

Sustainability At Asia United Bank

This report contains the result of 2020, for the period January 2020 to December 2020, sustainability initiatives of Asia United Bank in compliance to the Securities and Exchange Commission Memorandum Circular No 4, Series of 2019 regarding sustainability reporting for publicly listed Companies.

Sustainability initiatives are in line with bank's goal to be even more responsive to the needs of its key stakeholders: our Clients, our Stockholders, and our People.

Data were gathered from several bank units based on the factors with material Economic, Social and Environmental impact to the bank.

This report has been prepared in accordance with the GRI Standards.

Contextual Information

Company Details	
Name of Organization	Asia United Bank
Location of Headquarters	Joy-Nostalg Center No. 17 ADB, Ortigas Center, Pasig City 1600
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	RediMoney Express Pte Ltd. (formerly Pinoy Express Pte Ltd.), based in Singapore, operates as a subsidiary of Asia United Bank Corp. This subsidiary only comprises 0.03% of the Group's total assets.
Business Model, including Primary Activities, Brands, Products, and Services	Deposit Account Products Credit and Loan Facilities Treasury Services Cash Management Services Trust and Investment Services International Banking Services Special Corporate Services Auxiliary Services
Reporting Period	January 2020-December 2020
Highest Ranking Person responsible for this report	Kristel G. Azucena Corporate Planning and Investor Relations Officer / PSE and SEC Compliance Officer Asia United Bank

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	15,073.1	PhP
Direct economic value distributed:		
a. Operating costs	5,785.4	PhP
b. Employee wages and benefits	1,951.1	PhP
c. Payments to suppliers, other operating costs	2,073.9	PhP
d. Dividends given to stockholders and interest payments to loan providers	970.6	PhP
e. Taxes given to government	1,861.3	PhP
f. Investments to community (e.g. donations, CSR)	26.5	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Economic value</i>	<i>Stockholders Clients Employees</i>	<i>The Bank's Board of Directors has complete oversight of the strategic policies for economic performance. The Board of Directors and the Management of AUB are responsible for ensuring that the Bank has in place an integrated, active, and dynamic Internal Capital Assessment and Adequacy Process, which involves the Parent Company and its subsidiaries. There is a performance monitoring process that ensures alignment with planning and budgeting. This includes building a business and financial plan, identifying resources, and defining milestones to carry out the defined plans.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Loss of client and shareholder from competition</i>	<i>Stockholders Clients Employees</i>	<i>AUB is fully cognizant of the highly competitive industry within which it operates and takes a proactive management of the risks it faces in its day to day activities. This is achieved through the following:</i>

		<p>1. Keeping our depositors' interest paramount and returns secondary</p> <p>2. Adherence to approved policies and limits through continuous monitoring and mitigating risks inherent in existing businesses</p> <p>3. Risks related to growth or new business initiatives will be identified, anticipated and monitored</p> <p>4. Strict compliance to regulatory mandates and Capital Adequacy at all times</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Product innovation and Network Expansion	<p>Stockholders</p> <p>Clients</p> <p>Employees</p>	<p>AUB is a relatively young player in the local banking industry, so it has been its main goal to innovate from the start. The bank had to think of strategies to compete with more established banks and penetrate large-scale markets as well. Though the pandemic had temporarily halted the bank's expansion plans in 2020, the bank's expansion has always been targeted taking into account location potential and cost rationalization.</p>

Climate-related risks and opportunities

AUB is still in the process of creating its climate related strategy and risk management approach in line with BSP sustainable finance framework.

