report/philippines/philippines-country-climate-and-development-report-2022>

SUSTAINABILITY IMPACTS AT A GLANCE









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

Php71.204 billion
Eligible Green and Social Assets









Over 8,000 projects
2022 Sustainable Finance (SF) Portfolio

Over 50%
of SF portfolio in renewable energy and energy efficiency projects

LEADING THE WAY TOWARDS A HEALTHY ENVIRONMENT

 <p>610 MW Total renewable energy capacity</p> <p>1,230,590 MWh Total renewable energy generated per year</p> <p>824,921 tCO₂e Total emissions avoided per year</p>	 <p>941,947,159 m³ Total water supplied per year</p> <p>64,608,000 m³ Total wastewater treated per year</p>	 <p>676,929 MWh Total energy saved per year</p>
 <p>120 Total light rail vehicles</p>  <p>8,957,054 km Total passenger rail track travelled</p> <p>85,572,063 Total passengers per year</p>	 <p>427,930 m³ Total amount of septage collected and treated</p>	 <p>540 Total buses</p>  <p>26,500,000 Total distance travelled per year</p> <p>15,600,000 Total passengers per year</p>

LEADING THE WAY TOWARDS VIBRANT COMMUNITIES

 <p>383 Total drugstores carrying generic medicines</p>  <p>1,503 Total hospital beds</p>  <p>3,168 Total children vaccinated per year</p>  <p>527,961 Total patients treated per year</p>	 <p>217,242 Total clients served per year via rural banks and cooperatives</p> <p>Php33.028 billion Total approved loans to women per year via financing project</p> <p>Php27.563 billion Total approved loans to low-income borrowers per year via financing project</p>	 <p>56,016 Total students per year</p>  <p>703 Total loans extended to qualified SMEs</p>
 <p>7,522 Total affordable houses financed</p> <p>1,640 Total affordable/economic housing units sold</p>		

SUSTAINABILITY IMPACTS AT A GLANCE



RCBC Sustainable Financing Instruments
As of December 31, 2022



USD 1.4B
green and sustainability bonds since 2019

RCBC ON SUSTAINABILITY

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

RCBC institutionalizes awareness of environmental and social (E&S) issues within the organization, with its clients, and communities served. The Bank believes that sustainable practices are a key pillar of responsible lending which delivers meaningful impact on the environment and communities.

In December 2020, RCBC committed to cease funding of the construction of new coal power plants in the country. The Bank's remaining exposure to coal-fired power projects will be zeroed out by 2031, as disclosed in RCBC's 2021 Sustainability Report and re-confirmed by RCBC's President and Chief Executive Officer (CEO) Eugene S. Acevedo through a press release in March 2022.

As 2022 ushered in a period of recovery, the following remained fundamental to the Bank's ability to create value over the short, medium, and long-term:

- RCBC's agility amidst an evolving environment, its economic results and financial well-being;
- Ensuring the welfare of employees and clients at all times;
 - Talent retention, investments in human resources;
 - Adaptability and readiness of operations in responding to crisis/changing circumstances, innovations; and
 - Supplier actions/alignment of sustainability principles.

Governance

The oversight of ESG is integrated in the Bank's Risk Governance Framework (RGF). This RGF follows a top-down approach whereby the Board of Directors (BOD) takes ultimate accountability for the risks taken and for setting the tolerance level for these risks. The BOD constitutes committees for decision-making in various functions affecting the Bank's over-all business.

The ROC (a Board-level Committee) has been tasked to oversee the Bank's ESG and implement the RGF with the Bank's RMG (through PQD) tasked to implement assessments and measures to attain the RGF's objectives.

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



Sustainable Finance Strategy

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

A. The ESMS Policy is a declaration of the Bank's commitment to sustainable development and management of E&S issues. It subscribes to the IFC Exclusion List and the IFC's eight Performance Standards. (IFC is a shareholder of RCBC; its Performance Standards are a global benchmark for identifying and managing E&S risks.) A monitoring mechanism for addressing potential E&S concerns has proven to be an effective tool in engaging clients to take appropriate action, thereby establishing a shared commitment with RCBC toward sustainable practices. Unresolved concerns over an established monitoring period (if any) are escalated to the ROC for proper guidance/oversight discussions. The Policy was updated in September 2022 to incorporate relevant provisions under BSP Circular 1128 (ESRM Framework). This followed discussions among various teams and Senior Management before the revised Policy was approved by the ROC.

- The ESMS Policy requires all lending relationships or credits, both pipeline and portfolio, to be vetted from an environmental and social risk perspective;
- The ESMS assessment takes place before a lending decision is made, and continues during the life cycle of the loan agreement with the client. Through RCBC's

implementation of the ESMS policy, the Bank is able to share its sustainability principles to help clients stay compliant with E&S regulations.

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

B. The RCBC Sustainable Finance Framework articulates the Bank's strategy to prioritize fund raising and lending to priority 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, Social Bonds, Sustainability Bonds, Green Loans, and other debt financing instruments which fund Eligible Green and Social Assets. RCBC's Sustainable Finance Framework subscribes to the global bond standards 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 in RCBC's website: https://www.rcbc.com/uploads/media/RCBC-Sustainable-Finance-Framework_FinalApril2019.pdf; <https://www.rcbc.com/uploads/media/RCBC-Sustainable-Finance-Framework-SPO-FINAL.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 the Bank's Eligible Sustainable Portfolio and Sustainable Funding. The report underwent limited assurance procedures by Punongbayan & Araullo (P&A), a member firm of the Grant Thornton International Ltd. Since 2019 until 2021, P&A has confirmed that RCBC's application of funds from its green and sustainability bond issuances are in accordance with the Eligibility Criteria described in its Sustainable Finance Framework. (The review of RCBC's 2022 Allocation Report is being undertaken by KPMG.)

The allocation of the proceeds is as follows:


- Proceeds of RCBC's Green Bond or Green Loan go to Eligible Green Categories.
- Proceeds of RCBC's Social Bond or Social Loan go to Eligible Social Categories.
- Proceeds of RCBC's Sustainability Bond go to Eligible Green Categories and Eligible Social Eligible Categories.
- RCBC provides disclosures on the benefits of its green and social assets through the issuance of the Annual Impact Report. The report is supplemented by RCBC's Impact Report 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 Impact Report are published on RCBC's website (Sustainability page).
- Since the implementation the Framework in 2019, RCBC has issued USD1.4 billion in sustainable financing instruments. In February 2022, RCBC launched the country's first green time deposit to promote environmental awareness while saving funds. The continual development of SFIs aim to increase awareness among peer banks and promote a concerted effort toward preventing further damage to the environment and communities.
- RCBC's total sustainable portfolio consisted of over 8,000 projects as of 31 December 2022. These projects contribute to 12 of the 17 UN SDGs. Funding for RE and EE accounted for more than half of the Bank's total sustainable portfolio and have surpassed the Php39.2 billion remaining exposure to coal-fired power projects. RCBC is targeting to increase its RE portfolio by 10% to 15% per annum in the next 12 to 24 months.

RCBC ON SUSTAINABILITY









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



LEADING THE WAY TOWARDS A HEALTHY ENVIRONMENT

	No. of Projects	Amount (Php M)	%	Impact			SDG Addressed
Eligible Green	21	51,160	72%				
Renewable Energy	11	27,385	38%	610 MW total renewable energy capacity	1,230,590 MWh total renewable energy generated per year	824,921 tCO ₂ e total emissions avoided per year	 
Energy Efficiency	2	12,850	18%	676,929 MWh total energy saved per year			   
Clean Transportation - Rail	1	8,341	12%	120 total light rail vehicles	8,957,054 total km of passenger rail track travelled	85,572,063 total passengers per year	  
Clean Transportation - Bus	2	548	1%	540 total buses	26,500,000 km total distance travelled per year	15,600,000 total passengers per year	  
Sustainable Water Management	3	1,993	3%	941,947,159 m ³ total water supplied per year	64,608,000 m ³ total wastewater treated per year		 
Pollution Prevention and Control	2	44	0%	427,930 m ³ total septage collected per year			 

LEADING THE WAY TOWARDS VIBRANT COMMUNITIES

	No. of Projects	Amount (Php M)	%	Impact				SDG Addressed
Eligible Social	8,255	20,044	28%					
Access to Essential Services - Healthcare	13	2,430	3%	383 total no. of drugstores carrying generic medicines	1,503 total hospital beds	3,168 total no. of children vaccinated per year	527,961 total no. of patients treated per year	
Access to Essential Services - Education	14	2,301	3%	56,016 Total no. of students per year				
Socioeconomic Advancement and Empowerment	2	4,699	7%	217,242 total no. of cooperatives clients served per year	Php33.028B total approved loans to women per year via financing project	Php27.563B total approved loans to low-income borrowers per year via financing project		  
Employment Generation	703	4,990	7%	703 total loans extended to qualified SMEs				 
Affordable Housing	7,523	5,624	8%	7,522 total no. of affordable houses financed	1,640 Total affordable/economic housing units sold			
Total Eligible Sustainable Portfolio	8,276	71,204						

STAKEHOLDERS

ECONOMIC

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 investments Fiscal and risk management to enhance profitability and bank operations Regulatory compliance with BSP, SEC and PSE and international best practices Economic contribution to the country Dividends given to them Community investments
	Financial Intermediation	<ul style="list-style-type: none"> Credit risk of portfolio Profitability of portfolio
	Business Ethics	<ul style="list-style-type: none"> Capability to fight corruption Commitment in combatting corruption Advocacy for transparency and accountability Timely and transparent disclosures on governance Enforcement of policies on anti-corruption, AMLA and Fraud
Management	Financial Intermediation	<ul style="list-style-type: none"> Credit / transition risk Profitability 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 advice Value creation: financial contribution and impact to UN SDGs
	Business Ethics	<ul style="list-style-type: none"> Capability to fight corruption Commitment in combatting corruption Protection of deposits and loans/credits provided
Customers/ Clients	Economic Performance	<ul style="list-style-type: none"> Evidence of financial capacity Reliability 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 corruption Commitment in combatting corruption Protection 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 corruption Commitment in combatting corruption Protection 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 accountability Compliance with rules and regulations set by BSP, SEC and PSE Regular conduct of internal and external audits Monitoring of ethics and compliance Capability to fight corruption Commitment 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) programs Community investments with positive impact Periodic partnerships and sponsorships Participation in and support of worthy causes Support 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 impact Local sourcing support for stable local economy and community relations Encouraging 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 corruption Commitment in combatting corruption - potential reputational impact for public legal cases regarding corruption

ENVIRONMENTAL

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 fines Non-monetary sanctions
Government / Regulators (DENR)	Ecosystems and Biodiversity, Environmental Impact Management, Environmental Compliance	<ul style="list-style-type: none"> Compliance with environmental laws and regulations Reduction of environmental impacts Concern for environmental protection Ability 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/regulations Reputational impact
Employees	Environmental Compliance	<ul style="list-style-type: none"> Interruption of business/operations due to breach of environmental laws/regulations Reputational impact
Stockholders	Resource Management	<ul style="list-style-type: none"> Profitability of the organization Efficiency 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

STAKEHOLDERS



ENVIRONMENTAL

Stakeholders	Component	Issues that Influence Their Assessments and Decisions
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



SOCIAL

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



SOCIAL

Stakeholders	Component	Issues that Influence Their Assessments and Decisions
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
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
Government / Regulators (DOLE)	Employee Management	<ul style="list-style-type: none"> Protection of employees
	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 Compliance with laws and regulation Ability to conform to certain performance parameters

STAKEHOLDERS



Stakeholders	Component	Issues that Influence Their Assessments and Decisions
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
Public, including media	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
	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



ECONOMIC IMPACT

RCBC upholds an inclusive financial business model that effectively serves its stakeholders through the revenues its business generates; the economic value created through 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 parts of the country.



ECONOMIC IMPACT

RCBC: A Domestic Systemically Important Bank (DSIB)

As a Domestic Systemically Important Bank (DSIB), RCBC must demonstrate the capacity to maintain resilience against distress that will affect the financial system as a whole, and the economy at large. RCBC (like other DSIBs) needs to have higher loss absorbency (HLA).

The HLA requirement is attained through the Bank's Common Equity Tier 1 (CET1) which establishes a maximum degree of effective loss absorbing capacity. In the event of any breach in the HLA capital requirement, concrete and reasonable recovery plans shall be implemented as 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, 2022, the Bank's CET1 ratio is 12.0% (solo) and 12.3% (consolidated), both of which are above the 10% total CET1 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. Its role is integral to the Bank's Business Continuity Program as it is responsible for synchronizing all measures for the Bank to contain losses and recover operations as quickly as possible.

The Bank's dedicated Business Resiliency Unit under the Risk Management Group (RMG) ensures preparedness for any disaster/crisis by coordinating with all teams in developing and maintaining a bank-wide Business Continuity Plan (BCP) and identifying critical products/services as well as required operational support to sustain operations. The BCP identifies the necessary resources (people, processes, IT systems, and other equipment) and includes contingency procedures to guide all units on how to respond, recover, resume, and restore operations following the disaster/crisis. The BCP complies with the BSP Circular 951 on Business Continuity and business continuity management (BCM) standards such as ISO 22301 and BS25999.

Our Economic Contributions

Direct Economic Value Generated and Distributed

Disclosure Items	Amounts in billion Php (Consolidated)		
	2022	2021	2020
Direct economic value generated (revenues)	44.45	36.39	37.91
Direct economic value distributed			
a. Total operating costs	30.46	24.98	27.72
b. Employee wages and benefits	6.56	6.37	6.63
c. Payments to suppliers, other operating costs	14.73	12.27	14.36
d. Dividends given to stockholders	2.31	1.90	1.08
e. Taxes given to government	6.75	4.36	5.56
f. Investments in communities (e.g., donations, CSR)	0.11	0.08	0.09

Disaster Preparedness: RCBC Response to Natural Calamities and Cyber Attacks

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

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

for the Bank's customers. Employees will be evacuated to government-provided staging areas and/or Bank-provided facilities in the event of relocation. The Industry-wide Earthquake Resiliency Plan documents the 30-day recovery of the Bank's critical cash services, ATM, and business center operations post effect of the big one hitting Metro Manila. This is to address identified critical Bank services that will be available after the disastrous event.

Table top exercise on E&S was conducted to formally introduce E&S Risk awareness among all BCP Leaders, Support Groups and Management Teams who are the drivers of continuity of business and crisis management.

There were no major natural or technological catastrophes in 2022 that could trigger a crisis management plan. However, awareness training, table top exercises and BCP testing are conducted annually to equip key people and responders on the updated guidelines and Bank strategies. Emergency go bags and survival kits are available at each employee's work station and offices. Earthquake and fire drills were conducted in all Bank premises nationwide to further train all employees to quickly respond during these emergencies.

Crisis communication via call tree system is performed every after a super typhoon or earthquake event to account employees and extend further help and quick assistance as necessary. E-learning on business continuity and disaster preparedness was launched in 2022 for all employees (from senior management to rank and file).

Lingering Impact of COVID-19

Ensuring the safety and well-being of employees and customers has become a top priority especially at the height of the COVID-19 Omicron variant season in January 2022. The COVID Assistance Recovery (CARE) Program on financial packages for customers and the digitalization of banking transactions through mobile services have become essentials in the Bank's services.

In embracing the new normal, RCBC promoted online and mobile banking services and streamlined credit approval processes for its customers' transactional requirements. The Bank also rolled-out digital finance and innovative solutions at a massive scale to reach Filipinos in geographically remote and digitally hard-to-reach areas in the country. The following initiatives were implemented:

I. Safety and Well-Being of Employees and Customers

a. Clustering and Work-from-Home Arrangements: The Spread Prevention and Safety Policy which defines the guidelines on health and safety protocols for all employees' strict implementation and guidance has been continued and regularly updated to align with the current guidelines imposed by the Department of Health (DOH), Department of Trade and Industry (DTI) and the Inter-Agency Task Force (IATF). This policy aims to contain COVID-19 infection and provide a safe working environment for all employees in the height of the pandemic crisis, thus customers were able to do onsite business that is safe and sound. The Human Resource Department regularly sends out advisories on IATF-prescribed health and safety protocols as part of employee's basic responsibilities to the Bank and to the community. Clustering, split-site operations, "no crossover policy" and work-from-home arrangement ensure the health and safety of employees. Virtual meetings have been encouraged for customer engagements and activities. Internal meetings have also been conducted online. Furthermore, unvaccinated employees are required to submit their negative antigen test results prior to reporting onsite. These quarantine and isolation protocols are in line with the prevailing IATF guidelines for the Management of Emerging Infectious Diseases.

b. Employee Testing and Vaccination Efforts: Vaccination and Booster shots were extended to all employees and immediate dependents through the YGC Vaccination Program and Local Government Units. Moderna booster vaccines were provided by the Bank at no cost to all employees. Several HR advisories were released to guide and encourage employees to take the booster shots for further protection against COVID-19 infection.

c. COVID-19 Playbook: Knowledge and information are essential to operating safely amidst the risk of COVID-19 infections. Given this, the internal reference material was issued in January 2022 to equip all employees with the information on different work situations brought about by the COVID-19 virus. This guide is accessible to all employees via internal online portal and aims to empower employees with the proper procedures and contact information regarding health protocols. The Playbook was updated in March and November 2022 to incorporate key changes in line with the Spread Prevention and Safety Policy Version under the Alert Level System Community Quarantine Classification.

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This is published on the Bank's Online Library and is accessible to all employees (from senior management to rank and file) and those with direct contacts with RCBC.

d. "Your Well-Being Matters": The Bank's Human Resources Group (HRG) has continued to implement a series of mental health and well-being live webinars entitled "Your Well-Being Matters" to foster self-care and responsible concern for colleagues. In 2022, the HRG organized Bank-wide webinars focused on digital well-being (attaining healthy balance between online and real lives), discernment, and stress management. These are in addition to the daily morning emails on "Motivational Quotes shared by RCBC Chairperson Mrs Helen Y. Dee" to all employees of the Bank which started in April 2021.



For full details, please refer to the discussion of RCBC Workforce Readiness Program under the Social Performance section of this report.

II. CARE Program

RCBC developed the CARE Program as a medium of financial assistance to customers in response to the loan repayment challenges brought about by the COVID-19 pandemic. It was primarily designed to: (i) extend flexible refinancing schemes to customers based on what they can afford without impacting their credit standing given cash flow tightness and (ii) immediately get the customer back into the habit of paying based on the amount they can afford. In 2021, the CARE Program was improved to focus on assessing the customer's cash flow together with behavior indicators, such as payment and deposit patterns. As the country transitions to the "new normal" and businesses start to return to pre-pandemic level of operations in 2022, the Bank stays committed to its customers through this Program by having more frequent visits or calls to the customer to check on their business health and new requirements that they may have. The Bank utilized the learning from the two-year implementation of the program to make this an integral part of the credit policy and asset quality assessment process of the Bank.

III. Strategic Digitalization

RCBC's main strategies continue to be on: i) delivering innovative digital solutions through the use of data science and ii) improving customer experience in various channels with the use of robotic process automation for operational efficiency.

a. **Customer Growth:** The Bank focused on a customer-centric culture and used data analytics and cloud-based technology which led to smart acquisitions of new accounts and increased volume in untapped regions. This resulted to a 15% increase in SME loans in December 2022 year-on-year (YOY) to Php107 billion. Meanwhile, the increase in consumer loans was due to the 42% growth in the credit cards portfolio in December 2022.

