



# Unlocking Sustainable Opportunities

2024 SUSTAINABILITY AND IMPACT REPORT

# About the Report

For the third consecutive year, RCBC has combined its Sustainability Report and Impact Report, underscoring the Bank's unwavering dedication to embedding sustainability into every facet of its business.

This 2024 Sustainability and Impact Report (SIR) reflects the Bank's commitment to driving positive change by **UNLOCKING SUSTAINABLE OPPORTUNITIES** that address global challenges and foster growth for all stakeholders.

The Report highlights these significant milestones:

- **Delivering Excellent Customer Experience through Digital Strategies, Innovation and Inclusion.** RCBC continues to provide best-in-industry products with corresponding innovations that are able to bring banking services closer to MSMEs and those in rural areas.
- **Boosting Support for Renewable Energy (RE).** The Bank has surpassed its target of increasing its RE portfolio by 10% to 15%, having reached an exceptional actual RE portfolio growth of over 80% from 2023 to 2024. In addition, RCBC headquarters at the RCBC Plaza and AT Yuchengco Center (ATYC) are now 100% RE-powered, certifying the Bank's conscious effort to integrate sustainability in its day-to-day operations.
- **Upholding the Passion for Capacity Building Activities in Sustainability.** Recognizing that knowledge and awareness are key towards climate action and sustainability as a whole, RCBC has remained active in various knowledge-sharing activities, both internally and externally. RCBC continues to believe that empowering the mind propels action, and action leads to results even amidst the evolving nature of sustainability.
- **Scaling Up Transparency in Climate Risk Management.** Through the Bank's continued commitment to the Partnership for Carbon Accounting Financials (PCAF), reporting on the Financed Greenhouse Gas (GHG) emissions have been expanded to incorporate consumer loans (housing loans and motor vehicle loans) and scope 3 for all sectors for its business loans portfolio. These information deepen the Bank's understanding of GHG emissions and provide valuable insights for data-driven climate scenarios and possible goal-setting.
- **Supporting all 17 UN Sustainable Development Goals (SDGs).** Cognizant of the Bank's role in development, the Bank has now mapped out its contributions to the 17 UN SDGs through its Sustainable Finance Framework and various programs and projects focused on financial inclusion and innovations.
- **RCBC also continues to strengthen relationships with clients in sustainability.** Starting April 2025, RCBC's Hexagon Club members are given the opportunity to support the Haribon Foundation for the Conservation of Natural Resources Inc. (HARIBON) through direct donations or by using their credit card points.

## 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.** These mandate banks to adopt a Sustainable Finance Framework and require banks to integrate environmental and social risks in the Environmental and Social Risk Management Framework, respectively.
- **RCBC's Sustainable Finance Framework, as amended in February 2024.** Under this Framework, RCBC publishes an Allocation Report and an Impact Report that conform to the disclosure requirements of BSP Circular 1085. Reporting takes place a year following the issuance of the Sustainable Financing Instruments (SFIs) and renewed annually until the full allocation of the net proceeds.
  - The **Allocation Report** shows how the net proceeds from the SFIs are distributed in the Eligible Green (with a subset of Eligible Blue) and Social Portfolio.
  - The **Impact Report** shows the aggregated impact of the Eligible Green (with a subset of Eligible Blue) and Social Portfolio as well as the impact of the Eligible Green (with a subset of Eligible Blue) 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, motor vehicle loans and mortgages. The following are included in the disclosure:
  - **Financed Emissions, representing RCBC's Scope 3 GHG emissions.** This effectively supplements the SEC guidelines on Sustainability Reporting (limited to disclosure of Scope 1 and Scope 2 GHG emissions).
  - **Avoided Emissions, derived from loans to Renewable Energy projects.** In accordance with 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."



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# About RCBC

Established in September 1960, Rizal Commercial Banking Corporation (RCBC or the Bank) started operations in the province of Rizal 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 current name and then as a universal bank in 1989. For over sixty years, the Bank has been a pillar of the banking industry in the Philippines with a wide range of services in investments, microfinancing and overseas remittances among many others.

RCBC is a member of 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 is a publicly-listed company (Stock Code: RCB) in the Philippine Stock Exchange (PSE).