It should be noted that AUB has started on its sustainable financing initiatives. In 2020, the bank was able to extend credit to a few wind and water projects with outstanding balance as of December 31, 2020 amounting to P871 million.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The bank's procurement practice objective is to search for reliable vendors or suppliers who can support the bank in the process of streamlining costs and ultimately optimize the existing resources.</i>	<i>Suppliers Clients</i>	<i>Procurement should go through the bank's accreditation process of suppliers that is spearheaded by the Bank's Supply & Services Management Division (SSMD). The bank complies with regulatory requirements and internal policies as specified in the group's operations manual.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Supply disruptions</i>	<i>Suppliers Clients</i>	<i>The bank's supplies and services are sourced based on the locality of each branch and head office to ensure most efficient options in delivery, cost and manpower.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Continuous improvement and streamlining of process in accordance to the bank's sustainability goals.</i>	<i>Suppliers Clients</i>	<i>The bank ensures that all suppliers adhere to its 10pt value evaluations points before accreditation:</i> <ol style="list-style-type: none"> <i>1. Quality and durability</i> <i>2. Service Relationship and Efficiency</i> <i>3. Timely delivery</i> <i>4. After-sales service, training and support</i> <i>5. Competence and Reliability</i> <i>6. Specifications compliant and product safety</i> <i>7. Favorable payment terms</i> <i>8. Financial capacity</i> <i>9. Guarantees and,</i> <i>10. Track record and reputation</i>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	No data	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No data	%
Percentage of directors and management that have received anti-corruption training	No data	%
Percentage of employees that have received anti-corruption training	No data	%

Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Business operations and supply chain</i>	<i>Employees Senior management and Directors Clients Suppliers Stockholders</i>	<i>The bank has policies on business conduct or ethics monitoring that reinforce the bank's anti-corruption stance such as its policies on Conflict Of Interest, Conflict Of Business And Fair Dealings, Receipt of Gifts from Third Parties, Whistle blower, conflict resolution, AMLA policy.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Reputational risk</i>	<i>Client Employees Stockholders Suppliers</i>	<i>The bank has a mechanism in place for reporting incidents or concerns regarding possible improprieties or malpractices within the organization.</i>

		<p><i>The bank also strictly monitors AMLA policy compliance of clients and employees to reduce risks of entering into fraudulent transactions.</i></p> <p><i>Supplier performances are evaluated regularly to reduce any violations against banks policies and providing fraudulent and mis-declared items.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Regular communication of the bank's anticorruption policies to employees and suppliers to promote awareness and ensure adherence.</i>	<p><i>Client</i></p> <p><i>Employees</i></p> <p><i>Suppliers</i></p>	<i>The bank's directors, senior management, and employees each have roles in upholding the bank's policies on business conducts or ethics with the goal of having zero incidence of corruption.</i>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)		GJ
Energy consumption (gasoline)		GJ
Energy consumption (LPG)		GJ
Energy consumption (diesel)		GJ
Energy consumption (electricity)		kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)		GJ
Energy reduction (LPG)		GJ
Energy reduction (diesel)		GJ
Energy reduction (electricity)		kWh
Energy reduction (gasoline)		GJ

No available data yet for 2020 on Energy Consumption.

The bank has not yet put in place a mechanism to measure its energy consumption. It is however recognized that energy consumption reduction will not only help our community in terms of carbon footprint reduction, but may contribute greatly in the bank's cost efficiency initiatives.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	This factor is not material to the bank.	Cubic meters
Water consumption	This factor is not material to the bank.	Cubic meters
Water recycled and reused	This factor is not material to the bank.	Cubic meters

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	This factor is not material to the bank.	
Percentage of recycled input materials used to manufacture the organization's primary products and services	This factor is not material to the bank.	%

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	This is not applicable to the bank.	
Habitats protected or restored	This is not applicable to the bank.	ha
IUCN ¹⁷ Red List species and national conservation list species with habitats in areas affected by operations	This is not applicable to the bank.	