In 2022, the SME Banking Group (SMEBG) launched digital banking solutions to help its clients reduce operating costs and transaction time and to achieve faster credit approvals in order to gain faster access to financing.

These products include: i) CheckScan, a cash management solution that enables clients to process bulk checks safely and efficiently; ii) Mobile CheckScan, allows businesses to process their check deposit transactions using mobile devices; iii) PayPortal, a one-stop online payment enabler for businesses; and iv) QR Pay, allows interoperable payment solutions which will enable RCBC-enrolled billers to accept payments from customers using other banks or electronically money issuers.



b. **Robotic Process Automation (RPA):** RCBC needed to perform a lot of back-office re-engineering to become more efficient and reduce turnaround time. The Bank deployed the RPA to improve both customer and employee experiences which resulted to making the online banking platform user-friendly and resilient or hardly offline. This included the following projects: i) online payments and transfers, ii) automated KYC process, and iii) enhanced credit and control systems. These digital enhancements and process reviews supported efficiency, lower cost of transaction and reduced costs in product delivery. Internal business reengineering and technology enhancements led to the reduction in manual processes by 50% and an improvement in turnaround time by 95%.

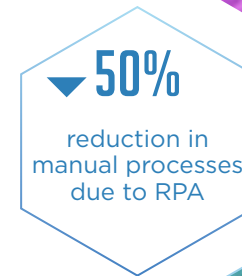
IV. Inclusive Digital Finance Solutions

RCBC's Digital Enterprise Innovations Group (DEIG) spearheaded the Bank's financial inclusion initiatives with its thrust grounded on sustainable development and nation-building. The following are DEIG's digital services: DiskarTech, RCBC Digital and ATM Go. Please visit the link for details: <https://www.rcbc.com/inclusive-finance>

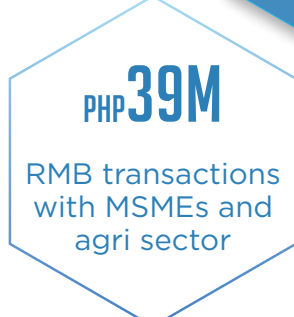
a. **DiskarTech:** This is the country's first financial inclusion accelerator virtual bank and the first Tagalog-English and Cebuano multi-lingual financial inclusion mobile super app which boosted accessibility for Filipinos living in geographically remote areas and grassroots communities. DEIG's strategy is that no one should be left behind in digital banking with special focus on lower economic classes C, D and E.

b. **ATM Go:** This is the country's first community-based and bank-agnostic automated teller machine (ATM). The handheld RCBC ATM Go terminals were commended by the Philippine government as a dependable partner in distributing emergency aid to millions of Filipinos during the pandemic.

c. **RCBC Digital:** The mass-affluent digital mobile banking app developed digital features and solutions, making it among the most comprehensive and powerful app in the market.



RCBC DiskarTech boosted accessibility for Filipinos living in geographically remote areas and grassroots communities.



V. Financial Inclusion In the Agricultural and Low-income Sectors

RMB provides loans to micro, small and medium enterprises as well as the agricultural value chain players. RMB has partnered with more than 86 cash agents and has processed more than Php38.69 million in transactions as of year-end 2022. Key areas of operation are in Luzon, Visayas and Mindanao with a total of 18 branches and branch-lite units.

In 2022, RMB developed the AgriBiz Production Loan Program which is a financial assistance program to the unbanked agricultural communities.

ECONOMIC IMPACT

This is designed to: i) provide credit to individual farmers and agribusinesses, ii) provide repayment options, iii) assess their repayment capacity and if necessary, iv) link them to input suppliers and buyers. The aim is to create a resilient agricultural value chain that support economic growth and food security to Filipinos. RMB widened its reach and provided a simplified loan approval process for the farmers, which entails submitting minimal documentary requirements and being flexible with collateral policies i.e. taking the form of deposits, purchase orders or even invoice receivables. RMB also offered lower loan interest rates (versus the private sector) which helped the farmers save funds for fertilizers, technologies and other necessities to support their expansion.

RMB continues to offer the Basic Deposit Account (BDA) product called "Pangarap Savings". BDA is a financial inclusion product of the BSP which meets the needs 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. With RMB's cloud-based core banking system, financial services such cash-in (deposit), cash-out (withdrawal), bills payment, and opening of BDA can be done real time through a secured electronic platform provided to the accredited agents. RMB uses its Bangko ng Bayan (BNB) cash agents to on-board customers.

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, mandatory password change for online banking, card locking for lost and misplaced cards, and real-time SMS and email notification for banking transactions, among others. Through RCBC's #DontGetFooled: Staying Safe Online webinar on security awareness that was held in October 2022 the Bank reinforced its education campaign to enable customers to be more aware of various schemes that may compromise their RCBC accounts. The campaign has been launched across different online platforms in order to disseminate tips on how to stay safe online and

provide reminders that promote heightened vigilance against fraudulent transactions, both online and offline. In line view of this, RCBC and RCBC Credit Cards have removed all clickable links within communications (emails or electronic direct mailers, SMS, and Viber) to customers. The initiative is also in support of the BSP Memorandum No. M-2022-015 which promotes measures against cyber fraud and attacks on retail financial services. RCBC also strongly advocates the BSP's call to the public to always do the CPR, or CHECK-PROTECT-REPORT, when making financial transactions, as published on RCBC's website, coinciding with the National Banking Week on 1-7 January 2023.

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.

Sustainable Finance

Coal-fired power plants, which account for approximately 58% of the country's energy mix, are the largest source of environmentally-harmful greenhouse gas (GHG) emissions. RCBC's exposure to this sector decreased to Php39.2 billion in 2022 from Php42 billion in 2021, to continually taper off to zero exposure by 2031. This phasing out of exposure to coal 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. Such commitment has been documented as RCBC's coal policy statement within the Bank's Environmental and Social Management System (ESMS) Policy.

RCBC's Sustainable Finance Framework articulates the Bank's strategy to prioritize fund raising and lending to priority sectors that have clear E&S benefits, foremost of which is clean energy. The framework prescribes an Exclusionary Criteria which identify certain projects as ineligible for the use of proceeds from the sustainable financing instruments (SFIs), in particular the fossil fuel power generation.

Since the implementation of the Framework in 2019, RCBC has raised around USD1.4 billion in green and sustainability bonds. In February 2022, RCBC launched the country's first Peso Green Time Deposit in support of the Bank's green asset portfolio and in response to the unserved market that is keen on saving while promoting accountability on environmental awareness and protection. Proceeds from both the bond issuances and the green time deposit have helped support the Bank's sustainable asset growth.

As of December 2022, RCBC's eligible sustainable assets continue to represent 12% of the total loan portfolio, significantly outpacing the 6% share of coal exposure.

The Bank's eligible sustainable portfolio has also overtaken the total exposure to Environmentally Critical Projects (ECPs) per the guidelines of the Department of Environment and Natural Resources (DENR) Environmental Management Bureau (EMB). The DENR-EMB criteria for identifying ECPs are adopted under RCBC's ESMS Policy as projects with elevated E&S risks and labeled as Environmental Risk Category (ERC) A or high risk accounts.

As of end-December 2022, RCBC's ERC A projects comprised only 10% of the Bank's total loan portfolio, compared to the 12% share of the sustainable portfolio. This sustainable portfolio is substantially comprised of funding for green projects, with asset mix of 72:28 in terms of the ratio between eligible green and social assets, versus the 60:40 mix in 2020, or prior to RCBC's declaration to cease funding of the construction of new coal power plants in the Philippines. The Framework is disclosed in the Bank's website: https://www.rcbc.com/uploads/media/RCBC-Sustainable-Finance-Framework_FinalApril2019.pdf.



In February 2022, RCBC launched the country's first Peso Green Time Deposit in support of the Bank's green asset portfolio.

12%
share of eligible sustainable assets in RCBC's total loan portfolio

72:28
ratio between eligible green and social assets in RCBC's loan portfolio in 2022 vs. 60:40 in 2020

6%
increase in RCBC's total eligible sustainable portfolio in 2022 vs. 2021

RCBC EXPOSURE TO COAL



ECONOMIC IMPACT

RCBC Allocation Report
As of December 31, 2022

ELIGIBLE SUSTAINABLE PORTFOLIO			
	No. of Projects	Amount (Php M)	%
Eligible Green	21	51,160	72%
Renewable Energy	11	27,385	38%
Energy Efficiency	2	12,850	18%
Clean Transportation	3	8,889	12%
Sustainable Water Management	3	1,993	3%
Pollution Prevention and Control	2	44	0%
Eligible Social	8,255	20,044	28%
Access to Essential Services	27	4,731	7%
Socioeconomic Advancement and Empowerment	2	4,699	7%
Employment Generation	703	4,990	7%
Affordable Housing	7,523	5,624	8%
Total Eligible Sustainable	8,276	71,204	100%

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-Sep-23	13,743	8,246	60%	5,497	40%
Sustainability Bond (Php)	30-Jun-26	4,130	2,478	60%	1,652	40%
Sustainability Bond (Php)	21-May-24	14,756	9,591	65%	5,165	35%
Green TDs (Php)		459	459	100%	-	0%
Total Funding		49,087	35,173	72%	13,914	28%

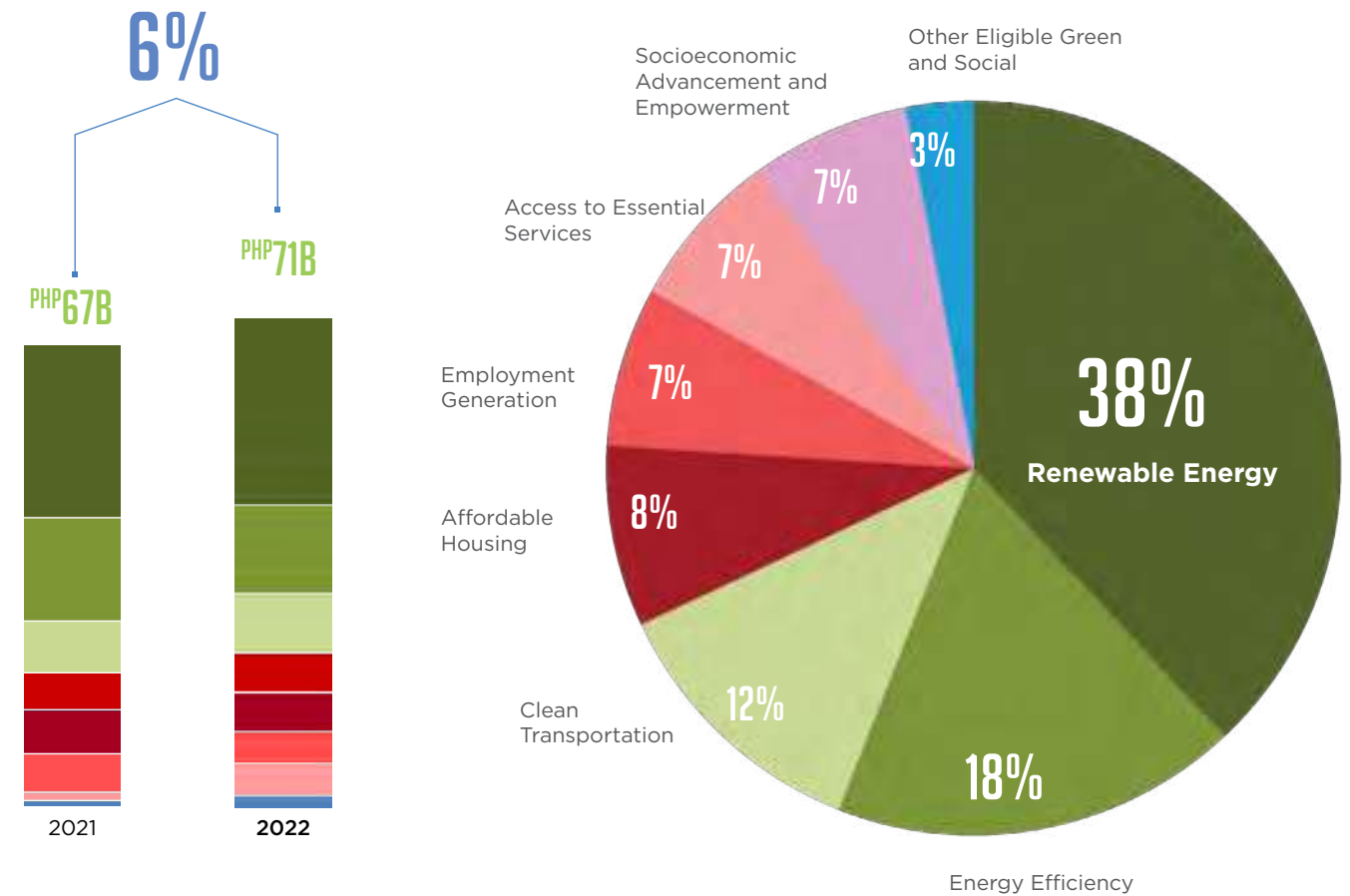
Percentage of Eligible Sustainable Portfolio Allocated (Usage) 69%

Percentage of Net Proceeds of Sustainable Funding Allocated to Eligible Sustainable Portfolio 100%

Buffer		
Eligible Green Portfolio	15,987	31%
Eligible Social Portfolio	6,131	31%
Total Eligible Sustainable Portfolio	22,117	31%

RCBC Sustainable Portfolio Size and Distribution As of December 31, 2022

Total eligible sustainable portfolio increased by **6% to Php71 billion** in 2022. Renewable energy and energy efficiency projects continue to dominate the portfolio, comprising 56% of the total sustainable portfolio.



ECONOMIC IMPACT

Opportunities

The Philippine government has urged the private sector to pursue digital innovations and human capital development for the economy to recover from the pandemic. Its 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 the Bangko Sentral ng Pilipinas (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 is expected to further entrench its position in the following areas of opportunity:

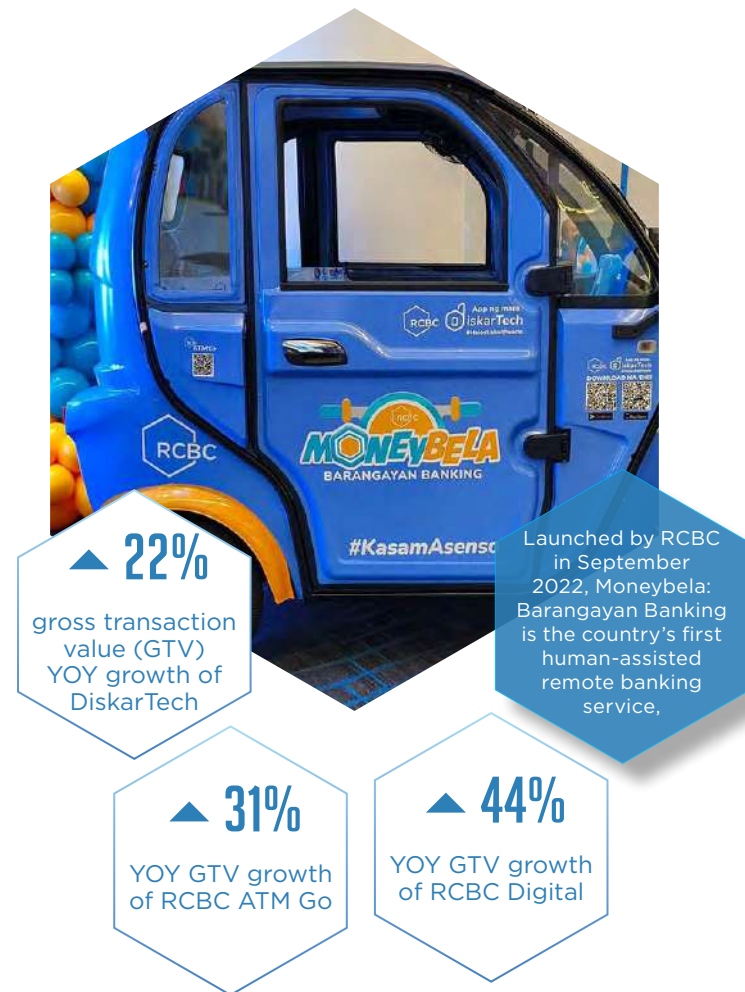
Holistic Digital Transformation

Financial Technology (fintech) is the foundation in the digitization of RCBC's traditional financial services which boosted the growth of the Bank's digital services. Through fintech, the Bank was able to provide accessible, efficient, and convenient inclusive digital finance solutions which empowered millions of unbanked and underserved communities.

As of 2022, DEIG's three digital platforms have achieved double-digit gross transaction value (GTV) YOY with DiskarTech at 22%, ATM Go at 31%, and RCBC Digital at 44%. The fintech-like growth resulted to a 54% increase in revenue or an accumulated value of Php315.0 million in 2022 from Php204.0 million the previous year. Total revenues of the three digital channels outpaced expenses which grew only by 19% YOY, as DEIG focused investments in fintech app development and user acquisition. These digital platforms have an accumulated contribution of Php2.0 billion in CASA deposits or a 41% increase from Php1.5 billion the previous year.

DiskarTech: The country's first financial inclusion app has transformed its features and services since it entered the market of electronic banking products in July 2020. With sustainable development and nation-building at the heart of RCBC's digital thrust, the Bank launched the following initiatives in 2022:

- **Moneybela: Barangayan Banking.** Launched in September 2022 in Bacolod City as the country's first human-assisted remote banking service, this initiative allows physical-digital or "phygital" blended banking experience for the unbanked Filipinos to formally enroll into the banking system. The Moneybela Banking Experience Support Agents (Moneybela BES) use sustainable electronic tricycles to reach over 42,000 rural barangays nationwide in geographically isolated



Digital Platform	2022 Revenues (in million Php)	2022 Contribution to CASA deposits (in million Php)
DiskarTech	10.4	228.6
ATM Go	95.6	1,300.0
RCBC Digital	209.0	473.1

and disadvantaged communities. Moneybela will provide the same financial services offered by RCBC's physical branches, such as BDA creation, bill payments, e-load, cash-in or cash-out, micro-insurance and telemedicine purchase via DiskarTech. It also provides financial literacy and agent banking services in public transport terminals, public markets, schools, barangay halls and health centers to make it accessible to many unbanked and underserved Filipinos.

unbanked and underserved Filipinos. MoneyBela will be rolled out to more provincial cities in 2023.

- **RCBC NegosyanTech Lahat Pwede QRph.** This was launched in December 2022 in Davao City to interoperable digital payments in public markets, *sari-sari* stores, and local transportation hubs. Through the interoperable QRph, market vendors, tricycle drivers and small business owners can accept cashless payments by scanning their RCBC NegosyanTech Lahat Pwede QRph codes. The Bank ramped up its efforts to assist micro and small entrepreneurs improve their incomes and expand their businesses by providing them exclusive promos and monetary rewards.