RCBC solidified its position as the fifth largest private universal bank in the Philippines posting a consolidated net income of Php 9.5 billion in 2024 and total assets of over Php 1.36 trillion. Consumer lending momentum is led by credit cards, auto and housing loans with 40% growth. As of end 2024, the Bank had a total consolidated network of 465 branches and 9,908 ATMs<sup>1</sup>.

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



<sup>1</sup> Includes ATM Go terminals (RCBC's handheld ATM facility enabling banking transactions outside branches and ATMs)

# At the Forefront of Sustainability

RCBC remains to be a leader in sustainable banking. The Bank has been lauded as: "Best Bank for Sustainable Development Philippines" at the 2024 Global Banking & Finance Awards; recipient of the "3G Eco-Friendly Financial Services Award 2024" and "3G Best Sustainability Framework Award 2024," both at the 9th Global Good Governance Awards in April 2024; "Circle of Excellence Awardee for Sustainability Company of the Year" at the Asia CEO Awards 2024; and "The Asset Benchmarking Award for Excellence in Environmental, Social, and Governance (ESG) – Platinum Award, 2024" by the Asset ESG Corporate Award.

RCBC also recognizes that digitalization is a key driver of sustainable practices and development. These digital innovations have propelled RCBC to new heights.

In 2024, the Bank was named "Best Bank for Digital" by Euromoney (formerly AsiaMoney) for the fifth consecutive year and scored multiple global awards, including the sole Philippine winner as "Sustainable Innovator" at the Singapore FinTech Festival (SFF) FinTech Excellence Awards; twin recognitions from Asia CEO Awards as Most Innovative Company of the Year and Sustainability Company of the Year; triple wins in the Infosys Finacle Innovation Awards in the following categories: Business Model Innovation (DiskarTech), Maximizing Customer Engagement (Pulz), and ESG-Led Innovation (ATM Go); Best SME Financial Inclusion Initiative in the Global SME Banking Innovation Awards 2024 (ATM Go), Best in Future of Customer Experience in the IDC Future Enterprise Awards 2024 (Pulz), and the Best Customer Experience Bank in the International Finance Awards 2024.



## MESSAGE FROM THE CHAIRPERSON

# Beyond the Now: Seizing Opportunities for the Future

For nearly 14 years since we started our sustainability journey at RCBC, we have seen many challenges that make our dream of a healthy and just planet seem elusive.

2024 was a year when these challenges were most abundant:

- We felt the hottest day in recorded history.<sup>2</sup>
- We found out that we have lost 73% of our wildlife population over the past 50 years.<sup>3</sup>
- The world suffers economic losses to the tune of USD200 billion a year due to extreme weather disturbances.<sup>4</sup>
- The Philippines is seen to suffer the heaviest economic losses (equivalent to 3% of GDP or USD12 billion) among 36 countries most at risk from intensifying weather hazards driven by climate change.<sup>5</sup>
- Some companies started to scale back on previous commitments to climate action, and diversity and inclusion, after the U.S. presidential elections and the pivot in the U.S. government's position on these.

These challenges compound the impact of the war between Russia and Ukraine, the armed conflicts between Israel and Hamas, and the geopolitical tension in the West Philippine Sea, which have been going on in recent years.



**The path ahead is formidable and there is still much to be done to create a more prosperous, inclusive, and sustainable future for generations to come.**

<sup>2</sup> <https://www.nasa.gov/earth/nasa-data-shows-july-22-was-earths-hottest-day-on-record/>

<sup>3</sup> <https://livingplanet.panda.org/en-GB/>

<sup>4</sup> <https://www.swissre.com/press-release/Economic-losses-set-to-increase-due-to-climate-change-with-US-and-Philippines-the-hardest-hit-Swiss-Re-Institute-finds/3051a9b0-e379-4bcb-990f-3cc8236d55a1>

<sup>5</sup> <https://www.swissre.com/press-release/Economic-losses-set-to-increase-due-to-climate-change-with-US-and-Philippines-the-hardest-hit-Swiss-Re-Institute-finds/3051a9b0-e379-4bcb-990f-3cc8236d55a1>

## Turning 2024 into a Banner Year for Sustainability

2024 may well be the toughest year for sustainability yet we at RCBC continue to persist, recognizing our responsibility as a leader in sustainable finance in the country. Being the Philippines' fifth largest privately owned universal bank, RCBC plays an important role in mobilizing funds that will help meet the needs of a growing Filipino population, and help secure the future of the generations who will inherit this planet.