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	This factor is not material to the bank.	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	This factor is not material to the bank.	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	This factor is not material to the bank.	Tonnes

Air pollutants

Disclosure	Quantity	Units
NO _x	This factor is not material to the bank.	kg
SO _x	This factor is not material to the bank.	kg
Persistent organic pollutants (POPs)	This factor is not material to the bank.	kg
Volatile organic compounds (VOCs)	This factor is not material to the bank.	kg
Hazardous air pollutants (HAPs)	This factor is not material to the bank.	kg
Particulate matter (PM)	This factor is not material to the bank.	kg

¹⁷ International Union for Conservation of Nature

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		kg
Reusable		kg
Recyclable		kg
Composted		kg
Incinerated		kg
Residuals/Landfilled		kg

No available data yet for 2020 on Solid Waste.

The bank has yet to develop a monitoring system to measure its solid waste. It is however recognized that solid waste reduction will not only help our community in terms of carbon footprint reduction, but may contribute greatly in the bank's cost efficiency initiatives.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	This factor is not material to the bank.	kg
Total weight of hazardous waste transported	This factor is not material to the bank.	kg

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	This factor is not material to the bank.	Cubic meters
Percent of wastewater recycled	This factor is not material to the bank.	%

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Bank operations</i>	<i>Employees Regulators</i>	<i>The bank complies with national regulations and policies as issued by the Department of Environment and Natural Resources, and other relevant government agencies.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>None</i>	<i>None</i>	<i>Not applicable</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>None</i>	<i>None</i>	<i>Not applicable</i>

SOCIAL

Employee Management

Employee Hiring and

Benefits *Employee data*

Disclosure	Quantity	Units
Total number of employees ¹⁸	2,066	
a. Number of female employees	1,394	#
b. Number of male employees	672	#
Attrition rate ¹⁹	12	rate
Ratio of lowest paid employee against minimum wage		ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	76 – Maternity benefit 20 – Sickness benefit 184 – Salary loan 113 – Calamity loan	7 – Sickness benefit 85 – Salary loan 42 – Calamity loan
PhilHealth	Y	No data	No data
Pag-ibig	Y	107 – Multipurpose loan 9 – Calamity loan	31 – Multipurpose loan 2 – Calamity loan
Parental leaves	Y	72 – Maternity Leave 3 – Special Leave for Women 8 – Solo Parent Leave	19 – Paternity Leave 1 – Solo Parent Leave
Vacation leaves	Y	1,343 - this is the revised figure	631 – this is the revised figure
Sick leaves	Y	934 – this is the revised figure	425 – this is the revised figure
Medical benefits (aside from PhilHealth))	Y	Staff medical loan for employee herself – 0 HMO benefits – all regular employees are covered Probationary officers are covered with prepaid card – 11 probationary female officers were covered	Staff medical loan for employee himself – 0 HMO benefits – all regular employees are covered Probationary officers are covered with prepaid card – 4 probationary male officers were covered
Housing assistance (aside from Pag-ibig)	Y	0	Home repair loan – 1
Retirement fund (aside from SSS)	Y	6	4
Further education support	Y	1	
Company stock options	N		
Telecommuting	Y	784	366

Flexible-working Hours	N		
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Talent Acquisition, Retention and Engagement Succession Management</i>	<i>Employees</i>	<p><i>The manpower complement of AUB decreased by 5% in the year 2020 as the bank had to re-engineer processes as well as redeploy and retool available manpower resources in the critical areas of bank operations.</i></p> <p><i>Talent acquisition initiatives took on a different form in 2020 due to the pandemic. Recruitment activities continued with partner schools thru virtual career fairs and talks. Despite the crisis, the bank successfully onboarded both new graduates and experienced professionals to fill up critical positions needed to beef up our operations.</i></p> <p><i>The priority for the bank was to find ways and means to keep our employees safe, and that assistance and support were readily available during the duration of the pandemic. Employees were allowed to work from home in order to ensure the health and protection of our workforce. The bank likewise streamlined and adopted compensation practices and guidelines to address employees' physical and financial needs. These included timely release of salaries and the special allowances for onsite reporting, early releases of bonuses and salary increases, among other things.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Attrition Outdated Skills</i>	<i>Employees</i>	<i>Continued development programs in line with the bank's philosophy of internal development of high performing employees.</i>