Digital Rollout. In 2022, the DiskarTech Score (DT Score) was introduced as a user-rating system where transactions are rewarded with corresponding points. Every time users increase their score, they will get more rewards and privileges such as pre-qualified loans and waiver of loan transaction fees. DT Score pioneers a point-based system which may be used to assess a customer's credit standing through the use of alternative data that allows new-to-credit customers to gain greater access to loan services. As DiskarTech app users build up on points, they also grow their credit standing making them eligible for more loan applications.

Strategic Partnerships. RCBC continued to partner with government and local agencies to create access and opportunities for millions of unbanked Filipinos through DiskarTech. In 2022, the Bank forged partnerships with the following: Liga ng mga Barangay and local government units, BSP, Department of the Interior and Local Government (DILG), Department of Education, and the Social Security System (SSS).

ATM Go: ATM Go is the country's first and largest last-mile mobile ATM which brings banking services to remote communities. It is the country's leading rural disbursement with a B2B2C (business-to-business-to-consumer) solution. Digital initiatives are the following:



- It has the largest network allowing prepaid and debit ATM cards within the Bancnet network to transact with or without the physical cards. This neighborhood ATM has allowed partner merchants (such as cooperatives, microfinance institutions, rural banks, *sari-sari* stores, pharmacies, grocery stores, bakeries, and pawnshops) to offer their services in their respective communities.
- RCBC is currently the only bank that provides real-time settlement of all cash disbursements made by its ATM Go merchant partners, making it more convenient to do business. RCBC provides a set of welcome incentives for its new RCBC ATM Go partner-merchants:
- Handheld ATM Go terminals continued to be instrumental in facilitating cash withdrawals in geographically isolated and disadvantaged areas. Over 60% of cash withdrawal transactions were made by the conditional cash transfer beneficiaries (locally known as "Pantawid Pamilya Pilipino Program" or 4Ps, a government program that provides conditional cash grants to the poor).
- **Strategic Partnership in 2022.** RCBC partnered with the Cooperative Development Authority (CDA) to assist cooperatives and its members to migrate to digital finance. More than 10% of ATM GO's merchant partners nationwide are cooperatives. The goal is to foster digital financial inclusion by promoting financial literacy to cooperative members on savings, insurance, payments and digital banking products.

RCBC Digital: This is an all-in hub banking app with the most powerful features that can deliver faster and easier banking services to customers. Initiatives in 2022 are the following:

- Introduced the country's first digital investment management account (IMA) opening, digital concierge and mobile check deposit.
- Launched the simplified new-to-bank registration (NTBR) digital feature which allows prospective clients to open an RCBC account and transact using the mobile app without having to apply onsite at RCBC branches.

ECONOMIC IMPACT

RCBC DIGITAL IMPACTS

- **Digital Ayuda Social Disbursements:** 5.2 million household beneficiaries, Php19.7 billion subsidy disbursed since 2020, 26 million aggregate-covered individuals; 
- Downloaded **5.2 million times** since its launch in July 2020 (of which 1.2 million users were able received a Basic Deposit Account and 68% of whom are from the provinces);
- Gross transaction value since launch: **Php26 billion**
- **72%** of user base located in the provinces (63% female, 37% male)
- Users by Age: 37% (21 to 30 years old), 38% (31 to 40), 15% (41-50) and 9% (51 to 80)
- Mass market usage on lower economic classes: Class C at 7%, Class D at 64% and Class E at 27%
- **100% nationwide coverage in all 82 provinces** of the Philippines (up 40% with 24 provinces added in two years) 
- **1,144** merchant partners (31% YOY growth)
 - **1,559 terminals** (6,000 terminals by 2023)
 - Onboarded **over 22,000** QRPh-enabled *sari-sari* stores in one day
 - **Over 20 fintech partners** to enable, empower, and engage rural banks, cooperatives, and other small players in the financial industry to be part of BSP's Digital Payments Technology Roadmap 2023

- Complete suite of smart digital features which are the main drivers for the exceptional recovery and all-time high usage of credit cards which now makes up over 29% of the Bank's consumer portfolio.
- Account opening takes only 10 minutes achieving a faster and easier end-to-end digital experience.
- Has a Direct Debit API (Application Programming Interfaces) payment gateway which allows to integrate a payment solution with another existing application such as connecting a business' checkout function to the payment system.
- Has the latest QRPh features enabling more digital transactions. QRPh (Quick Response Philippines) is the country's QR code standard based on the Europay-Mastercard-Visa (EMV) standard, a global standard for secure payments.
- **Strategic Partnership in 2022.** RCBC partnered with Growsari, a store digital solution platform to allow customers to pay QRPh-enabled *sari-sari* store merchants of Growsari using their RCBC Digital mobile app. The aim is to onboard at least 200,000 QRPh-enabled *sari-sari* store merchants in 2023. The partnership between RCBC and Growsari reflect their commitment to uplift and digitize the MSMEs.

Digital and Customer-Focused Transformation

To counter the challenges brought about by the pandemic and to provide a more meaningful service to RCBC's internal and external customers, the Bank started with business transformation, revisiting business models in retail banking, corporate banking, and SME Banking, with aim of re-engineering some of its business processes. The vision is to create a digital-savvy, innovative, and customer obsessed organization.

1. **Digital and Customer Centricity Culture Transformation (DC3T).** This is a major initiative of RCBC to enable the business units to adopt, embrace, and practice a digital mindset and customer centricity.

2. **Training and Recruitment of Digital Builders.** RCBC needed to perform a lot of back-office re-engineering to become more efficient and reduce turnaround time. The Bank deployed RPA to improve both customer and employee experiences which resulted to making the online banking platform (e.g., payments, fund transfers) user-friendly and resilient or hardly offline.
3. **Digital Academy.** This program had three objectives for the Digital Transformation Leaders: i) understand the key emerging technologies employed in digital firms, ii) appreciate the dynamic fintech business models, its viability and sustainability, and iii) learn regulatory innovations to further promote digital transformation. It ran a four-part digital academy executive learning series curated by Deloitte, and attended by all members of the Board and senior management of YGC companies.

BRANCH OF TODAY (BOT)


In recognition of the customers' rapidly changing lifestyles in the past two years of the pandemic, RCBC has redefined the customer experience across critical banking touch points as part of its BOT enterprise project. With the customers' needs in mind, the Bank also 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 RPA and distinguished with RCBC's unique brand of personalized service. The results: 379% reduction in processing times for key branch transactions like account opening, an overwhelming 96% of customers said they were happy with the experience, and strong NPS (Net Promoter Score) ratings, with over 400 branches already converted into RCBC's BOT.

Sustainable Value Chains

1. **Responsible Lending and Capacity-Building**

RCBC has continually supported Renewable Energy (RE) projects, funding for which has dominated the Bank's eligible sustainable portfolio for the past three years (approximately 38% of total sustainable portfolio). The recent amendment of the Implementing Rules and Regulations (IRR) of the Renewable Energy Act of 2008 to already allow 100% foreign capital in RE projects (solar, wind, biomass, ocean or tidal energy) is expected to provide greater opportunities for expanding the Bank's RE portfolio and maintain its dominant contribution to the total sustainable assets.

- As approved by the Bank's Risk Oversight Committee (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.
- In April 2022, RCBC participated in the Philippines' first Energy Transition Financing (ETF) loan agreement with South Luzon Thermal Energy Corporation (SLTEC) of AC Energy Corp (ACEN). Under the ETF deal, SLTEC's power plant would be decommissioned by 2040, or 15 years ahead of the plant's technical life. The ETF concept subscribes to the principles of the Energy Transition Mechanism (ETM) piloted by the Asian Development Bank in South and Southeast Asia. ETM is also aligned with the goal of the Department of Finance to retire coal-fired power plants and transition their technology to clean energy.
- The Bank has carried on with its capacity-building programs and participated in knowledge-sharing events on sustainability in 2022:
 - Starting 2022, RCBC has integrated a mandatory Sustainability Key Result Area (KRA) as part of the performance evaluation among employees as advocated by BSP Circulars 1085 and 1128. The objective is to promote environmental and social responsibility among all employees, with the internally developed Sustainability e-learning material that was launched in 2021 used as a primary tool in applying this new performance metric.



Energy Transition Mechanism
Closing Ceremony
7 November 2022

RCBC participated in the Philippines' first Energy Transition Financing (ETF) loan agreement with a subsidiary of AC Energy Corp.

RCBC is targeting to increase its RE portfolio by 10% to 15% per annum in the next 12 to 24 months.

2022

KNOWLEDGE SHARING AND CAPACITY BUILDING EVENTS

FEB

The RCBC Sustainability Forum was organized to foster awareness and understanding of the key roles played by the power sector and the banking industry in promoting sustainability. The forum was aptly entitled "Sustainable Energy as Shared Responsibility," participated in by RCBC President & CEO, RCBC Corporate Banking Group Head, RCBC CRO & RMG Head, as well as representatives from PetroEnergy Resources Corporation and the Department of Energy.

JULY

RCBC became the first Philippine local bank to provide an ESG lecture for the Taiwan Academy of Banking and Finance (TABF) as part of its International Talent Development Program (ITDP). The virtual workshop was presented by RCBC CRO & RMG Head together with the Portfolio Quality Division (PQD) Head. RCBC collaborated with ACEN in crafting an appropriate case study for the lecture, serving as the focal point of discussion.

AUG

A position paper on RCBC's Cooperation in achieving Sustainability Goals was submitted by RCBC PQD Head and CRO & RMG Head to the Asian Bankers Association (ABA) Policy Advocacy Committee. A presentation was conducted by RCBC CRO & RMG Head on the need for regional cooperation in achieving the UN SDGs and pursuing climate actions.

SEPT

RCBC President & CEO Eugene S. Acevedo was one of the speakers in the CEO Roundtable of the International Finance Corporation's (IFC) Philippine Climate Forum. Mr. Acevedo shared highlights of RCBC's ESG journey to promote best sustainability practices and also provided views on opportunities and challenges encountered in seeking financial growth while ensuring sustainability in the financial system.

OCT

RCBC CRO & RMG Head served as one of the panelists for the Investment House of the Philippines' (IHAP) conference on Sustainable Finance and as a speaker in the Financial Executives Institute of the Philippines' (FINEX) workshop on "Reshaping the Future with Transformational Change."

NOV

RCBC assisted in connecting the World Wide Fund (WWF) for Nature Sustainable Finance and the Partnership for Carbon Accounting Financials (PCAF) with the Asian Bankers Association (ABA) for the ABA's webinar on "Promoting a Sustainable World: Fostering Green Finance." In 4Q22, RCBC also participated in the WWF's webinar workshop series on "Setting Climate Targets," organized by WWF with the UN Environment Programme and with PCAF.

DEC

The second annual Sustainability e-learning course was rolled-out with focus on the evolution of the UN SDGs, their relevance to the three pillars of Sustainability, and how the Bank's products and services contributed to the UN SDGs. The e-learning course is mandatory for all employees and is accessible to the Board of Directors. The course is designed to cover different ESG topics each year.



2023

FEB

One of RCBC's Environmental and Social Risk Officers (ESROs) served as a speaker in the Corporate World Tour initiated by the National Federation of Junior Philippine Institute of Accountants - National Capital Region, an organization of accountancy students in Metro Manila. The event was themed "Volatus: Boarding Towards a World of Possibilities" as it provided an opportunity for the graduating students to determine realizable future career paths. RCBC's ESRO shared insights on how pursuing a career in Sustainability can be very meaningful for the accountancy graduating students.

Product Rebranding and Innovation

RCBC Bankard was rebranded to RCBC Credit Cards in 2022, signifying its focus on enhanced customer experience as it tied up with the RCBC Digital App to provide a wide array of digital solutions for its cardholders. The RCBC Digital App enables cardholders to have access to up-to-date information on their credit card usage (e.g. credit limit, outstanding balance, due dates, last payment amount, reward points and recent transactions, summary of purchases), hence promoting sustainable and responsible cardholder monitoring and management of spending patterns.

To further enhance customer experience and deepen the drive toward sustainability, RCBC Credit Cards will be issued as recycled cards/environment-friendly cards beginning 2Q2023 to 3Q2023. This is a pioneering innovation that is made possible through RCBC Credit Card's collaboration with its supplier, Thales. The material to be used is known as recycled polyvinyl chloride or rPVC, an industrial plastic waste from the printing and packaging industry recycled into banking cards.



RCBC Credit Cards will be issued as recycled or environment-friendly cards beginning 2023. This pioneering innovation is made possible through RCBC Credit Card's collaboration with its supplier, Thales.

Reinforcement of Financial Stability and Business Expansion

In June 2021, RCBC approved a Php4.5-billion (USD89.6-million) partnership deal with Sumitomo Mitsui Banking Corp. (SMBC), Japan's second largest bank under the Sumitomo Mitsui Financial Group, which represents a 5% stake in RCBC. In November 2022, RCBC and SMBC announced the approval of SMBC's planned acquisition of an additional 15% stake in RCBC which would result in a Php27.0-billion capital infusion. The transition is aligned with SMBC's strategy to expand its franchise and strengthen digital banking in Asia. The Bank will be tapping into SMBC's expertise, global best practices and networks to pursue opportunities for various collaborations.

Financial Intermediation

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 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 and networks to pursue opportunities for various collaborations.

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

The ESMS of RCBC requires that all lending relationships/credits, both pipeline and portfolio, are vetted from an E&S risk perspective. The ESMS is implemented to safeguard lending operations from exposure to activities with identified E&S risks. The ESMS Policy goes through a comprehensive review process on a regular basis to ensure its alignment with relevant BSP Circulars and E&S regulations. Policy updates were implemented in September 2022 to primarily incorporate certain requirements of BSP Circular 1128. The ESMS Policy is published on the Bank's Online Library and is accessible to all employees.

In accordance with the ESMS Policy, all credit proposals are screened using the applicable requirements: the IFC Exclusion List (for environmentally and socially sensitive sectors), relevant national (DENR-EMB guidelines) and international laws/IFC Performance Standards on environment, biodiversity, deforestation, marine environment, water risk (Philippine Clean Water Act), pollution prevention (Philippine Clean Air Act), indigenous peoples (The Indigenous Peoples Rights Act), protection of cultural heritage, health, human and labour rights, safety and social issues, and any standards established therein. ERCs are assigned to accounts, and credit approvals obtained in accordance with requirements depending on the confirmed ERC.

ECONOMIC IMPACT

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 PQD's Sustainable Finance team 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 desktop reviews by the ESRO is integral to the assessment of high risk accounts. RCBC explains the importance of the ESDD process to clients and other stakeholders, and requires them to engage in activities that meet the Bank's sustainability standards. By means of RCBC's follow-through ESDD with its clients (18-24 month cycle), the Bank is able to validate the closure of previous ESDD findings by the next cycle of RCBC's evaluation, hence providing a

proper monitoring mechanism for addressing potential E&S concerns. The actions taken by the clients affirm the development of the clients' shared commitment with RCBC toward sustainable practices.

Transactions which 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 12% of

RCBC's concentration of credit as to industry as of December 31, 2022 is as follows:

Economic Activity	Amount (Php M)	%
Consumer	158,481	28%
Real estate, renting and other related activities	80,276	18%
Electricity, gas and water	73,970	14%
Wholesale and retail trade	69,080	11%
Manufacturing (various industries)	50,441	11%
Transportation and communication	49,605	8%
Financial intermediaries	39,878	7%
Agriculture, fishing, and forestry	5,285	1%
Hotels and restaurants	4,616	1%
Other community, social and personal activities	2,817	-
Mining and quarrying	1,193	-
Others	7,704	1%
Total	543,346	100%

total loan portfolio as of end-Dec 2022, higher than the 6% share of coal exposures and the 10% 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 PQD's Sustainable Finance team. 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 fund raising through SFIs.

Procurement Practices

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

Business Ethics

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

Regular corporate announcements remind employees of warning signs associated with illegal, unethical, or questionable activities/transactions. Employees are reminded to immediately report (confidentially and without risk of reprisal) any suspicious behavioral traits, warning signs, and other legitimate concerns through the whistleblowing channel of the YGC. Sanctions are imposed on erring employees. If an employee violates the company's anti-corruption policies, Management will take Legal action against them.

Adherence to the Code of Conduct. All employees are governed by the Bank's Code of Conduct, which revolves around the Core Values of the Bank. It is designed to serve as a guide to employees on how they should conduct themselves within and outside the Bank premises and in dealing with clients/customers and co-associates. The document is published on the Bank's website: [https://www.rcbc.com/uploads/media/Code-of-Conduct-\(Rev.pdf\)](https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev.pdf))

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.

Anti-Corruption Policies. Under Part D of the Code of Conduct on Conflict of Interests, to avoid conflict of interest, employees are to conduct business transactions for the Bank in accordance with Bank policy and avoid direct or indirect use of the Bank's goodwill, reputation, funds and property or other resources for personal gain. This involves, among other things, accepting gifts, entertainment or favors from customers or suppliers; outside employment; outside directorship; and receiving commissions or benefits from customers or suppliers. In 2022, there were no incidents involving corruption of and corruption-related actions taken against Bank directors, employees, and business partners.

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

ECONOMIC IMPACT

Use of Insider Information. There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including RCBC securities. Inside information can take many forms, but always includes information which is not available to the public and which might influence an investor's decision to buy, sell or hold securities in a company. Under the Code of Conduct, employees are prohibited from buying, selling or trading RCBC securities or the securities of other companies about which employees have inside information, until that information becomes public. In addition, this information should not be shared with anyone else, including family members or friends or anyone about trading in any securities based on this information.

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

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

The Bank's HRG monitors all Whistleblowing reports and shall report potential fraud cases to the Corporate Governance Committee. The Whistleblowing Policy provides that the HRG shall monitor all reported cases, and shall make a quarterly report to the Corporate Governance Committee on the number of reports received, actions taken and the latest status of each case.

Anti-Money Laundering Act (AMLA). The Bank's Money Laundering and Terrorist Financing Prevention Program (MLPP) is a comprehensive and risk-based policy geared toward the promotion of high ethical and professional standards and the prevention of the Bank being used, intentionally or unintentionally for money laundering and terrorist financing. The MLPP is consistent with the Anti-Money Laundering Act of 2001, as amended, The Terrorism Financing Prevention and Suppression Act of 2012, and BSP Circular No. 706, as amended. The MLPP is updated at least once every two years. This covers policies on Know Your Customer procedures, Record Keeping and Retention, Training, Risk Profiling and Covered and Suspicious Transaction Alerts Management. Central to improving the Bank's compliance with AML/Counter-Terrorism Financing (CFT) related regulations is the review and revision of the MLPP at least once every two years. The revised MLPP addresses the requirement outlined in new regulations and addresses changes in Bank practices considered significant as part of its 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 internal auditors have free and full access to all the Bank's records, properties, and personnel relevant to the internal audit activity. The Bank's internal audit function has its continuing professional development policy which encourages and supports internal auditors to be continually abreast with relevant skills, knowledge and information through trainings and certification programs to ensure that everyone will be able to adequately carry out their duties and responsibilities. Annually, the Internal Audit Group submits to the HRG a training plan which includes the relevant trainings and certification programs needed by the internal auditors for the specific year. The Bank continuously conducts trainings and provides regular and compulsory "eLearning" courses and examinations to ensure that all employees (from senior management to rank and file) and those with direct contracts with RCBC are familiar with and reminded of the Bank's anti-corruption policies and procedures. Management reiterates via corporate announcements the importance and significance of the Bank's Code of Conduct, including anti-corruption policies.