Against the backdrop of growing global challenges, we managed to transform 2024 into a year of sustainability milestones.

- We have updated our Sustainable Finance Framework to align with more recent developments in the global standards on promoting responsible financing and protecting natural resources.
- We raised a total of USD400 million from the issuance of 5-year sustainability bonds in January 2024, and another USD350 million in January 2025, bringing the total amount we have issued to USD2.1 billion in sustainable financing instruments. These reflect continued investor confidence in our sustainability thrust to fund projects with clear environmental and social benefits.
- We are on track with our commitment to fully divest from coal-powered projects by 2031 and shift to financing renewable energy and other sustainable sources of energy. We ended the year with a total sustainable portfolio that is four times higher than our remaining exposure to coal power generation.
- Our pioneering Peso Green Time Deposit, which enables Filipinos to invest as low as Php5,000 to fund green projects, has gained greater traction, particularly among seniors and self-employed individuals.
- For the third consecutive year, RCBC received the "Platinum Award" from The Asset ESG Corporate Awards recognizing our unwavering commitment to integrate sustainability into our corporate governance and banking services.

## Unlocking Sustainable Opportunities

The global economy is pursuing the path to sustainable growth despite its vulnerabilities such as geopolitical disputes and shortages of resources, energy, and labor. In times of change and uncertainty, the tendency is to choose: "Profit or planet? Give back or cut back?"

We are very fortunate that we did not have to weigh these options at RCBC. Because we know that sustainability is doing the right thing. So, we always look beyond the obstacles and find meaningful opportunities for our customers, employees, partner communities, and other stakeholders.

While carbon emissions around the world are still on the rise, there are some exciting progress in certain parts of the world. Global investment in clean energy technology and infrastructure is estimated to reach USD 2 trillion in 2024, twice the amount going into fossil fuels.<sup>6</sup> The sale and manufacture of electric and hybrid vehicles are also gaining traction. In the Philippines, it is projected that the sales of EVs will reach an annual purchase volume of 20,000 units for the first time in 2025, accounting for 4% of the estimated 500,000 vehicle purchases for the year.<sup>7</sup> This global transition to a low-carbon economy will unlock enormous opportunities for banks and financial institutions, as borrowers will seek new financing for sustainability and climate solutions.

There are also emerging growth opportunities from the advent of generative AI and the rapidly growing demand for digitalization. For one, AI and data science can support financial institutions and investors in evaluating the financial risks of climate change on their portfolios. By providing better risk assessments and predictive models, AI can help us identify truly sustainable companies that we can finance.

## Together in Sustainability

Given the rising complexity of the world's problems, the role of sustainable finance has never been more important. The path ahead is formidable and there is still much to be done to create a more prosperous, inclusive, and sustainable future for generations to come.

In this sustainability journey, I am grateful and take great pride in leading an organization that has always maintained a strong sense of purpose, hard work, and perseverance. I am confident that our collective courage, efforts, and dedication as One RCBC Family will allow us to accelerate action at scale and speed, to support a future that is greener, healthier, and just.

**HELEN YUCHENGO-DEE**  
Chairperson

<sup>6</sup> <https://www.reuters.com/sustainability/climate-energy/iea-expects-global-clean-energy-investment-hit-2-trillion-2024-2024-06-06/>

<sup>7</sup> <https://business.inquirer.net/508320/ev-sales-in-ph-seen-hitting-20000-in-2025>

## PRESIDENT'S REPORT

# Doing the Right Thing is its Own Reward

When I was a kid, I often saw the slogan “Read Today, Lead Tomorrow” in weekly newspapers. It sounded sensible, but did people intend to read to become leaders in the future? I did not. I read just for the sheer love of books and the joy of reading, not expecting anything in return.