		<p><i>Technical and behavioral training programs continue to run as part of skills training for both officers and staff, with priority on product development and selling. The AUB Institute has provided an online facility to communicate and educate concerned people on new product offerings.</i></p> <p><i>Conducted on continuing basis leadership development programs to strengthen coaching and mentoring skills</i></p> <p><i>Customer Service training program and identified Training Ambassadors to conduct this for all employees, on a sustained basis.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Skills development</i>	<i>Employees</i>	<i>Re-assign and rotate unit leaders as part of succession development, based on organizational requirements.</i>

¹⁸ Employees are individuals who are in an employment relationship with the organization, according to national law or its application
[\(GRI Standards 2016 Glossary\)](#)

¹⁹ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	12,463 (Total no of pax attended x Total hours of Training)*	hours
a. Female employees	8,493	hours
b. Male employees	3,970	hours
Average training hours provided to employees	7.1	
a. Female employees	6.5	hours/employee
b. Male employees	8.5	hours/employee

* Training hours refer to training programs conducted by HR and external providers and do not include pocket trainings conducted by the different units of the bank on their own. For 2020, all trainings were conducted virtually.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Development programs of the bank</i>	<i>Employees</i>	<i>The pandemic opened up new opportunities for learning, using online platforms as the only medium. Virtual training has allowed us to run programs across the country, extending the reach to cover more employees at less cost. The new set-up made it easier to gather participants and line experts in learning sessions, which were developed to be more visually appealing, interactive and engaging. Where the AUBrand of Customer Service launched in 2019 was envisioned to be a face to face program, our in-house Training Ambassadors had to re-learn, re-train for the program in 2020 and adapt to a virtual mode, but achieve the same objective and behavioral mindset we hoped it would bring. All other programs in sales, product knowledge, corporate orientations, mock branch operations were likewise modified to adapt to be as interactive and engaging.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Failure to identify employees needing training and development; Insufficient skills training</i>	<i>Employees Clients</i>	<i>Periodic review of the succession chart to identify high potential and high performing individuals, and update development plans for each versus skills</i>

<i>program;</i>		<i>gaps.</i> <i>Regularly review training curriculum for key positions to address competency gaps and required interventions.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Organizational Efficiency</i>	<i>Employees Clients</i>	<i>Development programs for the business units vital to growing the business.</i> <i>Re-assign and rotate unit leaders as part of succession development, based on organizational requirements.</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	NA (The bank does not have a labor union.)	%
Number of consultations conducted with employees concerning employee-related policies	Average of 65 consultations/day for the whole HR In a year = 65 consultations x 261 working days = 16,965 consultations	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Employee Relations</i>	<i>Despite the challenges posed by the pandemic, HR ensured that all communication lines were kept open so that employees could raise their concerns and these could be satisfactorily addressed by the bank.</i>
What are the Risk/s Identified?	Management Approach
<i>Unaddressed employee grievances</i>	<i>Despite the challenges posed by the pandemic, HR ensured that all communication lines were kept open so that employees could raise their concerns and these could be satisfactorily addressed by the</i>

	bank.
What are the Opportunity/ies Identified?	Management Approach
<i>Expanding health and wellness program to address Employee Mental Health</i>	<p><i>Despite the challenges posed by the pandemic, HR ensured that all communication lines were kept open so that employees could raise their concerns and these could be satisfactorily addressed by the bank.</i></p> <p><i>Access to a Resilience Building Webinar Library was extended to all employees during the Pandemic. Through these webinars, AUB aims to address and strengthen concerns on well-being and provide practical tips that can be applied to various aspects of life – personal, career, family and fitness.</i></p>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	67.47%	%
% of male workers in the workforce	32.52%	%
Number of employees from indigenous communities and/or vulnerable sector*		#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Talent Acquisition, Retention and Engagement</i>	<i>The Bank exercises fairness in its remuneration package and does not determine compensation based on gender. The bank considers the employee's role in the organization, competency level, work performance, previous work experience, certifications and employment tenure as important factors in determining remuneration.</i>
What are the Risk/s Identified?	Management Approach