Related Party Transactions (RPT). To align with the SEC Memorandum Circular No. 10, series of 2019 or the "Rules on Material Related Party Transactions for Publicly-listed Companies" issued on April 27, 2019, RCBC has updated the Bank's Policy on Related Party Transactions on July 2019. The said policy defines "related party transactions" as transactions or dealings with related parties of the Bank, including its trust department, regardless of whether or not a price is charged.

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 transactions that reach the SEC Material RPT threshold or matters affecting the Bank.

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 RPT disclosure can be found on the Bank's 2022 Sustainability Report, go to: <https://www.rcbc.com/uploads/media/2022-RCBC-Sustainability-Report.pdf>





ENVIRONMENTAL IMPACT



As a financial institution, RCBC creates positive environmental impact through the efficient management of resources used in its primary business operations, supply chain, and within its organization. The nature of its business also enables it to indirectly contribute to the protection of the planet by lending to clients whose operations help mitigate climate-related risks.

ENVIRONMENTAL IMPACT

RCBC BUSINESS

Resource Management

Energy Consumption

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

Efficient energy consumption is one of the underlying objectives of cost control measures such as those issued by the Bank's Budget Committee in May 2021. These include guidelines on containing operating expenses through commitments on environmental responsibility and resource efficiency. The initiatives in support of these guidelines include switching to LED lighting systems and the application of energy-saving mechanisms in the office elevators. As more RCBC branches open in the country, it is necessary to continue to monitor overall consumption in a way that energy efficiency is practiced.

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

The objective of reducing global warming is ingrained in a larger scale within RCBC's Sustainable Finance Framework which supports investments in RE. This is aligned with RCBC's declaration to cease funding of the construction of new coal power plants in the Philippines, with coal technology known to release more GHG per unit of energy produced (and hence increased global warming) compared to other electricity sources.

Disclosure Items	Quantity (Consolidated)	Units
Energy Consumption		
Renewable sources	0	Gigajoules (GJ)
Gasoline	0	GJ
LPG	0	GJ
Diesel	3,496*	GJ
Electricity		
a. Head Office (RCBC Plaza)**	954,380***	Kilowatt hour (kWh)
b. A.T. Yuchengco Centre	1,410,074	
c. Branches	10,922,994	
Reduction of Energy Consumption		
Renewable Sources	0	GJ
Gasoline	0	GJ
LPG	0	GJ
Diesel	0	GJ
Electricity	0****	kWh

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

** Refers to direct meter measurements from RCBC banking floors and bank-owned properties: Grepalife and Alabang Warehouse.

*** Data for RCBC Plaza has been updated to reflect only the RCBC banking floors with direct meter measurements compared to reported consumption last year estimated from billings.

****Energy reduction (electricity) recalculated using the RCBC Plaza banking floors with direct measurements similar to the current method instead of the previously report 2021 Sustainability Report.

RCBC mandates all employees to undergo an online course on environmental protection through the completion of the internally developed UN SDGs E-Learning in 2022.

Water Consumption

Efficient water consumption in RCBC's operations can translate to savings, contributing to preserving water as a limited resource. The Bank's Sustainability e-learning promotes deeper understanding of how water conservation exemplifies social responsibility in support of sustainability. Water consumption and responsible use of water resources are explained within the context of attaining the UN SDGs.

Disclosure Items	Quantity	Units
Water Withdrawal		
Water consumption	0	cubic meters
a. Head Office (RCBC Plaza)*	157,798	cubic meters
b. A.T. Yuchengco Centre	8,509	
c. Branches	77,752	
Water recycled and reused	0	%

* For RCBC Plaza, the available water consumption data pertain to the entire premise of the building not just the RCBC-occupied floors. For reference, the water consumption for the entire premise in 2021 is 178,976 cubic meters.

Materials Used

RCBC ensures that suppliers uphold sustainability standards and practices including compliance with Philippine laws. The supplier's environmental performance is observed during site visits. RCBC is able to influence suppliers to be sustainable through the supplier accreditation processes. RCBC continues to improve its existing supply chain procedure to avoid negative environmental and reputational impacts. The Bank employs sustainability-related questionnaires in the accreditation/vetting process of vendors. Furthermore, the YGC holds information campaigns geared towards vendors regarding YGC's sustainability initiatives.

Disclosure Items	Quantity	Units
Materials used by weight or volume*		
Renewable	1,029,229**	kg/liters
Non-renewable	564	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services*	97.01	%

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

** Rectification for 2021 is noted for Materials Used - the reported renewable materials should be 1,004,998.40 kgs.

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

Adhering to the protection of ecosystems and biodiversity promotes sustainable business practices. RCBC's ESMS Policy adheres to the guidelines of the DENR-EMB. In addition, the ESMS Policy of RCBC subscribes to IFC's Performance Standards which include the evaluation of the impact of a borrower's business on ecosystems and biodiversity (IFC Performance Standard number 6). RCBC's Sustainable Finance Framework supports financing for environmentally sustainable management of living natural resources and land use under its Eligible Green Project Categories.

Disclosure Items	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	-	ha.
IUCN* Red List species and national conservation list species with habitats in areas affected by operations	None	

* International Union for Conservation of Nature

ENVIRONMENTAL IMPACT

RCBC BUSINESS

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 the society.

Non-compliance with Environmental Laws and Regulations

Disclosure Items	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	50,000*	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	1	#

*The amount paid pertains to penalties imposed on three branches for various findings such as non-registration, non-submission of environmental reports/certified true copies of permits, and failure to appoint Pollution Control Officer.

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	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	9,463.58*	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

* RCBC Plaza (including Grepalife and Alabang Warehouse), A.T. Yuchengco Centre, and Branches; emission factor for electricity at 0.7122 kgCO2e/kWh from DOE (<https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef>); emission factor for diesel at 0.0741 tonnes CO2e/GJ from ADB (<https://www.adb.org/sites/default/files/institutional-document/296466/guidelines-estimating-ghg.pdf>). The apparent decrease in Scope 2 GHG emissions is due to recalibration of the measurements used specific to RCBC banking floors only. Please refer to Energy Consumption section.

Air Pollutants

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

Solid and Hazardous Wastes

Disclosure Items	Quantity	Units
Solid Waste		kg
Total solid waste generated		
a. Head Office (RCBC Plaza)*	408,042	kg
b. A.T. Yuchengco Centre	63,120	
Reusable	0	kg
Recyclable (RCBC Plaza)	172,225	kg
Composted		
Incinerated		
Residuals/Landfilled		
a. Head Office (RCBC Plaza)	235,817	kg
b. A.T. Yuchengco Centre	63,120	kg



RCBC will continue to implement initiatives aimed at operational efficiency and digitization, including waste reduction/paper consumption.

RCBC Plaza's Solid Waste Management Plan includes reducing material costs and environmental impacts thus educating and encouraging tenants to reduce, reuse, and recycle for long-term purposes to minimize ecological impacts. Solid wastes are hauled by a third party; total amounts are then recorded and tabulated.

RCBC will continue to implement initiatives aimed at operational efficiency and digitization, including waste reduction/paper consumption. RCBC's customer banking experience has promoted zero forms to fill out, significantly decreasing paper usage. Its support for potential financing requirements also helps promote environmental responsibility for proper waste management. The Bank's Sustainable Finance Framework includes waste management (excluding landfills), such as waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy (municipal waste to energy to include emission abatement technology) under the Eligible Green Project Categories.

Disclosure Items	Quantity	Units
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's clients, however, may be generating hazardous waste that is harmful to the environment (indirect impact).

Disclosure Items	Quantity	Units
Effluents		
Total volume of water discharges	-	cubic meters
Percent of wastewater recycled	-	%

ENVIRONMENTAL IMPACT

RCBC PORTFOLIO

Eligible Green Portfolio

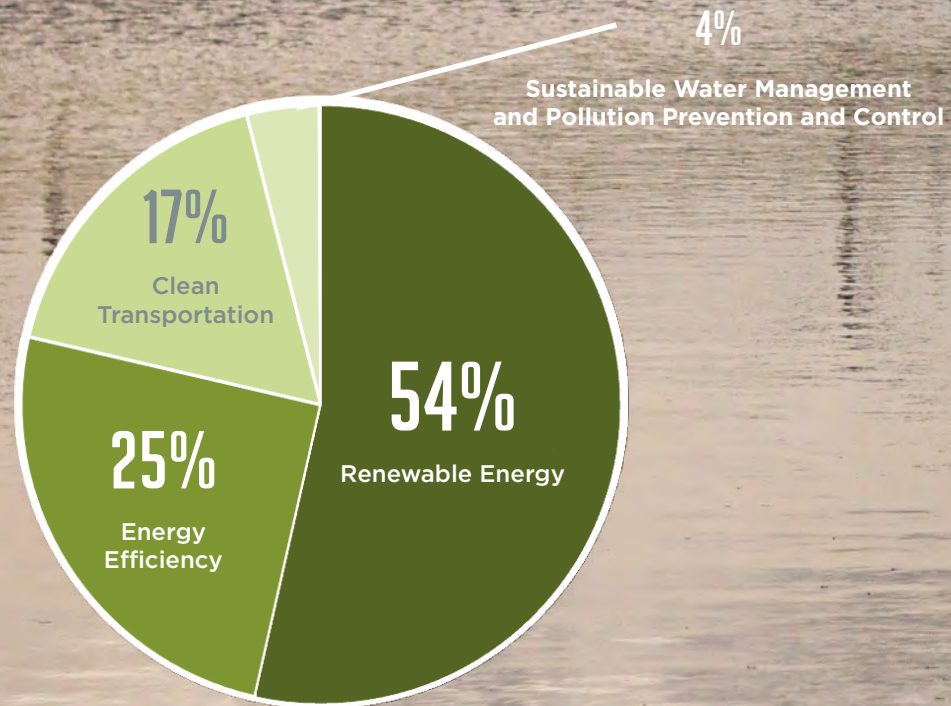
RCBC has 21 projects in its Eligible Green Assets portfolio, amounting to Php51.16 billion as of December 31, 2022.

Projects in the categories Renewable Energy and Energy Efficiency accounted for 54% and 25% of the Eligible Green Portfolio, respectively.

Clean Transportation had a 17% share, while Sustainable Water Management, together with Pollution Prevention and Control projects, made up 4%.

Eligible Green Portfolio Distribution

As of December 31, 2022



Renewable Energy

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	MW total renewable energy capacity	MWh total renewable energy generated per year	tCO2 total emissions avoided per year
Solar Energy	7	16,006	22%	444	798,018	540,258
Wind Energy	2	6,116	9%	109	227,860	154,261
Hydropower Energy	1	3,285	5%	25	-	-
Geothermal Energy	1	1,979	3%	32	204,712	130,402
Total Renewable Energy	11	27,385	38%	610	1,230,590	824,921

These are projects such as solar, wind, hydropower (25 megawatts and below), geothermal, and biomass whose source must be certified as sustainably managed by recognized third-party standards and excludes those that compete with food production.

Although the Philippines continues to be significantly reliant on coal-fired power plants which supplied almost 60% of electricity generation in 2022, it is poised to lead RE power generation in the Southeast Asian Region by 2030³. This leap will primarily be driven by a solar and wind power development pipeline that is expected to increase the country's total energy capacity fifteen-fold.

Such a pipeline is aligned with the Department of Energy's (DOE) vision to increase the share of renewables to 50% of the country's overall power generation mix by 2050. This ambition requires the expansion of total RE capacity by up to 73,868 gigawatts⁴. The Bank supports the government's goal to build a more sustainable power supply mix by helping fund solar, wind, and hydro power plant projects, with a total production capacity of 578 MW in 2022 involving funds of Php25.4 billion.

RCBC additionally helped fund geothermal power plant projects (Php2.0 billion, accounting for 30-50% of total project costs) with total generation capacity of 32 MW and total energy output of 204,712 MWh in 2022.

The Bank's support toward operational solar, wind, and geothermal projects results to an estimated 824,921 tons of CO₂ equivalent emissions avoided per year⁵. As approved by the Bank's ROC in March 2023, RCBC is targeting to increase its RE portfolio by 10% to 15% p.a. in the next 12 to 24 months.



PHP16B
loans to solar power projects as of end-2022

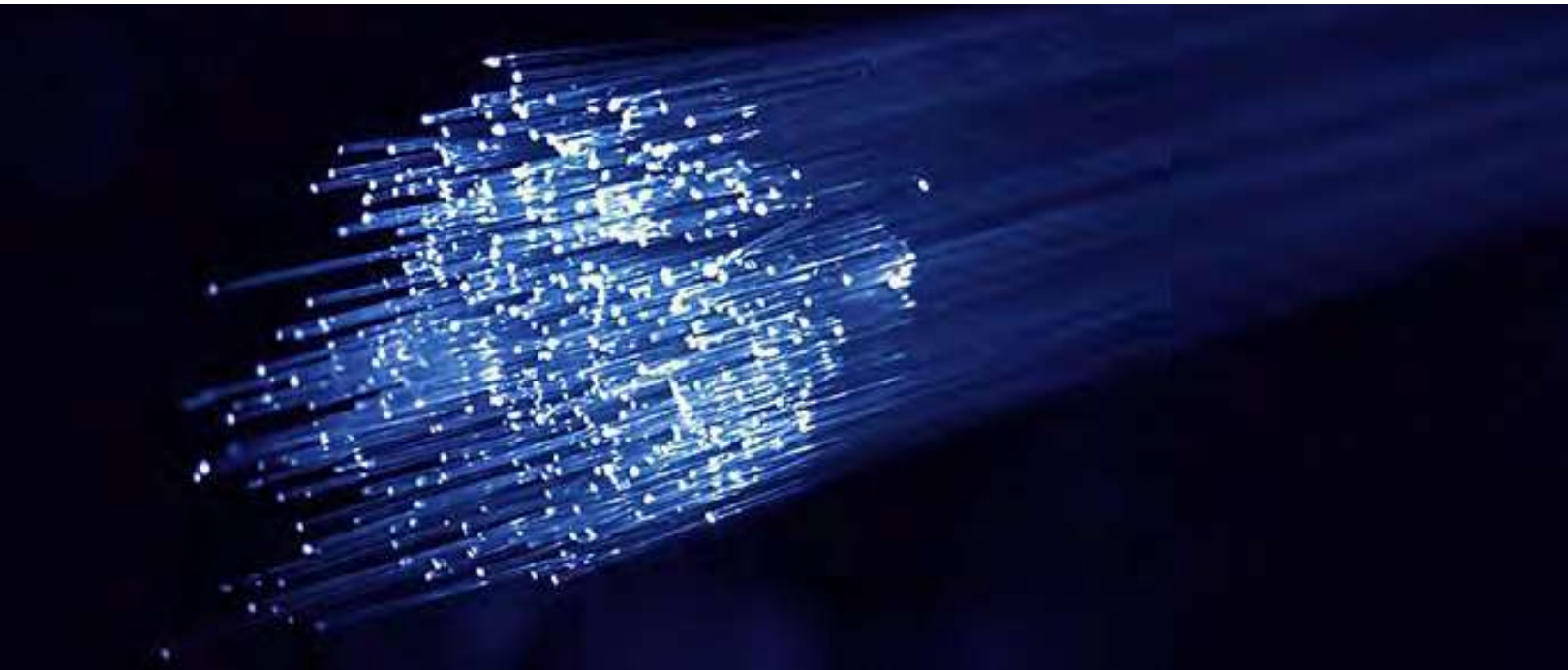
³ Maguire, G. (2023). "Column: Philippines set to go from renewable laggard to leader in SE Asia." In Reuters. <https://www.reuters.com/markets/commodities/philippines-set-go-renewable-laggard-leader-se-asia-2023-03-14/>

⁴ Department of Energy. (2022). Strategic Focus Areas, Philippine Energy Plan 2020-2040: Towards a Sustainable and Clean Energy Future. Taguig City: 168. https://www.doe.gov.ph/sites/default/files/pdf/pep/PEP_2020-2040_signed_01102022.pdf

⁵ Based on PCAF methodology

ENVIRONMENTAL IMPACT

RCBC PORTFOLIO



Energy Efficiency

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	KMs of Fiber Technology Constructed (as of Dec. 31, 2022)	MWh Energy Savings
Connectivity Services (with Fiber Technology)	2	12,850	18%	3,091,000	676,929.00

These are projects that involve the development or production of products or technologies that reduce industrial energy consumption such as improved chillers, transition to fiber networks, improved lighting technology, and reduced power usage in manufacturing operations (excluding fossil fuel-based technologies).

In December 2022, the DOE declared that it will aggressively push for the implementation of Republic Act No. 11285 or the Energy Efficiency and Conservation Act and all its components. The legislation aims “to promote efficient and judicious utilization of energy in the country.”⁶

RCBC extended loans of Php12.85 billion to businesses that use or are transitioning towards fiber technology. 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 676,929 MWh per year.⁷

⁶ CNN Philippines Staff. (2022). “DOE vows ‘aggressive’ push on energy efficiency law”. In CNN Philippines. <https://www.cnnphilippines.com/lifestyle/2022/12/18/doe-vows-aggressive-push-on-energy-efficiency-law.html>

⁷ 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/>

Clean Transportation

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Vehicles	Total km travelled per year	Total no. of passengers per year
Passenger Rail Infrastructure	1	8,341	12%	120	8,957,054	85,572,063
Public Mass-Passenger Transportation	2	548	1%	540	26,500,000	15,600,000

These are projects such as electric vehicles, infrastructure for electric vehicles (e.g., charging stations), as well as public mass-passenger transportation, passenger and freight rail infrastructure (excluding rail transport dedicated to fossil fuels), and non-motorized transportation.

According to the 2022 Urban Mobility Readiness Index, Manila ranks 48th for “sustainable mobility” and 56th for “public transit” among 60 cities studied around the world.⁸ Urban transport faces several roadblocks due to poor road quality and limited regional connectivity in the Greater Metro Manila Area. Such findings are consistent with an earlier study by the Japan International Cooperation Agency (JICA)⁹ which estimated that the opportunity of cost of traffic congesting in the Philippines will reach Php5.4 billion daily by year 2035 if there is no effective intervention.

Poor mobility has also led to continuously worsening air quality as 80% of air pollution is caused by motor vehicles, according to the DENR¹⁰. It also surmised that poor air quality leads to 0.8% to 1.9% loss in GDP due to its adverse effects on employees’ health and productivity. Experts from the Oliver Wyman Forum and the University of California Berkeley recommended the integration of modern, efficient, and equitable mobility systems in urban planning.

To contribute in the effort, RCBC provided almost Php8.3 billion for financing passenger rail infrastructure and public mass passenger transportation with total passengers reaching 85.6 million and 15.6 million, respectively in 2022. By channelling funds to public transportation systems and high-occupancy vehicles, the Bank helps in lowering fuel waste and CO₂ emissions.

The lingering effects of the pandemic, as well as the adoption of remote working arrangements, have resulted in lower ridership. Despite the removal of mobility restrictions, the number of passengers for rail infrastructure is only a little more than half of the 160 million ridership recorded in 2019 (pre-pandemic).