It's a fact of life that *quid pro quo* or transactional relationships are inevitable — be it in business, politics, or love and friendships. In banking, you lend money and naturally expect to be paid back with interest. Otherwise, it's charity.

Not all the things we do, however, need to be transactional, especially when it comes to doing the right thing.

In 2015, when all the member-countries of the United Nations adopted the 2030 Agenda for Sustainable Development, there was no expectation of anything in return. A total of 193 countries — whether developed, developing, or least developed — embraced the ambition to pursue the 17 UN Sustainable Development Goals (SDGs). They all recognized that everyone is on the same boat, and they must all work together to build a better world.

## Going Beyond Box-ticking

In the age of digital technology and in the face of climate change, this global interdependency has never been more important. One country's actions can lead to extreme weather events such as droughts and floods that can harm the entire planet. One country's policy pivot can scuttle the world's progress towards achieving the SDGs. These possibilities loom large now that the tide is turning.



**Sustainability is in our own best interest. There is no other way, no single quick fix to all the world's problems.**

Some businesses are quick to scale back on their sustainability commitments. Did they not really view sustainability as the “right thing to do” but rather as a cost driver and a necessary checkbox to be branded “sustainable”?

For RCBC, there is no turning back.

When we embarked on our sustainability journey in 2011 with the implementation of an Environmental and Social Management System (ESMS), we already knew this is going to be more than just an advocacy, but an integral part of our business strategy.

After eight years, in 2019, we developed our Sustainable Finance Framework (which was updated in 2024), but still became one of the earliest adopters of Bangko Sentral ng Pilipinas (BSP) Circular 1085, mandating all Philippine banks to integrate sustainability in their governance frameworks, risk management systems, strategies, and operations.

In the span of 14 years, RCBC has emerged as a leader in sustainable finance. I would like to think this is partly because we made sustainability a part of our corporate DNA and aligned with our corporate values. We adopted a holistic approach that focuses, not only on the external impact of our and our clients' operations, but also on our internal practices, culture, and employees.

## Reaping What We Sow

One of the biggest benefits of embedding sustainability into our operations is the lasting value we provide to our clients. Leading by example, we have been reducing our own environmental footprint within our organization. We create a ripple effect by taking into consideration the emissions from our supply chain, as well as assess the environmental impact of our clients' operations when we make lending decisions.

As of end-2024, RCBC has mobilized over Php120 billion for approximately 19,000 projects in its Eligible Sustainable Finance portfolio.

Another benefit of integrating sustainability into the business is the strengthened reputation and stakeholder trust it helps build.

In January 2024, RCBC returned to the offshore debt market and issued USD400 million in five-year senior unsecured sustainability notes. The issuance was almost six times oversubscribed at USD2.4 billion, reflecting global investors' continued confidence in the bank. This was followed by another USD350 million in sustainability bond issuance in January 2025, bringing our total issuances so far to USD2.1 billion in sustainable financing instruments.

The commitment we made four years ago to cease funding for new coal-fired power plants and zero out our remaining exposures by 2031 remains firm. We have shifted our efforts to extend more credit to renewable energy projects, which accounted for around 42% or the lion's share of our total sustainable portfolio as of 2024, and have markedly surpassed our remaining exposure to coal power projects.

## Looking Ahead and Beyond

Lately, we have been seeing significant policy shifts in key sustainability issues such as climate change and diversity, equity, and inclusion due to changing political and legal landscapes in the United States. High-profile firms have been cutting back and re-evaluating their strategies, and this is likely to reverberate across the world.

Amidst the challenges from this policy sea change, there are strategies we can adopt to navigate the future. One is to hold strong to our values, to who we are as an institution, and what we believe in. Even if policies pivot, we must uphold our sustainability principles to stay competitive and relevant.

We must remain heart-strong and vigilant in monitoring market and regulatory trends.

We must continue to engage with our stakeholders to ensure that our sustainability efforts are aligned with their needs and goals.

We must also relentlessly harness new technologies and innovations such as using artificial intelligence, machine learning, and data science to reduce our environmental footprint, improve our efficiency, and manage risks better.