None	<i>The Bank exercises fairness in its remuneration package and does not determine compensation based on gender. The bank considers the employee's role in the organization, competency level, work performance, previous work experience, certifications and employment tenure as important factors in determining remuneration.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Talent acquisition</i>	<p><i>Sustained school partnerships as a major source of talents. Regular launch of in-house development programs, new job sites/ portals, and steady stream of candidate referrals.</i></p> <p><i>Talent acquisition is based on skills needed by the organization</i></p>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health		#
No. of safety drills	0*	#

* Safety drills were not allowed in 2020 due to the pandemic.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Bank Operations</i>	<p><i>Employee health and safety is a primary concern of AUB.</i></p> <p><i>Safety drills were not allowed in 2020 due to the pandemic.</i></p> <p><i>However, more health and wellness measures were undertaken to provide a safe and healthy working environment. The following were instituted to address the health risks due to Covid19: 1) Employees were allowed to work from home to ensure their safety and that of their family 2) Transportation facilities were and continue to be provided to employees reporting</i></p>

	onsite to minimize health risks. 3) The provision of personal protective equipment for all employees as well as regular and preventive upkeep and disinfection of our office premises, were and continue to be religiously monitored. 4) As an additional preventive measure, appropriate Covid tests were periodically administered to employees for early detection and cure, to avoid further spread of the virus, and protect their families and customers we interact with day to day.
What are the Risk/s Identified?	Management Approach
<i>Employees health and safety</i>	<i>The following were instituted to address the health risks due to Covid19: 1) Employees were allowed to work from home to ensure their safety and that of their family 2) Transportation facilities were and continue to be provided to employees reporting onsite to minimize health risks. 3) The provision of personal protective equipment for all employees as well as regular and preventive upkeep and disinfection of our office premises, were and continue to be religiously monitored. 4) As an additional preventive measure, appropriate Covid tests were periodically administered to employees for early detection and cure, to avoid further spread of the virus, and protect their families and customers we interact with day to day.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Security and Safety program improvement and training</i>	<i>Security and safety awareness is a primary concern of AUB and shall be regularly assessed through annual drills and disaster preparedness activities.</i>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	NA	AUB follows labor code of the Philippines against child labor and forced labor.
Child labor	NA	
Human Rights	Y	<ul style="list-style-type: none"> Article VII: Conduct and Behaviour of the Code of Conduct Anti-Sexual Harassment Policy Whistleblower Policy

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Workplace	<i>The Bank strives to provide a safe, secure and conducive working environment for our employees to continually safeguard their rights and provide equal opportunity for everyone. Policies and procedures are in place and communicated to employees to ensure that a professional atmosphere is maintained at all times.</i>
What are the Risk/s Identified?	Management Approach
Workplace bullying and harassment	<i>The bank has a mechanism in place for reporting incidents or concerns regarding possible improprieties or malpractices within the organization. Employees who have concerns may go directly to Human Resources, and submit a written report, which will be the basis to investigate. HR may then forward these information to the President, Senior Management, Audit or the Personnel Discipline Committee, depending on the nature of the issues. Due process is observed at all times before the recommendations and appropriate sanctions are implemented.</i>
What are the Opportunity/ies Identified?	Management Approach
None	None

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		

Forced labor		
Child labor		
Human rights		
Bribery and corruption	Y	Related Party transaction