⁸ Thibault, G., de Clerq, M., Brandt, F., Nienhaus, A., and A. Bayen. (2022). Urban Mobility Readiness Index 2022. <https://www.oliverwymanforum.com/content/dam/oliver-wyman/ow-forum/template-scripts/urban-mobility-index/PDF/Mobility-Index-Report.pdf>

⁹ CNN Philippines Staff. (2018, September 18). PH traffic may worsen, to cost Php5.4 billion daily - JICA. CNN Philippines. <https://www.cnnphilippines.com/news/2018/09/19/JICA-study-traffic-5-billion.html>

¹⁰ Sabillo, K. (2020, May 20). Beyond lockdown: Can the Philippines sustain low air-pollution levels?. ABS-CBN News. <https://earthjournalism.net/stories/beyond-lockdown-can-the-philippines-sustain-low-air-pollution-levels>



ENVIRONMENTAL IMPACT

RCBC PORTFOLIO



Sustainable Water Management

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	m ³ total water supplied	m ³ total wastewater treated
Infrastructure for Clean Water, Wastewater Treatment	3	1,993	3%	941,947,159	64,608,000

These are sustainable infrastructure projects for clean water, wastewater treatment, sustainable urban drainage systems, and other forms of flooding mitigation.

According to the National Water Resources Board, roughly 11 million Filipinos have no access to clean water and rely solely on unprotected deep wells, rivers, lakes, and rainwater¹¹. This is consistent with an earlier study by ARCOWA SA¹² in 2018 which found that only 10% of the country's wastewater is being treated and less than 10% of Filipinos have access to piped sewerage systems. The vast majority of the population still rely on septic tanks and pit latrines which have the potential to be breeding grounds for pathogens that pose a threat to human health.

RCBC is helping the country address water pollution problems by extending Php2.0 billion loans to clean water and wastewater treatment infrastructure projects. In 2022, the Bank supported the supply of 942.0 million m³ of clean water and the treatment of 64.6 million m³ of wastewater.

Pollution Prevention and Control

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	m ³ total septage collected and treated
Pollution Control Projects	2	44	0%	427,930

These are projects that involve the reduction of air emissions, GHG control (excluding investments directly linked to fossil fuel technology), soil remediation, waste management (excluding landfills) such as waste prevention, waste reduction, and waste recycling and energy- or emission-efficient waste to energy (municipal waste to energy to include emission abatement technology).

An April 2021 study published by the American Association for the Advancement of Science found that 28% of global plastic pollution emanates from rivers in the Philippines.¹³

Although the passage of Republic Act No. 11898 or the Extended Producer Responsibility Act of 2022 is a welcome development to promote plastic recycling, experts believe that more has to be done to prevent total water crisis. In 2022 alone, the country was estimated to have generated 3.6 million MTs of garbage¹⁴.

In aid of the country's pollution management efforts, RCBC provided Php44 million in loans to businesses in pollution control, allowing for the collection and treatment of 427,930 m³ of septage in 2022.

¹¹ Galvez, D. (2023). "11 million Filipino families have no access to clean water — NWRB". In Inquirer.Net. <https://newsinfo.inquirer.net/1745469/11-million-filipino-families-have-no-access-to-clean-water-nwr>

¹² ARCOWA. (2018). Wastewater management and resource recovery in the Philippines: current status and opportunities. Nyon, Switzerland. http://seaknowledgebank.net/sites/default/files/wastewater_management_and_resource_recovery_in_Philippines_0.pdf

¹³ Meijer, L.J.J., Van Emmerik, T., Van Der Ent, R., Schmidt, C., and L. Lebreton. (2021). More than 1000 rivers account for 80% of global riverine plastic emissions into the ocean. Science Advances Vol 7, Issue 18. <https://doi.org/10.1126/sciadv.aaz5803>.

¹⁴ Marcelo, E. (2023). "Trash piles up in Metro Manila after New Year revelry". In Philippine Star. <https://www.philstar.com/nation/2023/01/02/2234733/trash-piles-metro-manila-after-new-year-revelry>

Climate-Related Risks and Opportunities

In November 2022, The World Bank Group's Country Climate and Development Report (CCDR) for the Philippines was released, emphasizing the urgency for the country to implement "vigorous adaptation efforts" to counter the ill effects of climate change. According to the CCDR, lack of action against climate change may lead to "economic damages in the Philippines" estimated to "reach up to 7.6% of GDP by 2030 and 13.6% of GDP by 2040." The CCDR strongly advocates support for the development of projects on RE, energy efficiency (EE), sustainable transport, as well as the creation of smart cities to alleviate climate change that is seen to adversely affect the country's agriculture and capital-intensive sectors.

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

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 is 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. The analysis of results is included in RCBC's 2023 ICAAP document.

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 PCAF, an initiative among financial institutions worldwide to enable harmonized assessments and disclosures of GHG emissions financed by loans and investments. RCBC completed the PCAF onboarding 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 commits to disclose the GHG emissions of its portfolio within three years from joining the organization. The initial disclosure contained in this report is being made a year ahead of this commitment.

ENVIRONMENTAL IMPACT

RCBC PORTFOLIO

Partnership for Carbon Accounting Financials (PCAF) Results

As financial intermediaries and capital-raising agents, banks directly affect the promotion of economic development. For economic development to be sustainable and hence aligned with the UN SDGs, it has to be decoupled with carbon emission growth.

According to the Intergovernmental Panel on Climate Change (IPCC): “Decoupling (in relation to climate change) is where economic growth is no longer strongly associated with consumption of fossil fuels. Relative decoupling is where both grow but at different rates. Absolute decoupling is where economic growth happens but fossil fuels decline.”¹⁵

Banks play a pivotal role in this decoupling process by being aware of and understanding the extent of carbon emissions that they help finance – referred to as “financed emissions” – when pursuing loan portfolio growth in line with economic development. This is especially relevant in bank funding for activities that are dependent on fossil fuels or carbon-intensive sectors, which possibly bring about economic development but with the undesirable effects of the corresponding growth in carbon emissions (not sustainable development).

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.”¹⁶ 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.

RCBC as First Philippine PCAF Participant

For the first time this year, RCBC is disclosing its financed emissions for a substantial portion of its loan portfolio. This includes the Bank’s proportion of financed emissions involving projects that are reliant on fossil fuels. As a PCAF participant, RCBC has applied the PCAF methodology in measuring the carbon footprint and avoided emissions out of the following business loans:

- Loans in the Corporate Banking Group (CBG) portfolio; and
- High Risk or Environmental Risk Category A accounts in the CBG and Small and Medium Enterprise Banking Group (SMEBG) portfolio¹⁷

The key assumptions / coverage are as follows:

Reporting Scope	44.45% of total loan portfolio as of December 31, 2021 including 29 borrowers engaged in high E&S risk projects (ERC A).	
Business Loan Type	<ul style="list-style-type: none"> • Business Loans to Private Companies with Unlisted Equity • Business Loans to Listed Companies 	
PCAF Methodology Emission Calculation Option	<ul style="list-style-type: none"> • Reported Emissions • Economic-activity based 	
Reporting Period (Financial Data)	Fiscal Year-End 2021	
Emission Factor Source	PCAF Database	
Overall Data Quality Score (1 = highest, 5 = lowest)	Scope 1 and Scope 2	3.36
	Scope 3 ¹⁸	2.81

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.

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

RCBC computed for the weighted data quality score per industry and for the business loan asset class. For our initial 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.

Reporting Period (Covered Loan Portfolio and Financial Data): December 2021

PCAF Methodology Results (in Tonnes CO₂e)

Avoided Financed Emissions (2021 RE Portfolio)	494,996.61
Absolute Financed Emissions (Scope 1 and Scope 2)	4,720,788.83
Absolute Financed Emissions (Scope 3)	431,866.92

RCBC Scope 3 versus Scope 2 GHG Emissions (in Tonnes CO₂e)

Absolute Financed Emissions (Scopes 1 to 3)	5,152,655.75
Scope 2: Energy Indirect (2021)	13,307.60
Scope 3 versus Scope 2	387.2x higher

¹⁵ IPCC, 2018: Annex I: Glossary [Matthews, J.B.R. (ed.)]. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty

¹⁶ The Time to Green Finance, CDP Financial Services Disclosure Report 2020

¹⁷ Total exposure to Environmentally Critical Projects (ECPs) per the guidelines of the Department of Environment and Natural Resources (DENR) Environmental Management Bureau (EMB). The DENR-EMB criteria for identifying ECPs are adopted under RCBC's ESMS Policy as projects with elevated E&S risks and labeled as Environmental Risk Category (ERC) A or high risk accounts.

¹⁸ Following the PCAF Standard, for reports published in 2023, financed Scope 3 emissions are required for select industries only (see Table 1). RCBC's Estimated Absolute Financed GHG Emissions (Scope 3) as of December 31, 2021) below). Data quality score for financed scope 3 emissions are then to be aggregated and reported separately.

ENVIRONMENTAL IMPACT

RCBC PORTFOLIO

Detailed Results

Table 1: RCBC's Estimated Absolute Financed GHG Emissions (Scope 3) as of December 31, 2021. Coverage comprises 44.45% of TLP as of the same period.

Industry	O/S Loan with RCBC (in PHP Thousands, Actual) (12-31-2021)	% to Total COVERED O/S	Absolute Financed Emissions (tCO2e)		Financed Avoided Emissions (tCO2e)	Economic emissions intensity (tCO2e/USD M)	Weighted Average Data Score (Scope 1 & Scope 2)	Weighted Average Data Score (Scope 3)
			Scope 1 & Scope 2	Scope 3				
Energy	61,040,866	24.02%	4,181,135	73	494,997	3,374	3.7	3.7
Real Estate Activities	47,592,110	18.73%	17,422	263		18	3.0	3.0
Manufacturing	42,100,973	16.57%	188,545	298,714		570	3.4	3.4
Financial And Insurance Activities	24,986,375	9.83%	37,586	88,086		248	3.2	3.2
Wholesale and Retail Trade	24,844,781	9.78%	237,890	-		472	3.8	-
Transportation And Storage	19,367,919	7.62%	9,012	11,613		52	3.0	3.0
Information And Communication	16,448,786	6.47%	7,537	8,981		49	2.2	2.2
Construction	5,684,248	2.24%	576	24,107		214	4.0	4.0
Water Supply	1,605,208	0.63%	6,705	-		206	4.0	-
Agriculture, Forestry And Fishing	2,835,352	1.12%	29,467	-		512	4.0	-
Education	2,189,425	0.86%	434	-		10	4.0	-
Accommodation And Food Service Activities	1,425,248	0.56%	290	-		10	4.0	-
Human Health And Social Work Activities	1,326,781	0.52%	84	-		3	4.0	-
Mining and Quarrying	1,002,500	0.39%	4,012	30		199	2.2	2.2
Arts, Entertainment and Recreation	733,200	0.29%	22	-		2	4.0	-
Other Service Activities	598,583	0.24%	16	-		1	4.0	-
Administrative and Support Service Activities	323,134	0.13%	54	-		8	4.0	-
Professional, Scientific and Technical Activities	3,750	0.00%	3	-		44	4.0	-
Households as Employers	31,000	0.01%	0	-		0	4.0	-
TOTAL	254,140,240	100.00%	4,720,789	431,867	494,997	999	3.36	2.81

Figure 1: RCBC's 2021 Financed GHG Emissions per Industry (left axis) vs. Outstanding Loan Balance in Php Thousands (right axis).

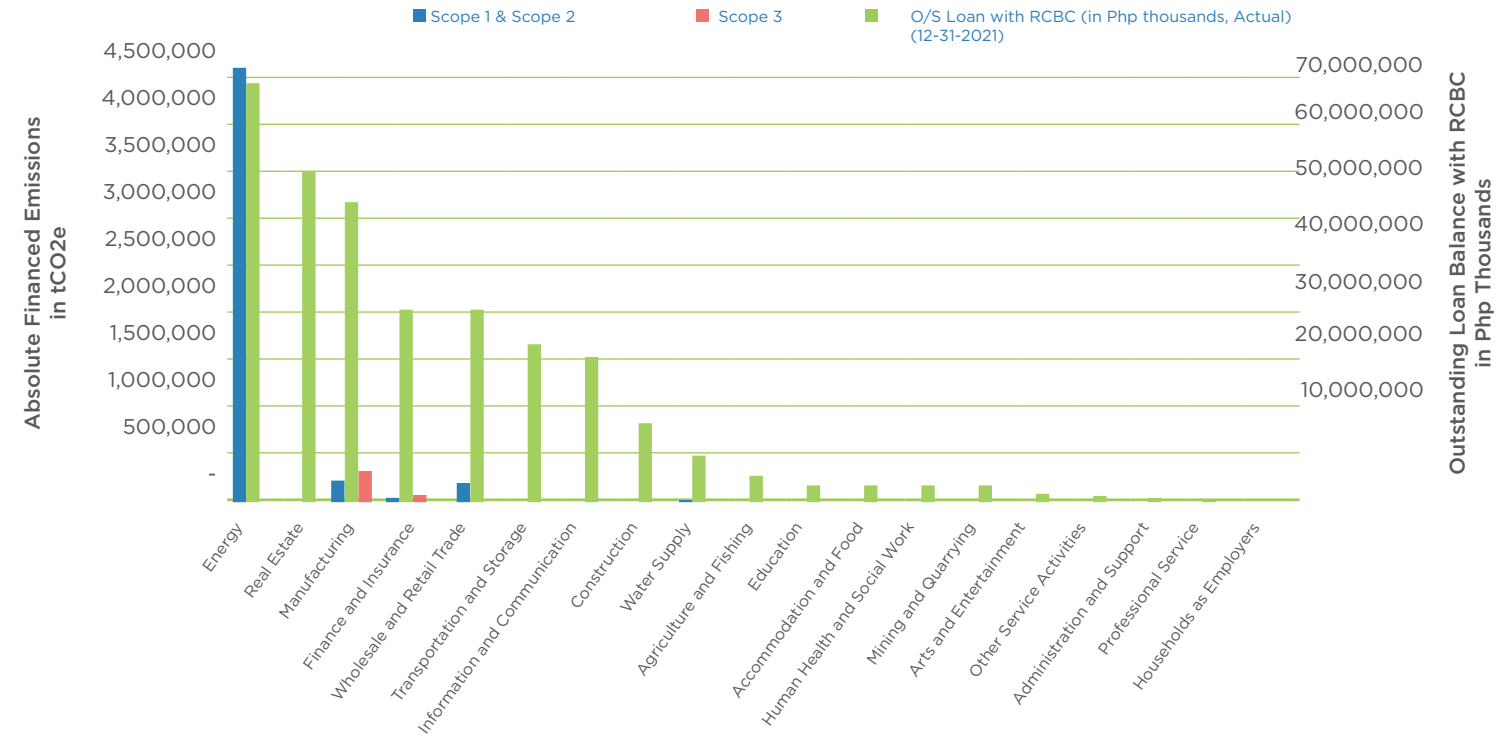


Figure 2: Economic Emission Intensity of the Covered Portfolio per Industry (in tCO2e/USD Millions)

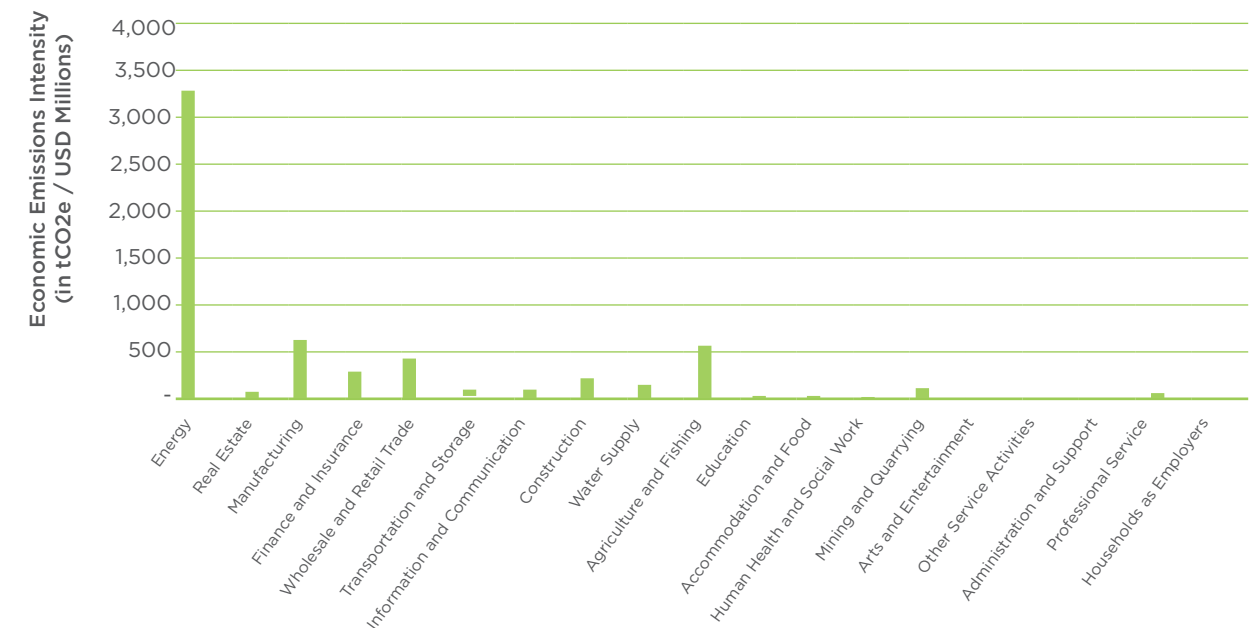
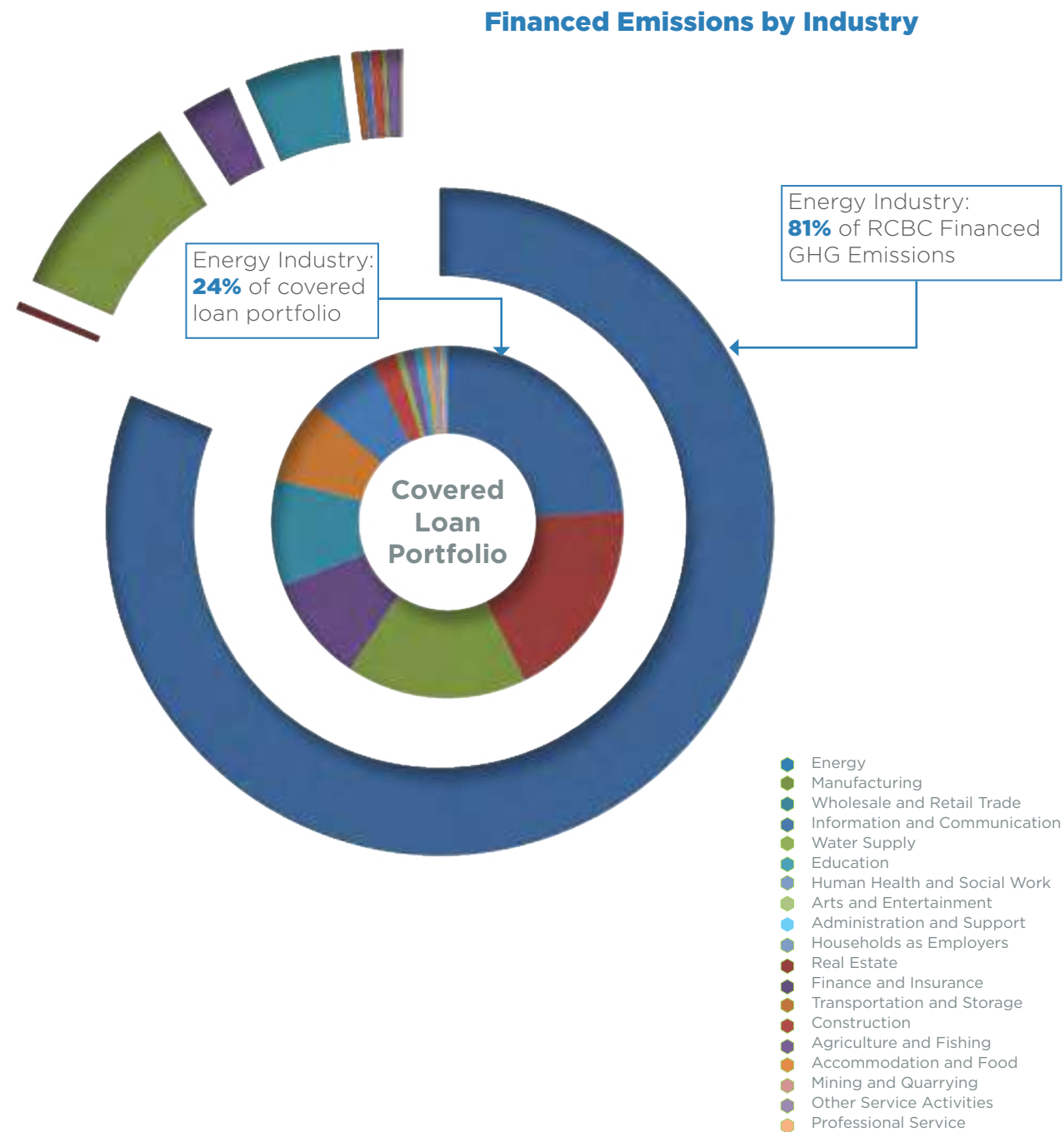


Figure 3: Total Share of Covered Loan Portfolio (inner) and 2021 Financed GHG Emissions (outer) per Industry



WAY FORWARD

The carbon accounting/GHG measurement will be done by the Bank annually, with RCBC intending to increase the coverage of its future disclosures using the PCAF methodology.