As sustainability continues to be a key driver in our business success, we should also unlock opportunities to diversify our product and service offerings to meet the demand for green alternatives. An example is the green time deposit we launched in 2022, a first-of-its-kind in the country that promotes environmental awareness while saving funds.

Building sustainability into our business has allowed us to remain relevant in the past 64 years, and even in the next 60. Without embracing sustainability principles, RCBC will just be another lender offering a *quid pro quo* relationship and driven by short-term commercial goals.

Sustainability is in our own best interest. There is no other way, no single quick fix to all the world's problems. Technology can only take us so far. No company, country, investor, or individual can do it alone. Each of us has to do his or her part. Each of us can be a change maker.

Each of us has the potential to change the world.

**EUGENE S. ACEVEDO**  
President and CEO

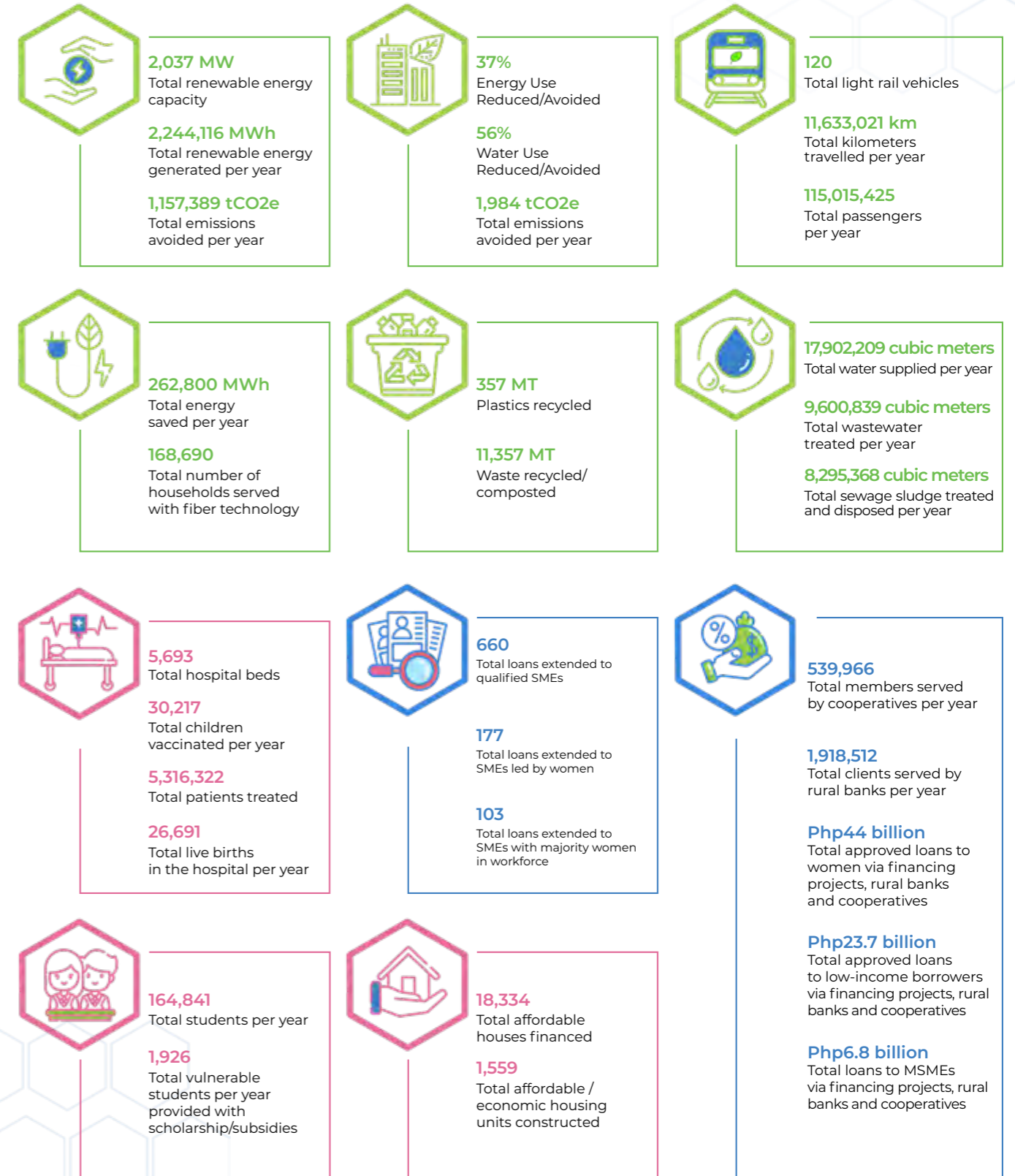
# Sustainability Impacts at a Glance

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

**Php 126 billion**  
Eligible Green, Blue, and Social Assets

**19,072 projects**  
in RCBC's 2024 Sustainable Finance (SF) Portfolio

**53%**  
of SF portfolio in renewable energy and energy efficiency projects



# Sustainability Impacts at a Glance

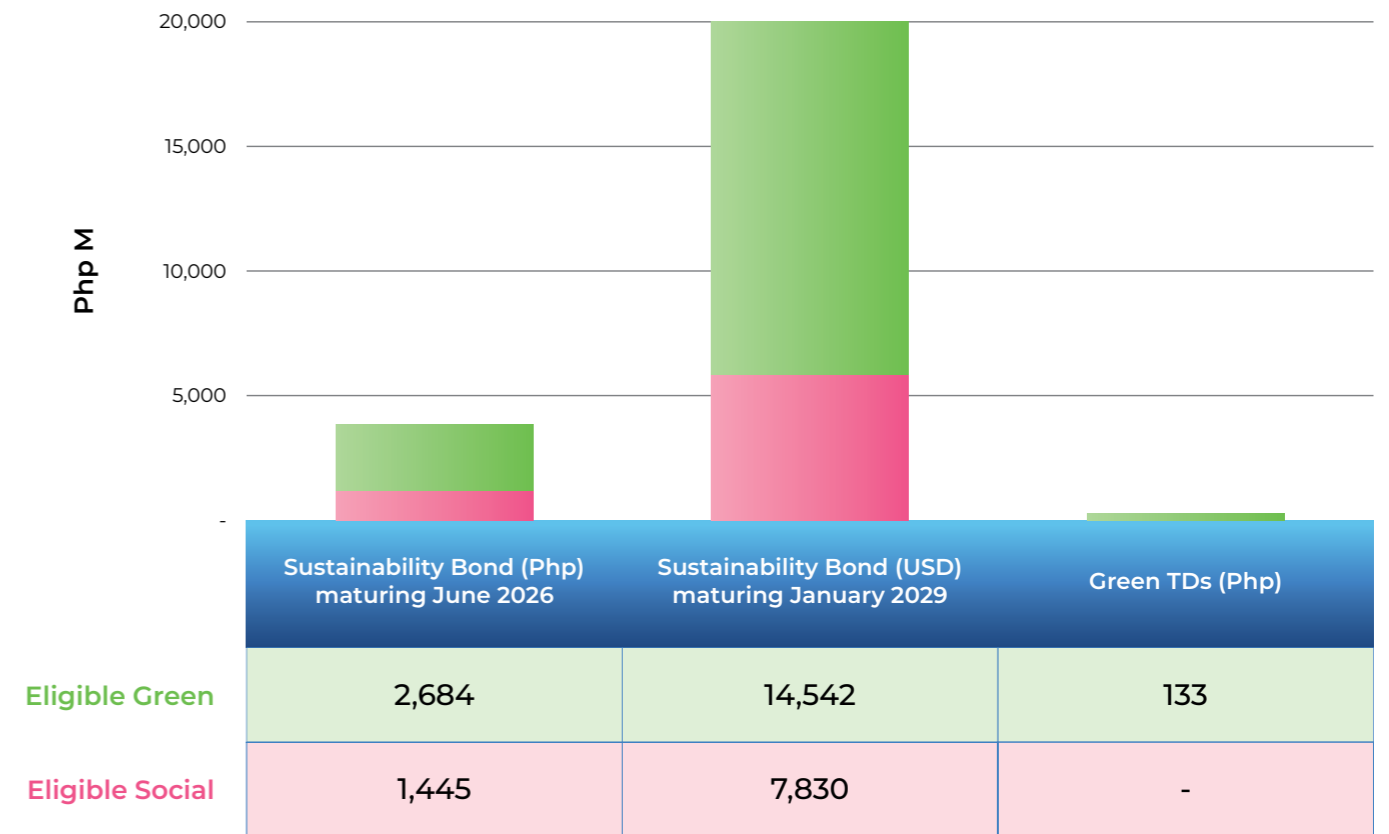
## Contributing to the UN Sustainable Development Goals (SDGs)