SUPPLIER ACCREDITATION POLICY

I. OBJECTIVE

The main objective of Supply & Services Management Division (SSMD) is to search for reliable vendors or suppliers who can support the bank in the process of streamlining costs and ultimately optimize the existing resources. SSMD shall also maintain a high level of professionalism, autonomy and independence in procuring only necessary and duly warranted products and services. We shall only source and procure products and services that will provide the bank with best value for every centavo. Best value is defined as enjoying the best benefit at the least cost possible. The department will not automatically procure the most expensive item but rather will source compare and select from at least two (2) or three (3) alternative sources and subject to the **ten (10) pt. Value Purchase Criteria** namely:

1. Quality and durability
2. Service Relationship and Efficiency
3. Timely delivery
4. After-sales service, training and support
5. Competence and Reliability
6. Specifications compliant and product safety
7. Favorable payment terms
8. Financial capacity
9. Guarantees and,
10. Track record and reputation

The unit shall continuously accredit qualified contractors based on the **five (5) main objectives**:

1. Preparing for future purchases and current service needs;
2. Establish cost parameters for easier cost estimation by other bank units and expense analysis by the Bank comptroller;
3. Monitor and establish cost trends – to aid in better cost planning by other bank units and the Accounting department;
4. Research new trends, technology and developments that is in line with the strategic path of Asia United Bank and;
5. Gather related information with regards to Supply Chain Management based on the market practice that will be relevant to the interest of Asia United Bank.

With this in mind, the Bank have set a list of accreditation requirements for suppliers, vendors and service providers who wish to apply for accreditation and be part of Asia United Bank's mission.

1. Company Profile
2. SEC Registration
3. Articles of Incorporation and By-Laws
4. List of clients
5. Current Business Permit
6. Recent Financial Statements & Income Tax Return

Upon submission and compliance to the above requirements, SSMD will then evaluate and process the application for verification. The accreditation is valid for one year depending on the performance of the

supplier or vendor. Contractors are initially given 2 projects under probationary period. Only personnel from SSMD are authorized to deal with suppliers, vendors, contractors and service providers. Violation of this provision will automatically prohibit them to become accredited suppliers of the bank.

In addition, the list of suppliers and service providers who will apply for accreditation and shall be required to submit the necessary accreditation requirements will be limited to the following:

- Contractors for the construction of Branches/Premises
- Suppliers/Vendors of IT related equipments and software
- Printers of Accountable Forms and other printing materials
- Branch/Service Cars

A. Renewal of Accreditation Papers

1. All contractors, suppliers and service establishments that render service or provide supplies/equipment that have been accredited by the bank are required to submit a new set of the following documents necessary for the renewal of their accreditation on an annual basis:

- a. Current Business Permit
- b. Current Audited Financial Statement
- c. Current ITR

2. An evaluation of the papers submitted by the qualified party shall be conducted by the Purchasing Department in the same manner as when the accreditation was first applied for. However, an additional criteria will be the performance of the party during the year which will include the following aspects:

a. Price Competitiveness

Price quoted by the supplier/contractor was usually either below budget or at par with the budget prepared. The worse case being the price quoted not being over fifteen percent (15%) of either the lowest bidder or the budget whichever is lower.

b. Timeliness of Delivery

The delivery of the items purchased or the completion of the service contract was at least within the stipulated delivery period or construction schedule. Project or delivery was initiated without the need of a down payment or subject to the verbal instruction of the SSMD Head with the purchase order or notice to proceed being sent later.

c. Quality of Goods/Service

Items delivered or sold to the Bank did not require any repair or replacement during the year and satisfied the expectations of the Bank vis-à-vis the specifications issued by the Bank. In terms of contractors, quality of finishes and responsiveness to the needs of the Bank relative to the project was carried out with minimal or no difficulty whatsoever.