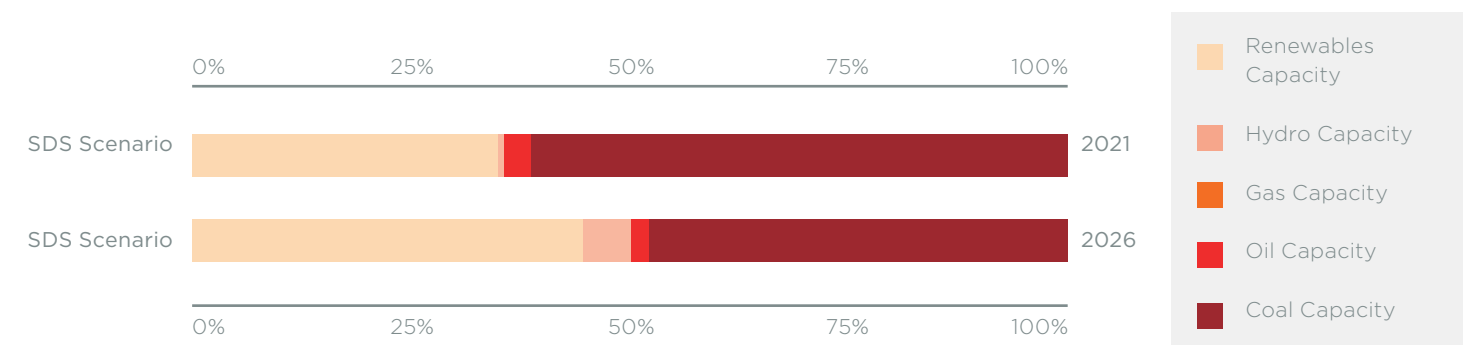
In a manner similar to the IPCC’s definition of “decoupling,” RCBC aims to contribute to sustainable economic development by deliberately declining its exposure to coal power generation — the largest contributor to the country’s GHG emissions¹⁹ — while pursuing growth in its loan portfolio:

- In December 2020, RCBC committed to cease funding of the construction of new coal power plants in the country. The Bank’s remaining exposure to coal-fired power projects will be zeroed out by 2031.
- RCBC has continually supported Renewable Energy (RE) projects, funding for which has dominated the Bank’s eligible sustainable portfolio for the past three years (approximately 38% of total sustainable portfolio).
- **RCBC is targeting to increase its RE portfolio by 10% to 15% p.a. in the next 12 to 24 months, allowing the Bank’s RE portfolio to outpace its coal exposure by the end of 2024.**

RCBC expects that through time, the measurement of its portfolio GHG emissions based on the PCAF methodology will enable the Bank to also correlate results with those generated through the PACTA and climate stress test models. Based on the Bank’s internal use of the PACTA model, RCBC’s RE portfolio growth strategy is aligned with the Technology Mix recommendations under the Sustainable Development Scenario²⁰ that promotes an increase in RE capacity while reducing coal capacity. (Refer to Figure 4.)

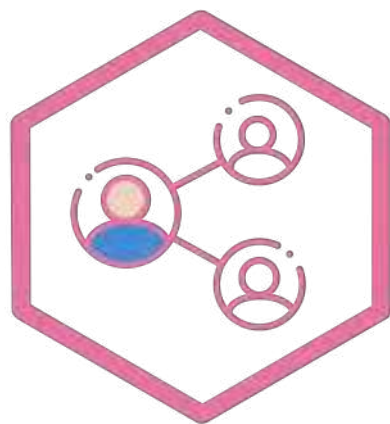
Current and Future Technology Mix for the Power Sector

Figure 4: Based on the declared commitments of Southeast Asian nations, coal power technology is reduced while RE and Hydropower technologies will have a more dominant share to ensure temperature increase of well below 2 degrees celsius per the Sustainable Development Scenario (SDS)



¹⁹ <https://ourworldindata.org/co2/country/philippines>

²⁰ Based on climate reference scenarios developed by the International Energy Agency



SOCIAL IMPACT



We create social impact through the strength of the relationships we build with people, both within our workplace and in the communities we touch. We deliver sustainable value by being a responsible business and a good corporate citizen.

RCBC's Most Important Asset: Its People

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

Employee Management

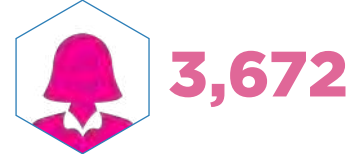
Effective employee management leads to satisfaction among RCBC's employees and equity in the workplace.

Employee Hiring and Benefits

Total number of employees



Total number of female employees



Total number of male employees



Attrition Rate*

16.82%

Ratio of lowest paid employee against minimum wage

1.004 : 1

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		
Maternity/Paternity	Y	5	-
Sickness	Y	6	4
Salary loan	Y	23	17
PhilHealth	Y	12	7
Pag-IBIG Fund loan	Y	14	10
Parental leaves	Y	1	3
Vacation leaves	Y	83	84
Sick leaves	Y	66	58
Medical benefits (aside from PhilHealth)	Y	114	80
Housing assistance (aside from Pag-IBIG Fund)	Y	0.082	
Retirement fund (aside from SSS)	Y	4	5
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	Y	32	22
Flexible working hours	N	-	-

* 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)

Compensation and Rewards Program

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

- 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.

c. **Target Positioning Objective:** In terms of target positioning objectives, the Bank receives instruction from Management on the desired positioning in relation with the Target Market Group or the banking industry in general. This positioning is targeted at both the market's guaranteed pay and total annual cash compensation.

- 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 with regard to 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's retention programs have helped manage the Bank's attrition rate at 16.82% which is slightly below industry level.

SOCIAL IMPACT

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

Human Resource Information System

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

Employee Training and Development

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

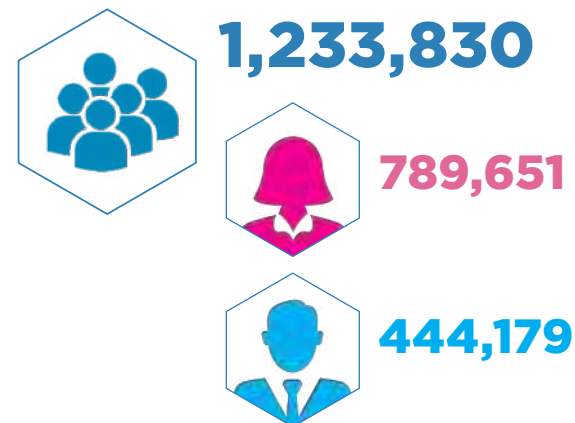
The Bank invests in training and developing employees, and upgrading employee skills. The Bank is fully committed to providing learning and development opportunities across all job levels. Management has introduced and offered various training programs and seminars. In 2022, learning sessions were mostly done on-line and there were more than 15,256 attendees to both internal and external trainings. A total of 63,793 eLearning courses were recorded as taken by the employees in 2022.

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 13,890 (internal virtual training) attendees, addressing the competencies of Leadership, Customer Service, Sales Planning and Management, Product and Technical Knowledge, Risk Management, AML/Compliance, while a total of 43 participants were enrolled

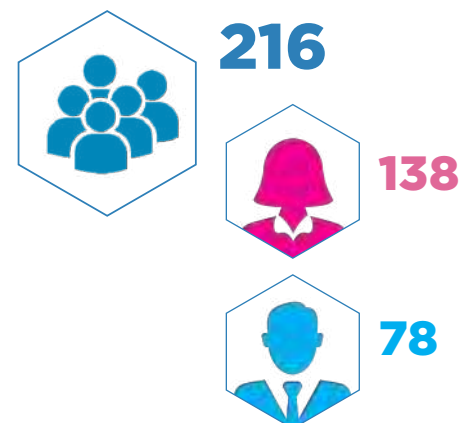
in a number of specialized/IT external training programs. A total of 1,323 employees were also sent to various external training programs.

The Bank continues to invest in its employees through various training programs strategically focused on digital transformation and customer-centricity, sales planning and management, product knowledge, leadership, risk management, and technical skills. As the Bank is committed to up-skill the knowledge and capabilities of its employees in order for them to be ready to face the changes in the business landscape, the following new programs were launched:

Total Training Hours



Average Training Hours



- For the branches, The RCBC Way was rolled out. The training aims to provide participants about the importance of the RCBC brand to the business and customers. A total of 918 employees, from Sales and Service, attended in 2022.
- For the Retail Banking Group (RBG), the RBG Branch Relationship Officer (BRO) Development Program was launched. It is intended to train fresh graduates and create a pool of BROs. Two runs were conducted in 2022 with 26 participants. RSD Accelerate, a workshop for the Regional Sales Director, was offered. The workshop focused on Performance Management participated in by 28 officers
- For the Bank's Senior Leaders to better understand the digital landscape, the RCBC Digital Academy learning series was delivered in collaboration with Deloitte. Nineteen participants attended the 10 Rules of Modern Work, 20 attended Driving Diversity and Inclusion, 24 attended Humanising DevSecOps, and 22 attended the Cost of Compliance. Other YGC leaders and members of the Board of Directors attended the session together with RCBC.

In support of the People Transformation Initiative of the Bank, the RCBC Leadership U was rebranded to the RCBC University with three major academies: the RCBC Leadership Academy, the RCBC Digital Academy, and the RCBC CX Excellence Academy.

- RCBC Leadership Academy.** The following new courses were launched or reintroduced:
 - ODP was rebranded to DELTA (Digital Excellence and Leadership Training Academy);
 - Wealth Management Academy: 46 Relationship Managers and Associates;
 - SRO Bootcamp (under the Branch Services Development Program) to create a pool of branch service officers from high-potential service associates: 39 graduated in 2022; and
 - General Operations and Learning Development (GOLD) program: 7 trainees
- RCBC Digital Academy.** The following courses launched in 2021 as part of the Bank's Digital and Customer Centricity Culture Transformation continued to be offered:
 - Design Thinking: 54 employees
 - Agile Scrum Project Management: 130 employees



- Virtual Consultative Selling : 97 employees
- Fintech Foundation Program Flex (an online, self-paced program offered by 10x1000.org): completed by 718 employees
- RCBC CX Excellence Academy.** The following were undertaken to support the Bank's plans:
 - Certification of officers: 30 officers, including the Bank's President and CEO, attained the Professional Certificate in Customer Experience with the UK-based CX Academy
 - CX Award for Customer Excellence (ACE), which aims to recognize individuals, whether customer facing or non-customer facing, who go out of their way to provide excellent and remarkable customer experience for our clients went to 10 individuals, 3 groups, and 3 other groups which received a special citation;
 - CS 101 eLearning: 5,940 employees took;
 - CX Fundamentals Workshop: 458 employees attended
- Other Trainings:**
 - Branch Operations Orientation Training Camp (BOOT Camp): a 7-day program for all new branch officer hires or branch officer transferees. Modules include Risks and Controls, Supervisory Development Program, Effective Business Communication and Effective Leadership in Customer Service. In 2022, 3 runs were conducted, covering 53 attendees.

SOCIAL IMPACT

RCBC BUSINESS

- Core Credit Course for the Corporate Banking Group: 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. 27 participants attended one run in 2022.
- 9 e-Learning programs were launched in 2022: Operational Risk Management (ORM) eLearning, Targeted Financial Sanctions (TFS) eLearning, Signature Verification 2022 eLearning, Netiquette eLearning, Customer Service (CS) 101 eLearning, Business Continuity eLearning, UN Sustainable Development Goals (SDGs) eLearning, Fraud Risk Management eLearning, and Data Privacy eLearning.
- In compliance with the BSP Directive to have all UITF Selling Personnel accredited, the Bank conducted 7 review sessions to prepare those who will take the TOAP accreditation. 208 employees attended the review sessions and 179 were registered with TOAP to take the accreditation exam.

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

Under the Bank's Corporate Governance Framework, the Board of Directors are provided with the Annual Continuing Training Program. This is a mandatory program which aims for the directors to be continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance, matters relevant to the company, including audit, internal controls, risk management, sustainability (e.g., e-learning course launched in 2022), and strategy. The annual continuing training shall be at least for four hours.

As part of safeguarding the well-being of employees, the Bank continued to offer "Your Well-Being Matters" webinar, with resident expert Dr Michele Alignay. The following webinars were offered in 2022:

- Digital Well-Being: 311 attendees
- From Stress to Support: 298 attendees;
- Keeping the Faith (Deepening Spiritual Well-Being): 341 attendees;
- Better Together: 217 attendees



RCBC BAGS HR AWARD FOR WORKFORCE PANDEMIC READINESS

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

In 2022, People Management Association of the Philippines (PMAP), the country's preeminent HR organization, awarded RCBC with its Regional Exemplar for Strategic HR and People Program of the Year National Exemplar, for the Bank's Workforce Readiness Program.

The Program is unique given the speed of execution, the in-place digital solutions, and the deep involvement and personal concern of top management in the program. While many organizations were still coming up with safety measures for their employees, the RCBC Rapid Empowerment and Assistance Delivery (READY) was already in place, building business resilience through its three components: clustering, spread prevention and safety, and mobile or remote workers.

The comprehensive workforce readiness program enabled the Bank to spot and take action on opportunities. Employees were able to transition quickly and resume their fighting form. As a result, the Bank's employee attrition rate remained better than industry level. In 2020, the Bank also had an overall Customers' Net Promoter Score (NPS) of 38, considered "Great" in the official scale.

It also garnered 51 awards and recognitions from various prestigious regional and global institutions and publications. Asiamoney's Leaders for Women also recognized the Bank for having an employee base with a proportion of 64% women, which highlights the Bank's gender diversity.

Labor-Management Relations

Effective labor-management relations preserve the welfare of employees. RCBC has a union of rank-and-file employees, which negotiates with Management for a collective bargaining agreement (CBA) every five years. Hand-in-hand, Management and the union regularly evaluate and update the salaries and benefits of employees. Every negotiation (at least in the past 15 years) has been peaceful and fruitful. On a daily basis, Management is open to consultation and discussion regarding various topics that the union wants to tackle. In 2022, an estimated 2,000 consultations were conducted with employees concerning employee-related policies.

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

Ratio of % Male-Female Workers in the Workforce



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.

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. IT also provides safety training to workers, including training on specific work-related hazardous situations. RCBC trains branch personnel on

how to respond to hazardous situations with simulation training programs such as mock bank robberies."

- **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.

- **Employee Welfare and Well-Being:** In 2022, 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 2,900 availments for employees and 2,047 availments for dependents in 2022;
- Executive Check-Up for employees with total cost of Php 9.4 Million in 2022;
- Outpatient consultation services for employees with 7,982 availments in 2022;
- Partnered with Sunlife Grepa Financial Inc. in utilizing the clinic located at the RCBC Plaza and serviced more than 1,000 availments in 2022.

SOCIAL IMPACT

RCBC BUSINESS

There is a clinic set up at the A. T. Yuchengco Centre to give free check-up and consultation services to more than 508 employees at said location.

The Bank also provided the following benefits to employees:

- The Bank was part of the YGC Vaccination Program wherein the institution ordered 70,000 doses of Moderna vaccines for its employees and dependents. Through the Bank's relentless effort, 99% of its employees were fully vaccinated by 31 December 2022.
- 10 qualified employees of RCBC are eligible to avail of treatment assistance from gynecological diseases through the Expanded For Women Only Project of the AY Foundation (AYF) in 2022. For Women Only Project is a health treatment assistance project of AYF for the benefit of indigent Filipino women suffering from non-malignant gynecological disorder by providing free access to consultation from medical specialists, laboratory examinations, surgical procedures and hospitalization.
- COVID-19 related undertakings: Activities to support employees during the pandemic in compliance with the laws and regulations enacted during this period:
 - Robust information drive via release of critical/necessary advisories in line with the pandemic;
 - Implementation of policies on self-quarantine and travel bans;
 - Released procedures on how to avail COVID-19 testing as part of employees' hospitalization benefit;
 - Implemented COVID-19 testing to symptomatic employees and those who were deemed as close contacts
 - Organized Bank-wide webinars on the following:
 - Science behind and importance of vaccination
 - Mental Well-being
 - Anxiety and Coping Skills
 - Resiliency and Self Care
 - Beating Burnout and Practical Mindfulness
 Developed and implemented an eLearning module on Stress Management
- Department of Labor and Employment (DOLE) certified Basic Occupational Safety and Health Seminar;
- Philippine Red Cross certified first aid training;
- Basic training course for Pollution Control;
- Pollution Control training course for Managing Heads;
- Safety and life support trainings, fire and earthquake seminars and drills for employees;

- Pre-employment physical and medical examination for new hires;
- Random drug testing for employees;
- Vaccination: Implemented flu vaccination to employees;
- Maintenance of operational breastfeeding stations for nursing associates;
- Sports and wellness - To promote physical fitness, the Bank sponsored various sports activities participated by employees from HO and Metro Manila business centers.
- Precautionary measures: Since Management recognizes the precarious situation of employees in areas affected by natural calamities and man-made adversities, it has always been keen on immediately issuing work suspension orders in such perilous areas during fortuitous events.
- All associates are covered with a life insurance policy inclusive of accidental death, total and permanent disability and burial assistance benefits.