RCBC's Eligible Green and Social Assets as of December 31, 2024 address 12 of the 17 UN SDGs, as follows:



## RCBC Sustainable Financing Instruments

As of December 31, 2024



# RCBC on Sustainability

RCBC aligns its business strategy to support the development needs of the environment and society, as articulated in the United Nations Sustainable Development Goals (UN SDGs) and the Paris Agreement on Climate Change. RCBC institutionalizes awareness of environmental and social (E&S) issues within the organization, with its clients, and the communities it serves. The Bank believes sustainable practices are a key pillar of responsible lending which delivers meaningful impact on the environment and communities.

In December 2020, RCBC committed to cease funding for the construction of new coal power plants in the country or anywhere in the world, as reinforced in the RCBC Sustainability Forum conducted in October 2023. The Bank's remaining exposure to coal-fired power projects will be zeroed out by 2031.

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

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

## Governance

RCBC affirms its commitments to Environmental, Social, and Governance (ESG) principles as part of its Risk Governance Framework (RGF). The RGF follows a top-down approach whereby the Board of Directors (BOD) takes ultimate accountability for the risks taken and for setting the tolerance level for these risks. The BOD constitutes committees for decision making on various functions affecting the Bank's overall business. The Risk Oversight Committee (ROC) is the Board-level committee which provides oversight and management of risk exposures of RCBC and its subsidiaries.

Rizal Microbank (RMB) and RCBC Leasing and Finance Corporation have been implementing E&S policies which essentially adopt the principles embedded in RCBC's E&S Risk Management.



## Sustainable Finance Strategy

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

- A. The ESMS Policy is a declaration of the Bank's commitment to sustainable development and management of E&S issues. It subscribes to the IFC Exclusion List and the IFC's eight Performance Standards. The Performance Standards of IFC, a shareholder of RCBC, are a global benchmark for identifying and managing E&S risks. A monitoring mechanism for addressing potential E&S concerns has proven to be an effective tool in engaging clients to take appropriate action, establishing a shared commitment with RCBC toward sustainable practices. Unresolved concerns over an established monitoring period, if any, are escalated to the ROC for proper guidance/oversight discussions. The ESMS Policy was updated in September 2022 to incorporate relevant provisions under BSP Circular 1128 (ESRM Framework). This followed discussions among various teams and Senior Management before the revised Policy was approved by the ROC.
- The ESMS Policy requires all lending relationships or credits, both pipeline and portfolio, to be vetted from an environmental and social risk perspective;
  - The ESMS assessment takes place before a lending decision is made, and continues during the life cycle of the loan agreement with the client. Through RCBC's implementation of the ESMS policy, the Bank is able to share its sustainability principles to help clients stay compliant with E&S regulations. The Bank's Risk Management Group (RMG) submits monthly ESMS updates to the ROC. E&S portfolio highlights and issues are also presented and discussed with the ROC through the monthly Chief Risk Officer (CRO) Report.



- B. The RCBC Sustainable Finance Framework (initially published in April 2019 and updated February 2024) articulates the Bank's strategy to prioritize fundraising for specific sectors. Under this Framework, RCBC can issue SFIs to fund loans and projects that have clear environmental and/or social benefits. SFIs include Green Bonds, Blue Bonds, Social Bonds, Sustainability Bonds, Green Loans, Blue Loans, and other debt financing instruments which fund Eligible Green (with subset of Blue) and Social Assets. RCBC's Sustainable Finance Framework subscribes to the global bond standards<sup>9</sup> which are continually updated to remain relevant and connected with global ESG standards.