B. Cancellation of Accreditation Status

The supplier or contractor may lose accreditation status at any point in time subject to any of the following:

1. Violation of delivery or construction contract resulting in either a monetary loss to the Bank or delay in the completion of the project.
 2. Providing fraudulent or mis-declared items to the Bank or executing unauthorized work at the jobsite. Rendering or inefficient or sub-standard work.
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Relationship with Community

Significant Impacts on Local Communities

In 2020, it is inspiring that despite the crisis and the risks to health and safety, our employees were heavily involved in and were passionate in giving back to our respective communities through the Bank's corporate social responsibility (CSR) initiative. The CSR program was carried through over two-months at the height of the crisis, where our own employees around the country sourced, packed and distributed food packs, hygiene kits, groceries and personal care kits to various sectors such as medical frontliners, other frontliners, farmers, and marginalized sectors of the society. The Bank also provided financial support to government institutions and hospitals to help them undertake preventive measures against the pandemic.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Data not available	N

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**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 labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**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.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<i>Business operations</i>	<i>Clients</i>	<i>AUB is committed in providing excellent customer service to all its clients and as a part of this commitment, AUB acknowledges feedback from clients, may it be in the form of complaints or commendations.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Increased customer complaints Lawsuit</i>	<i>Clients</i>	<p><i>AUB's Complaints Handling Policy is designed to be consistent with the Bank's vision to provide total customer satisfaction. The provisions of this policy shall be the guideline and framework of how customer complaints should be managed and addressed prudently and efficiently, to be able to deliver better service to all the Bank's clients.</i></p> <p><i>Complaints shall be used as basis and gauge for the continuous improvement of the Bank's operations and services.</i></p> <p><i>A Service quality council was delegated to put appropriate management controls in analyzing root causes of complaints. They will be responsible in monitoring and evaluation of the implementation of processes, assessment of standard service delivery performance to both internal and external clients, and recommendation of enhancements to improve the quality and delivery of services, products and processes to customers.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Enhance customer relations program</i>	<i>Clients</i>	<i>Beefed up the Customer Relations Management Unit as an independent unit, given the direction to strengthen the customer handling processes across all touch points. They shall effectively and efficiently monitor, address and resolve all complaints with urgency and importance at all times.</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**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.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Bank operations	<p><i>The bank guarantees compliance with all the requirements mandated by the Data Privacy Act of 2012 ("DPA"), its Implementing Rules and Regulations ("IRR"), and issuances by the National Privacy Commission.</i></p> <p><i>The bank commit to keep client personal and account information (collectively, "Personal Data") safe, as a shared responsibility and accountability between client and the bank.</i></p> <p><i>The bank guarantee that the Personal Data are protected against unauthorized access through tested policies and procedures that are regularly assessed and refined, as well as reliable systems and infrastructure that are continuously upgraded.</i></p> <p><i>Service providers and program partners are accredited and regularly evaluated based on metrics that include compliance with agreed security, confidentiality and data privacy standards.</i></p>
What are the Risk/s Identified?	Management Approach
Data privacy loss	<p><i>Data privacy is a shared responsibility between bank and clients.</i></p> <p><i>As a partner in safeguarding Personal Data, we rely on client commitment:</i></p> <p><i>1) To employ the necessary measures to</i></p>

	<p><i>likewise protect Personal Data, including keeping passwords and security information safe and updated;</i></p> <p><i>2) To communicate with the bank only through branches and official channels, while taking appropriate security and confidentiality safeguards necessary;</i></p> <p><i>3) To immediately reach out to the bank in case any of the Personal Data had been (or suspect may have been) accessed, handled or otherwise dealt with without client consent.</i></p>
What are the Opportunity/ies Identified?	Management Approach
<i>None</i>	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	2	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Online banking operations</i>	<p><i>Information security, including data security, is one of the key priorities of the Bank. With the continued move to digitalization of banking products and services and emerging threats of cyber attacks, protection of our systems, applications, and product delivery channels over internet and mobile is a risk concern. These are all important in securing the stakeholders' (customers, stockholders, employees and investors) data and their continued trust and confidence to the Bank.</i></p>