Bank Spending on Health Benefits of Employees and Their Dependents in 2022



Safe Man-Hours



In 2022, the Bank conducted 3 safety drills. There were zero incidents of work-related injuries, work-related injuries fatalities, and work-related ill-health.

Labor Laws and Human Rights

RCBC gives importance to and upholds labor standards and human rights in the workplace. It follows existing labor laws and standards and protects human rights at all times. It also complies with all four principles of the International Labour Organization (ILO): i) freedom of association and the effective recognition of the right to collective bargaining, ii) the elimination of forced or compulsory labor, iii) abolition of child labor, and iv) the elimination of discrimination in respect of employment and occupation.

RCBC hires college graduates, at the minimum. The Bank does not employ child labor. In 2022, there were no legal actions or employee grievances involving forced or child labor against RCBC.

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 already in the process of enhancing the existing vendor accreditation policy targeted for implementation by the first quarter of 2023. Furthermore, the Enhanced Vendor Performance Evaluation Policy and Enhanced Vendor Blacklisting Policy are being reviewed for execution in the second quarter of 2023.

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 ongoing collaboration with suppliers.

RCBC continues to improve its existing supply chain procedure to avoid negative environmental and social impacts. The following sustainability assessment initiatives are work-in-progress:

1. 100% compliance with Sustainability Vendor Attestation for Primary/Active Vendors by Q1 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. Strengthen the Vendor Accreditation Policy for final execution on the first quarter of 2023. 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. Execution of the enhanced Blacklisting Policy by the second quarter of 2023. The enhancement will create balance to ensure that vendors will adopt ethics of highest standard and degree of integrity, provide optimum value, quality products and services, commitment and sincerity towards work undertaken.
4. Execution of the enhanced Vendor Performance Evaluation Policy by Q2 2023 with the aim of establishing 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.
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.
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

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)*	Impact 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 micro-banking offices, or a total of 18 RMB branches	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	RMB offers the BDA** product called "Pangarap Savings." With RMB's cloud-based core banking system, financial services such cash-in (deposit), cash-out (withdrawal), bills payment, and opening of BDA can be done real time through a secured electronic platform provided to the accredited agents <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	DiskarTech targets the unbanked and underserved Filipinos nationwide, especially those who live in grassroots communities.	<ul style="list-style-type: none"> DiskarTech also offers the BDA deposit product. RCBC launched the MoneyBela and NegosyanTech programs on RCBC DiskarTech to Filipinos in provincial areas and geographically isolated and disadvantaged communities. MoneyBela, leveraging on the versatility of the Philippine e-tricycle, enabled RCBC to enter yet-to-be-connected communities. With the pilot launched in Davao and Bacolod in 2022, MoneyBela will be rolled out to more provincial cities in 2023. Meanwhile, NegosyanTech ramped up the Bank's efforts to assist micro and small entrepreneurs improve their incomes and expand their businesses by providing them exclusive promos and monetary rewards. <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.	ATM Go is an inclusion application that targets the unbanked and underserved sector.	Expanded coverage nationwide and is available through <i>sari-sari</i> 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.

* 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)
 ** 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.

In 2022, there were no certificates on undergoing Free and Prior Informed Consent (FPIC) consultations and securing Certification Preconditions (CPs) related to Bank operations affecting indigenous peoples.

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 2022 include the following:

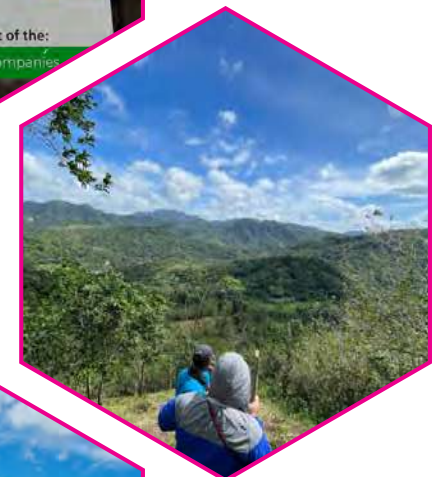
- YGC Earth Care Project:** The YGC has launched an expanded and forward-looking project of planting 50,000 native trees within a sprawling 100 hectares in Mt. Bangkaan in the Sierra Madre, the longest mountain range in the Philippines.

Since the inception of the project in 2011, 23,000 10-year old YGC forest trees planted along the 58-hectare plant site, most of which are now over 20 feet high. The final leg of the project is to cover the remaining 42 hectares. In 2023, the first phase of the Earth Care Project aims to cover 20 hectares with 10,000 tree saplings and the second phase will cover an additional 22 hectares with 11,000 tree saplings.

The project contributes to reforestation initiatives and watershed protection. Furthermore, the project protects not only the endemic species of the forest but also provides benefit to the nearby indigenous community. Once the trees start bearing fruits between three to five years, the indigenous people will have sustainable cash income streams coming from the various fruit harvests.

- 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 of Php12,339,536.41 as well as 10,000 packs of Rice-to-Go worth Php 500,000 from EEI/Biotech JP. The donations were able to support 12,339 poor families.

- Expanded For Women Only Project:** In 2022, the AYF expanded its For Women Only Project to 10 qualified employees of the Bank and other related employees of YGC (janitors, messengers, guards, contractual employees under YGC or non-YGC agencies who render services for any of the YGC members). For Women Only Project is a health treatment assistance project of AYF for the benefit of indigent Filipino women suffering from non-malignant gynecological disorder by providing free access to consultation from medical specialists, laboratory examinations, surgical procedures and hospitalization.



SOCIAL IMPACT

RCBC BUSINESS

Customer Management

Customer Satisfaction*

RCBC is committed to fully enforce the Financial Consumer Protection (FCP) Framework through regular assessment of compliance with the regulatory standards of conduct in order to achieve a service culture of fair dealings and responsible business practices embedded in its primary business operations. Mechanisms to receive and investigate complaints and implement corrective action are incorporated in the FCP Framework.

In compliance with BSP Circular Nos. 857 and 1048 (BSP Regulations on Financial Consumer Protection), and with the recently release of BSP Circular No. 1160 (Regulations on Financial Consumer Protection to Implement Republic Act No. 11765, otherwise known as the “Financial Products and Services Consumer Protection Act”), the consumer protection standards and practices as defined in the Bank’s FCP Framework are duly observed and embedded in the conduct of its business operations, thereby creating a stronger corporate culture and commitment towards upholding fair treatment of customers at all stages of their business relationship with the Bank.

The FCP Framework is generally composed of FCP Policies and Procedures, FCP Code of Conduct, Consumer Assistance and Risk Assessment Mechanism, FCP Training Program, FCP Compliance Program, FCP Audit Program, and Financial Consumer Education and Awareness Program. The Framework revolves around the core principles of consumer protection, namely:

1. Disclosure and transparency;
2. Protection of client information;
3. Fair treatment;
4. Effective recourse; and
5. Protection of Consumer Assets against Fraud and Misuse

RCBC regularly monitors feedback from traditional and social media to identify customer concerns. This includes monthly social listening reports and real time alerts, and monthly traditional media reports. RCBC also implements customer research for major initiatives (e.g., brand refresh, new website design, and new application

design). In addition, the Bank follows a review and approval process for communication materials, including clearing initiatives with Consumer Protection, Legal, and Compliance Groups. An assessment of RCBC’s reputation risk is also reported regularly to the ROC of the Board of Directors.

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

In addition, RCBC is focused on integrating a deep awareness of Customer Experience or CX principles and practices in all employees. Customer experience is now 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.

As such, RCBC applies its ESMS Policy in which all credit proposals for loans and other credit accommodations 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 EMS Policy subscribes to the International Finance Corporation’s Performance Standards, including the evaluation of the borrower’s practices to promote health and safety (Performance Standard number 2). Under Performance Standard number 2, the borrower’s operations are assessed in terms of effective promotion of safe and healthy working conditions.

In 2022, 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 following requirements:

- No false, misleading or deceptive statements
- Visible, easily readable and understandable
- Disclosure of clear, accurate, updated and relevant information about the product or service

- Balanced and proportional (reflecting both advantages and risks of the product or service)
- Key information is prominent and not obscured
- Print is of sufficient size and clearly legible
- Targeted according to the specific groups of clients or customers to whom products are marketed

Business units that develop products and provide services coordinate with the Bank’s Learning and Development Department on the design and execution of product/service programs. Bank staff, specifically those who interact directly with customers, receive adequate training suitable for the complexity of the products or services they sell. All Bank personnel that interact with customers are equipped with the knowledge on the structure and implementation of the Bank’s complaints handling mechanism.

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.

There were no recorded complaints attributed to marketing and labeling for 2022.

Customer Privacy

RCBC values and upholds the rights of customers to privacy. 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 the Bank communicates any changes in data protection policies or measures to customers directly.

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

* RCBC has established feedback mechanisms via the following: (1) QR Code installed at the branches; (2) Consumer Lending Group (CLG) feedback from loan clients; and (3) Client feedback generated from Sales Force (ticketing system) to include feedback gathered from Social Media to effectively manage client expectations in general. The result of the feedback mechanism is being reported and discussed internally on a regular basis.

SOCIAL IMPACT

RCBC BUSINESS

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

Data Security

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



Substantiated complaints* on customer privacy **2**

Complaints addressed **2**

Customers, users and account holders whose information is used for secondary purposes **577,078**

* 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.

- To provide an end-to-end guidance on how to manage information security risks, beyond purely technical control measures;
- To establish a risk profile to better understand the Bank's full exposure, and better utilize its resources;
- To integrate the management of information security risk into the overall enterprise risk management of the Bank; and
- To implement and continuously improve a sound framework for the identification, measurement, control, monitoring, and reporting of key risks faced by the Bank.

RCBC may store personal data physically or electronically with third-party data storage providers. When the Bank does this, the Bank uses contractual arrangements to ensure that those providers take appropriate measures to protect that information and restrict the uses to which they can put that information. The data privacy and security policy are considered and applied in 100% of the Bank's operations.

RCBC has zero tolerance for information security/cyber security breaches. RCBC shall protect its information assets to ensure that breaches do not cause material damage to its liquidity and capital position, and reputation. The Bank's information security objectives are achieved through both a technical and process-based defensive strategy:

- Multi-layer IT defenses including threat intelligence/assessment, prevention, detection and remediation

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

The Bank's Information Security Governance Department (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 CPI SI (Certified Payment Industry Security Implementer).

RCBC continuously conducts regular trainings and seminars to equip employees (from senior management to rank and file) and those with direct contracts with RCBC on the importance of data security. RCBC continues to update its Information Security Program to adapt to the changing business environment.

RCBC may amend its data privacy notice to comply with changes in relevant laws and regulations and to keep customers informed of changes in the ways that the Bank processes their personal data. Updates are posted on the RCBC website.



No. of data breaches, including leaks, thefts and losses of data

0



SOCIAL IMPACT

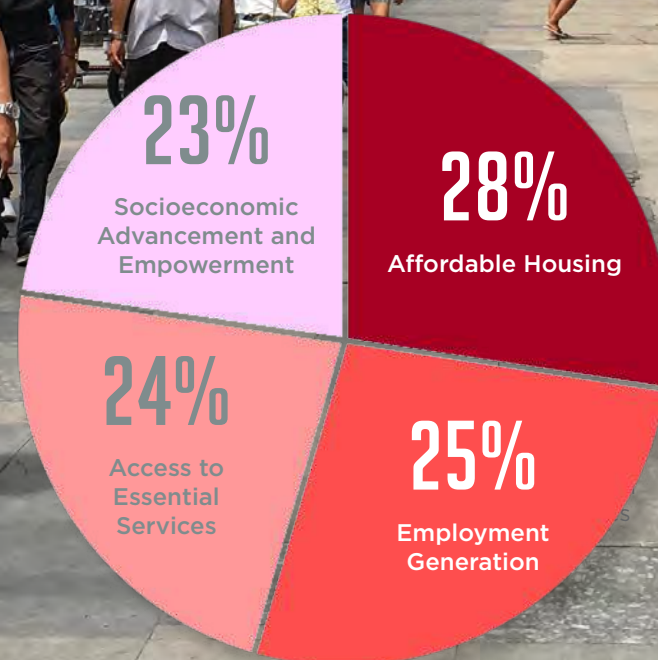
RCBC PORTFOLIO

Eligible Social Portfolio

RCBC has 8,255 projects in its Eligible Social investment portfolio as of December 31, 2022, amounting to Php20.044 billion.

Affordable Housing and Employment Generation projects accounted for 28% and 25%, respectively. Meanwhile, Access to Essential Services and Socioeconomic Advancement and Empowerment had 24% and 23% shares respectively.

Eligible Social Portfolio Distribution As of December 31, 2022



Affordable Housing

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Affordable Houses Financed	Total Affordable/Economic Housing Units Sold
Economic/Socialized Housing Loans	7,522	5,386	8%	7,522	-
Affordable Housing Development	1	239	0%	-	1,640
Total Affordable Housing	7,523	5,624	8%	7,522	1,640

These are loans for the development or purchase of socialized housing and economic housing, as defined by the Housing and Land Use Regulatory Board of the Philippines.

The Department of Human Settlements and Urban Development (DHSUD) produced 294,142 housing units between 2021 and June 2022. The country's housing backlog reached 6.5 million units in 2022 and could reach up to 10 million by 2028²¹. To address the backlog, the government launched the Pambansang Pabahay Para sa Pilipino Housing (4PH) Project which aims to build six million housing units and generate around 1.7 million jobs annually.

Heeding the call to help provide affordable housing in the country, RCBC extended affordable loans of Php5.6 billion to support the purchase of 7,522 houses and the construction and sale of 1,640 economic housing units in 2022.



Employment Generation

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total number of loans extended to qualified SMEs
Employment Generation	703	4,990	7%	703

These are loans to SMEs, as defined by the BSP. As the economy continued to reopen in 2022, the country's unemployment rate in December 2022 dropped to 4.3%, the second lowest since April 2005, with 2.22 million unemployed persons²². The service sector held the largest share of the employed comprising 58.9% of the total employed persons in the same period.

Nevertheless, helping micro, small and medium enterprises (MSMEs) steadily recover from the pandemic remains paramount as they account for approximately 99% of business establishments, 63% of the workforce, and generate 40% of the Philippines' gross domestic product²³. In its updated Philippine Development Plan 2017-2022, the National Economic and Development Authority (NEDA)²⁴ highlighted the importance of increasing total investments and improving MSMEs' access to finance and production networks in order to enhance their productivity, efficiency and resilience. The MSME Development Council, led by the Department of Trade and Industry, has echoed these sentiments highlighting financial access as one of five key areas that require improvement and strategic planning.

Affirming its commitment to support MSME growth and recovery, RCBC provided 703 loans amounting to Php5 billion as of December 31, 2022.

²¹ Torres, S. A. (2022). "Philippine housing backlog may reach 10 million by end of Marcos admin: DHSUD exec". In ABS-CBN News. <https://news.abs-cbn.com/news/10/21/22/ph-housing-backlog-may-hit-10m-in-by-end-of-marcos-admin-official>

²² Philippine Statistics Authority. (2023, February 8). Unemployment Rate in December 2022 is Estimated at 4.3 Percent. <https://psa.gov.ph/statistics/survey/labor-and-employment/labor-force-survey/title/Unemployment%20Rate%20in%20December%202022%20is%20Estimated%20at%204.3%20Percent>

²³ BusinessWorld. (2022). "Strengthening the country's economic backbone". <https://www.bworldonline.com/special-features/2022/12/21/494399/strengthening-the-countrys-economic-backbone/>

²⁴ National Economic and Development Authority. (2021, December 24). Chapter 9C: Expanding Access to Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives. Philippine Development Plan 2017-2022. Taguig City: 157-168. <https://pdp.neda.gov.ph/updated-pdp-2017-2022/>

SOCIAL IMPACT

RCBC PORTFOLIO

Access to Essential Services

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Drugstores Carrying Generic Medicines	Total No. of Hospital Beds	Total No. of Children Vaccinated per Year	Total No. of Patients Treated per Year
Hospitals	10	2,358	3%		1,503	3,168	527,961
Generic Medicines	3	71	0%	383			
Total Access to Essential Services - Healthcare	13	2,430	3%	383	1,503	3,168	527,961

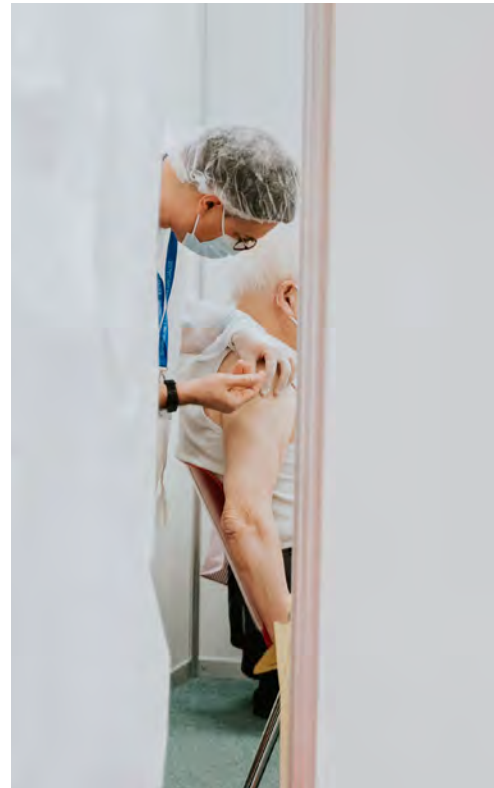
These are projects related to healthcare for the underserved (e.g., hospitals accredited by PhilHealth, elderly care, pharmaceutical manufacturers where at least minimum 80% of the revenues are from the sale of generic medicines, distributors and traders, and drugstores) and education (schools, universities, vocational training, sheltered workshops).

While society grapples with transitioning towards the New Normal, it has become increasingly clear that access to healthcare services in the country is paramount but remains to be a challenge.

This is why around Php26.738 billion was earmarked towards the Department of Health's (DOH) Health Facilities Enhancement Program (HFEP) in 2023²⁵. According to the Department of Budget and Management, the 2023 HFEP will help address gaps identified in the updated Philippine Health Facility Development Plan 2022 to 2024 that are needed to be filled to properly implement the Universal Healthcare Act²⁶.

Recognizing that the country remains largely import-dependent on medicines despite the three decades-old Republic Act No. 6675 or the Generics Act of 1988, the DOH unveiled the Philippine Medicines Policy (PMP) 2022-2030 to strengthen local production of generic medication and promote better access to medicines in the Philippines²⁷. The PMP leverages on the "the provision of free medicines to the marginalized sectors, coming up with evidence-based selection of essential medicines and price transparency, and establishing flexible regulatory mechanisms for health emergencies, among others."²⁸

In support of the healthcare system in the Philippines, RCBC provided Php2.4 billion in loans to hospitals and manufacturers of generic medicines. The loans to hospitals financed 1,503 beds, benefiting over half a million patients in 2022.



Access to Essential Services - Education

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Students per Year
Schools	14	2,301	3%	56,016

In 2022, the Department of Education welcomed roughly two million more students in the basic education system in school year 2022-2023, as total enrolment surpassed 28.7 million on August 23, 2022²⁹. The agency highlighted its Alternative Learning System which interested enrollees may join via hybrid digital and physical platforms set up by schools and community learning centers in barangays nationwide.

To help the country cope with the challenges in the education sector, RCBC provided Php2.3 billion in funding support to educational institutions, benefiting roughly 56,016 students.

Socioeconomic Advancement and Empowerment

	No. of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Cooperative Clients Served per Year	Total Approved Loans to Women per Year via Financing Project	Total Approved Loans to Low-income Borrowers per Year via Financing Project
Access to Finance	2	4,699	7%	217,242	Php33.028 billion	Php27.563 billion

These are loans to minority, underserved, and low-income individuals, including those disbursed by rural banks (as defined by the BSP's Manual of Regulation for Banks), and cooperatives (as defined by Republic Act 9520).

According to NEDA³⁰, rural poverty incidence in the country improved to 24.5% in 2018 from 34% in 2015. However, given the impact of the COVID-19 pandemic, this substantial decline was not sustained. Thus, rural banks and cooperatives must play a vital role in poverty reduction by providing basic financial services to rural communities, enabling inclusive economic growth.

In support of the country's poverty alleviation program, RCBC extended Php4.7 billion worth of loans to cooperatives and firms dedicated to inclusive finance, serving a total of 217,242 cooperative clients and providing support to affordable credit by supporting a financing project which loaned Php33.028 billion to women and Php27.563 billion to low-income borrowers in 2022.



²⁵ Department of Budget and Management. (2023). Health Facilities Enhancement Program Under DOH Fiscal Year 2023. <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2023/Volumel/HFEP.pdf>

²⁶ Paroccha, A. (2022). "PH health facilities to get P23B worth of upgrades in 2023." In Philippine News Agency. <https://www.pna.gov.ph/articles/1184011>

²⁷ Ombay, G. (2022). "Philippines eyes 60% production of local medicines by 2023 -DOH, DTI". In GMA News. <https://www.gmanetwork.com/news/topstories/nation/846320/philippines-eyes-60-production-of-local-medicines-by-2023-doh-dti/story/>

²⁸ Ibid.

²⁹ Ombay, G. (2022). "28.7M students now enrolled for SY 2022-2023 as DepEd surpasses target". In GMA News. <https://www.gmanetwork.com/news/topstories/nation/842458/28-7m-students-now-enrolled-for-sy-2022-2023-as-deped-surpasses-target/story/>

³⁰ National Economic and Development Authority. (2021, December 24). Chapter 1: Overview. Philippine Development Plan 2017-2022. Taguig City: 5-20. <https://pdp.neda.gov.ph/updated-pdp-2017-2022/>



CONTRIBUTIONS TO THE UN SUSTAINABLE DEVELOPMENT GOALS

UN SDG loans comprised approximately 54% or Php327 billion of RCBC's total loan portfolio in 2022. Of this, around half support UN SDG 9: Industry, Innovation, and Infrastructure.³¹



³¹ RCBC's Sustainable Finance Framework (issued April 2019) 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), Housing and Land Use Regulatory Board's (HLURB's) definition of Socialized Housing and the Philippine Standard Industrial Classification (PSIC) among others.



CONTRIBUTIONS TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The RCBC Plaza in Makati City is LEED Gold-certified since 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









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> <ul style="list-style-type: none"> DiskarTech ATM Go MoneyBela NegosyanTech <p><i>Refer to details under the Economic and Social portions.</i></p> <p>Potential Negative Impact of Contribution</p> <p>Engaging the unbanked and underserved towards financial inclusion may expose us to credit risk and other types of risk which traditional risk tools may ordinarily not be able to adequately manage.</p> <p>Management Approach to Negative Impact</p> <p>The risk of default and other risks are mitigated by performing additional Know Your Customer (KYC) and credit risk assessment procedures on clients.</p> <p>The bank partners with various organizations and local government units (LGUs) to reach more Filipinos and educate them about financial services that can grow and protect their income.</p>	 	<p>Both DiskarTech and ATM Go were instrumental in the government's distribution of funding assistance. The government has partnered with RCBC to help distribute cash assistance to families greatly affected by the ECQ in provinces and remote locations where there are no bank branches.</p> <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>Services have been instrumental conduit for government financial aid and assistance for food and nutrition and education of beneficiary children in schools.</p> <p>Modules on financial literacy called Aralin sa Madiskarteng Pananalapi and the DiskarTechpreneur Bootcamp are provided as part of digital acceleration.</p> <p>The digital innovations improve the economic lives of poor women, working class women and members of female-headed households.</p> <p>Through a partnership with One Renewable Energy, Inc., DiskarTech provides digital financial services along with renewable energy access across island communities in the country.</p> <p>Digital acceleration provides and expands access to banking and financial services for all. Through its NegosyanTech program, RCBC ramped up the Bank's efforts to assist micro and small entrepreneurs improve their incomes and expand their businesses by providing them exclusive promos and monetary rewards,</p> <p>The banking products increase access to financial services.</p>

Key Products and Services	SDGs	Societal Value/Contribution to UN SDGs
<p>Deposits</p> <ul style="list-style-type: none"> Savings Accounts <ul style="list-style-type: none"> FlexiSavers iSave <p>Potential Negative Impact of Contribution</p> <p>Banks are custodians of public money. Given the banking sector's systemic importance, it is critical that credit risk, market risk, and other bank risks are properly managed to prevent bank failure.</p> <p>Management Approach to Negative Impact</p> <p>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>RCBC offers inexpensive, easy to open, and customizable deposit accounts.</p> <p>Good Health and Well Being. RCBC offers account types that come with free personal accident insurance, free hospitalization benefit, and free life insurance.</p> <p>Gender Equality. RCBC offers eWoman Savings and eWoman Checking accounts especially designed for women. These come with free life insurance coverage.</p> <p>Affordable and Clean Energy. RCBC launched the Philippines' first Peso Green Time Deposit (TD) in February 2022 for clients who would like to support green loans and projects under RCBC's Sustainable Finance Framework.</p> <p>Reduced Inequalities. GoSaver is a savings account for kids and teens. SSS Pensioner is a savings account for those looking for a convenient way to access their pension.</p> <p>Partnership for the Goals. Collaborated with Asian Development Bank (ADB), which allowed RCBC to offer new lending structures and fulfill its commitment to completely divest from its coal exposure by 2031. ADB developed the energy transition mechanism (ETM) concept.</p>
<p>Loans</p> <ul style="list-style-type: none"> Corporate Loans Home Loans Auto Loans Personal Loans <p>Potential Negative Impact of Contribution</p> <p>Banks are custodians of public money. Given the banking sector's systemic importance, it is critical that credit risk, market risk, and other bank risks are properly managed to prevent bank failure.</p> <p>Management Approach to Negative Impact</p> <p>The Bank identifies, measures, controls, and monitors the risk inherent to its business activities or embedded in its products and portfolios. RCBC continually develops an efficient and effective risk management infrastructure, and complies with regulations on risk and capital management.</p>	 	<p>RCBC participated in the ETF project of ACEN for the early decommissioning of SLTEC's coal-fired power plant by 15 years.</p> <p>RCBC provides and expands access to banking and financial services for all. The Bank lends to corporations and SME, promoting inclusive, and sustainable economic growth, full and productive employment, and decent work for all.</p> <p>RCBC Credit Cards' Personal Loan and Salary loan products increase access to financial services. Through the credit card's Digital Cash Loan platform, RCBC enables credit cardholders to easily avail of a loan by converting their unused credit limits into cash with real-time loan approval.</p> <p>RCBC's loan products empower and promote economic inclusion. RCBC lends to the underserved and low-income individuals, promoting socioeconomic advancement and empowerment.</p> <p>RCBC's personal loan products increase access to safe and affordable housing and transport.</p> <p>The Bank's coal exposure will be phased out by 2031. This is aligned with the RCBC President & CEO Eugene S. Acevedo's public commitment in December 2020 to cease funding of the construction of new coal power plants in the Philippines.</p>



CONTRIBUTIONS TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Key Products and Services	SDGs	Societal Value/Contribution to UN SDGs
<p>Credit Cards</p> <p>Potential Negative Impact of Contribution Engaging in the credit card business exposes us to credit risk and other types of risk which traditional risk tools may ordinarily not be able to adequately manage.</p> <p>Management Approach to Negative Impact RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.</p>	   	<p>RCBC Credit Cards' Diamond Platinum Mastercard has a built-in program, the Diamond Cares Program, where for every Php100 charged to the card, RCBC Credit Cards automatically donates Php0.10 to support Gawad Kalinga's Kusina ng Kalinga or Zonta Foundation for Women.</p> <p>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.</p> <p>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.</p> <p>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. Since 2021, RCBC Credit Cards has been promoting the use of electronic Statement of Account (SOA) to reduce printing of paper SOA. As of end 2022, 95% of customers are enrolled in eSOAs and are already receiving their SOAs via e-mail. Further, RCBC Credit Cards enables cardholders to reduce reliance on paper SOAs through the SOA viewing functionalities of RCBC Digital app and its chatbot.</p>
<p>Micro & Small Business Loans & Savings Products</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 RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.</p>	   	<p>RMB's loan and savings products cater to the underserved and small businesses in the country. RMB studies each business carefully to make certain that the additional working capital has a positive effect on cash flow, potentially reducing or eliminating poverty.</p> <p>Correlated to helping reduce poverty, RMB's loans products provide additional funds to small businesses which in return further employs underserved individuals, thus, increasing employment.</p> <p>RMB's products increase access to financial services, including affordable credit.</p> <p>Regardless of financial status, RMB's loan and savings products cater to underserved individuals not covered by commercial banks.</p>
<p>The Sustainable Finance Framework strategy is to deploy Sustainable Financing instruments to finance/refinance projects that have clear environmental and social benefits which are classified as Eligible Green and Social Assets. Please refer to pages 10, 14, 15 for the Framework's contributions to the UN SDGs.</p>		

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 Performance - Inclusive Digital Finance Solutions, Financial Inclusion In the Agricultural and Low-income Sectors, Holistic Digital Transformation Social Performance - Relationship with Community Contribution to the UN SDGs - Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Micro & Small Business Loans & Savings Products 	27, 32 70 82
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	<ul style="list-style-type: none"> Economic Performance - Inclusive Digital Finance Solutions, Financial Inclusion In the Agricultural and Low-income Sectors, Holistic Digital Transformation Social Performance - Relationship with Community Contribution to the UN SDGs - Delivering in the New Normal Through Digital Acceleration, Credit Cards 	27, 32 70 82
3	Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none"> Economic Performance - Inclusive Digital Finance Solutions, Holistic Digital Transformation Social Performance - Relationship with Community Contribution to the UN SDGs - Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Credit Cards, Sustainable Finance Framework RCBC Impact Report - Access to Essential Services (Healthcare) Eligible Social Portfolio - Access to Essential Services (Healthcare) 	27, 32 70 82 15 78
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> Economic Performance - Holistic Digital Transformation Social Performance - Relationship with Community Contribution to the UN SDGs - Delivering in the New Normal Through Digital Acceleration, Credit Cards, Sustainable Finance Framework RCBC Impact Report - Access to Essential Services (Education) Eligible Social Portfolio - Access to Essential Services (Education) 	32 70 82 15 79
5	Achieve gender equality and empower all women and girls.	<ul style="list-style-type: none"> Economic Performance - Holistic Digital Transformation Social Performance - Relationship with Community Contribution to the UN SDGs - Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Credit Cards, Sustainable Finance Framework RCBC Impact Report - Socioeconomic Advancement and Empowerment Eligible Social Portfolio - Socioeconomic Advancement and Empowerment 	32 70 82 15 79
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 Framework RCBC Sustainability Bonds Impact Report - Sustainable Water Management Eligible Green Portfolio - Sustainable Water Management 	82 14 52
7	Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> Economic Performance - Holistic Digital Transformation Social Performance - Relationship with Community Contribution to the UN SDGs - Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Loans, Sustainable Finance Framework RCBC Impact Report -Renewable Energy, Energy Efficiency Eligible Green Portfolio - Renewable Energy, Energy Efficiency 	32 70 82 14 49, 50

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	UN SDG	Reference	Page
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	• Economic Performance – Holistic Digital Transformation, Financial Inclusion In the Agricultural and Low-income Sectors	27, 32
		• Social Performance – Relationship with Community	70
		• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Micro & Small Business Loans & Savings Products, Sustainable Finance Framework	82
		• RCBC Impact Report – Employment Generation	15
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	• Economic Performance – Inclusive Digital Finance Solutions, Financial Inclusion In the Agricultural and Low-income Sectors, Holistic Digital Transformation	27, 32
		• Social Performance – Relationship with Community	70
		• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Micro & Small Business Loans & Savings Products, Sustainable Finance Framework	82
		• RCBC Impact Report – Clean Transportation	14
10	Reduce inequality within and among countries.	• Economic Performance – Inclusive Digital Finance Solutions, Financial Inclusion In the Agricultural and Low-income Sectors, Holistic Digital Transformation	27, 32
		• Social Performance – Relationship with Community	70
		• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Loans, Micro & Small Business Loans & Savings Products, Sustainable Finance Framework	82
		• RCBC Impact Report – Socioeconomic Advancement and Empowerment, Employment Generation	15
11	Make cities and human settlements inclusive, safe, resilient and sustainable.	• Economic Performance – Inclusive Digital Finance Solutions, Holistic Digital Transformation	27, 32
		• Social Performance – Relationship with Community	70
		• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Sustainable Finance Framework	82
		• RCBC Impact Report – Energy Efficiency, Clean Transportation, Pollution Prevention and Control, Affordable Housing	14, 15
12	Ensure sustainable consumption and production patterns.	• Eligible Green Portfolio – Energy Efficiency, Clean Transportation, Pollution Prevention and Control	50, 51, 52
		• Eligible Social Portfolio – Affordable Housing	77
		• Economic Performance – Product Rebranding and Innovation	37
		• Contribution to the UN SDGs – Credit Cards, Sustainable Finance Framework	82
		• RCBC Impact Report – Pollution Prevention and Control	14
		• Eligible Green Portfolio – Pollution Prevention and Control	52

	UN SDG	Reference	Page
13	Take urgent action to combat climate change and its impacts.	• Economic Performance – Inclusive Digital Finance Solutions, Holistic Digital Transformation	27, 32
		• Social Performance – Relationship with Community	70
		• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Sustainable Finance Framework	82
		• RCBC Impact Report – Renewable Energy, Energy Efficiency, Clean Transportation	14
14	Conserve and sustainably use the oceans, sea and marine resources for sustainable development.	• Eligible Green Portfolio – Renewable Energy, Energy Efficiency, Clean Transportation	49, 50, 51
		• Contribution to the UN SDGs – Sustainable Finance Framework	82
		• RCBC Impact Report – Sustainable Water Management	14
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.	• Eligible Green Portfolio – Sustainable Water Management	52
		• Contribution to the UN SDGs – Credit Cards	82
17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	• Contribution to the UN SDGs – Sustainable Finance Framework	82
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CONTENT INDEX: SUSTAINABLE FINANCE IMPACT REPORTING

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 Green Portfolio - Pollution Prevention and Control	ICMA Green Bond Principles: 4. Reporting; ACMF ASEAN Green Bond Standards: 4.4. Reporting; ICMA Green Bond Principles Handbook Harmonised Framework for Impact Reporting: IV.4. Sector Specific Guidance and Reporting Metrics - Waste Management and Resource Efficiency	52
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Notice of Disclaimer

The material information in the Sustainable Finance Impact Reporting portions of the 2022 Sustainability and Impact Report are based on data collected from RCBC-financed projects as of December 31, 2022. 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 herein. Readers should not rely upon the material and information in this Report as a basis for making any business, legal or any other decisions. The material and information in this Report is subject to amendments or revisions at any time without prior notice. RCBC is not responsible for any errors or omissions, or for the results obtained from the use of the material and information in the Report. RCBC or any of its officers shall not be held liable for any costs, losses or damages that may arise with the use of this Report.

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GLOSSARY OF TERMS & REFERENCES

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.

Asian Bankers Association (ABA)

A forum involving some 100 members from 25 Asian countries working toward the goal of advancing the cause of the banking industry and promoting regional economic cooperation.

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.

Carbon Disclosure Project (CDP)

A not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

COVID-19

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

The agency 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 the Interior and Local Government

The executive department of the Philippine government responsible for promoting peace and order, ensuring public safety and strengthening local government capability aimed towards the effective delivery of basic services to the citizenry.

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

The Housing and Land Use Regulatory Board³² (HLURB) defines "socialized housing" as projects costing Php450,000 and below while "economic housing" covers those from Php450,000 to Php1,700,000.

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.

Financial Executives Institute of the Philippines

A non-stock, non-profit, non-political association serving as the country's highest organization of senior finance professionals. Members are more than 700 C-level or equivalent executives of top corporations, academic institutions, and start-ups and emergent businesses.

Global Warming

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.

Inter-Agency Task Force

An inter-sectoral collaboration created to establish preparedness and ensure efficient government response to assess, monitor, contain, control, and prevent the spread of any potential pandemic in the Philippines; created for the Management of Emerging Infectious Diseases in the Philippines.

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 programmes 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 Design* (LEED)³³

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.

³² Housing and Land Use Regulatory Board. (2017, July 21). HLURB Memorandum Circular No. 13 Series of 2017. <https://hlurb.gov.ph/wp-content/uploads/memorandum-circulars/2017%20MC/MC-17-13.pdf>

³³ Sustainalytics. (2019, May 7). Second-Party Opinion: RCBC Sustainable Finance Framework. <https://www.rcbc.com/uploads/media/RCBC-Sustainable-Finance-Framework-SPO-FINAL.pdf>

Micro, Small and Medium Enterprise (MSME)

As defined by the Magna Carta for MSMEs³⁴, 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 Bank Group's Country Climate and Development Report (CCDR)

New core diagnostic reports that integrate climate change and development considerations to help countries prioritize the most impactful actions that can reduce GHG emissions and boost adaptation, while delivering on broader development goals.

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.

Photos from <https://unsplash.com/>

- p. 51** Gerald Escamos <https://unsplash.com/photos/xz-SnYGJoGw>
- pp. 60, 77** Ryan Lau https://unsplash.com/photos/LQ_eEYX3bIA
- pp. 42, 48** Tushar Gidwani <https://unsplash.com/photos/sbG7fPtA6Jg>
- p. 49** Dan Meyers <https://unsplash.com/photos/w6X7XaolqA0>
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- pp. 42, 52** Harry Shelton <https://unsplash.com/photos/zmgCIOFL5-k>
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- pp. 60, 76** Josue Isai Ramos Figueroa <https://unsplash.com/photos/qvBYnMuNJ9A>

Scan the QR code to download the full report.



³⁴ 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