What are the Risk/s Identified?	Management Approach
<p><i>Data security breaches</i></p> <p><i>Cyber attacks</i></p>	<p><i>AUB is committed to comply with the data protection laws and regulations. The Bank has developed Information Security Framework and Program to identify, prevent, detect and respond to cyber attacks and incidents. The information security activities are being managed by the Chief Information Security Officer (CISO) and IT Risk Head. Also, the Bank has its own Data Privacy Policy and Program Privacy to serve as a guide in compliance to the provisions, requirements, and standards set by Republic Act 10173 or the Data Privacy Act. A Data Privacy Officer (DPO) is appointed to ensure compliance and works closely with the CISO & IT Risk Head to ensure relevant security controls are implemented.</i></p> <p><i>We have implemented security controls to prevent and detect threats to our information security. The Bank is investing in security tool and services to address the risks of cyber attacks and data breaches. Information Security Incident Response Plan and Business Continuity Plans were developed to have a ready reference how to address security incidents and ensure we continue to ensure continuous operations and servicing our customers. We performed simulation exercises to test the robustness of these plans and readiness of our infrastructure and people to address cyber attacks and data breaches. We are also educating our employees on protecting our Bank assets and data as we adopt to the emerging information security landscape.</i></p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>None</i></p>	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs
AUB BizKit	UN SDG 9 Industry, Innovation and Infrastructure – a one-package, one-deal Cash Management Solution designed to simplify business processes and maximize profits
AUB GintongHatid	UN SDG 1 No Poverty, UN SDG 2 Zero Hunger and UN SDG 8 Decent Work and Economic Growth – ensures fast and reliable handling of remittance transactions so that the OFW families and loved ones are guaranteed to receive hard-earned cash remitted from abroad
AUB Preferred Online Banking & Mobile Banking (AUB Mobile App)	UN SDG 9 Industry, Innovation and Infrastructure – an internet / mobile banking facility that allows clients to access their account/s online through a fully-secured web-based system
Hello Money and Hello Pag-IBIG	UN SDG 10 Reduced Inequalities – by tapping unbanked and underserved market segments UN SDG 9 Industry, Innovation and Infrastructure – mobile banking app which targets digital savvy clients
AUB PayMate	UN SDG 9 Industry, Innovation and Infrastructure - enables merchants to accept QR / e-wallet payments from local and foreign national e-wallet users
AUB Credit Cards	UN SDG 9 Industry, Innovation and Infrastructure – the only credit card in the market that gives cardholders the freedom to choose how often to pay, exactly when to pay and how much to pay UN SDG 10 Reduced Inequalities – by providing a suite of credit card products for both consumer and corporate market segments
CASHELP (Corporate Auto Salary Housing Employee Loan Program)	UN SDG 1 No Poverty and UN SDG 2 Zero Hunger – employees of accredited companies can apply for and access salary loans through the AUB Mobile App for their various needs
RN C.A.R.E. (Cash Assistance for Relief and Essentials) Loan	UN SDG 1 No Poverty and UN SDG 2 Zero Hunger – extending a helping hand to Filipino Nurses based in the UK or flying to the UK. to help in their travel, necessities, and other expenses

PVAO Pension Loan	UN SDG 1 No Poverty and UN SDG 2 Zero Hunger – a loan to help veterans on pension with their credit needs
Seafarers Loan	UN SDG 1 No Poverty and UN SDG 2 Zero Hunger - a loan provided to Filipino Seafarers to help them with their necessities or their families in the Philippines
Preferred Home Loan	UN SDG 8 Decent Work and Economic Growth - a personalized loan service which helps Filipino families acquire their dream home and protect them from rising rates
Truck & Forklift Loans	UN SDG 8 Decent Work and Economic Growth - loans offered to address the strong demand for infrastructure development and significant gains in the manufacturing sector
CLINIC A.I.D. (Acquisition or Improvement for Doctors)	UN SDG 8 Decent Work and Economic Growth - loan facility which extends support to medical professionals in acquiring or improving their clinics for their practice