- RCBC's Framework obtained a Second Party Opinion (SPO) from Sustainalytics which opined that the eligible green and social projects and lending activities defined in the Framework contribute to the decreasing environmental footprint of the Philippines, advancing employment generation, and improving access to essential services of vulnerable groups in the Philippines. Under the SPO, Sustainalytics cited RCBC's Framework as "credible and impactful." These documents are published on RCBC's website: <https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-1.pdf>, <https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-Second-Party-Opinion.pdf>
- The Framework prescribes an Exclusionary Criteria which identify certain projects as ineligible for the use proceeds from the SFIs. Foremost of this is fossil fuel power generation, an exclusionary criterion consistent with the ASEAN Green Bond Standards and ASEAN Sustainability Bond Standards.
- RCBC allocates the proceeds of SFIs to finance and/or refinance loans to customers or its own operating activities. RCBC's Allocation Report discloses its Eligible Sustainable Portfolio and Sustainable Funding. The allocation report covering 2024 data underwent limited assurance procedures by RGManabat and Co. (KPMG Philippines). KPMG has confirmed that RCBC's application of funds from its sustainability bond issuances and Peso Green Time Deposits are in accordance with the Eligibility Criteria described in its Sustainable Finance Framework.

RCBC's Sustainable Finance Framework is structured with the following key pillars:

### Use of Proceeds

RCBC will allocate proceeds to finance and refinance RCBC's loans to customers in Eligible Green (and its subset of Eligible Blue) Categories and/or Eligible Social Categories.

### Project Evaluation & Selection

The green (and its subset of blue) and social assets will be selected following the eligibility criteria and evaluated by the Sustainable Finance Committee.

### Management of Proceeds

The proceeds will be managed in a portfolio approach.

### Reporting

RCBC will report on the allocation of the net proceeds to the Eligible Green (and its subset of Eligible Blue) and Social Portfolio, and their environmental and social impact.

The allocation of the proceeds is as follows:

- Proceeds of RCBC's Green Bond or Green Loan go to Eligible Green Categories
- Proceeds of RCBC's Blue Bond or Blue Loan go to Eligible Blue Categories
- Proceeds of RCBC's Social Bond or Social Loan go to Eligible Social Categories
- Proceeds of RCBC's Sustainability Bond go to Eligible Green Categories and Eligible Social Categories
- RCBC provides disclosures on the benefits of its green and social assets through the issuance of the Sustainability and Impact Report, supplemented by a video which provides an effective visualization of the contribution of the Bank's lending activities to the environment and the society, effectively combatting climate change. Both the annual Allocation Report and the Sustainability and Impact Report are published on RCBC's website: <https://www.rcbc.com/sustainability>.
- In January 2024, RCBC raised USD 400 million from its five-year Sustainability Bonds issuance (5.9x oversubscribed, reflecting the trust in RCBC's sustainability efforts and credit outlook).
- RCBC's total sustainable portfolio consisted of around 19,072 projects as of 31 December 2024. These projects contribute to 12 of the 17 UN SDGs. Funding for renewable energy (RE) and energy efficiency projects accounted for 53% of the Bank's total sustainable portfolio and surpassed its remaining exposure to coal-fire power projects.

<sup>9</sup> International Capital Market Association (ICMA) Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP), Sustainability Bond Guidelines 2021; ASEAN Capital Markets Forum (ACMF) ASEAN Green Bond Standards 2018, ASEAN Social Bond Standards 2018, ASEAN Sustainability Bond Standards 2018; Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) Green Loan Principles 2023 and Social Loan Principles 2023.

# RCBC on Sustainability



## Eligible Green

	No. of Projects	Amount (Php M)	%	Impact			SDG Addressed	
	30	83,332	66%					
Renewable Energy	22	52,711	42%	2,037 MWh total renewable energy capacity	2,244,116 MWh total renewable energy generated per year	1,157,389 tCO <sub>2</sub> e total emissions avoided per year		
Green Buildings	1	5,895	5%	37% % of Energy Use Reduced/Avoided	1,984 tCO <sub>2</sub> e total emissions avoided per year	56% % of Water Use Reduced/Avoided	94% % of Construction Waste Diverted	
Clean Transportation	1	9,264	7%	120 Total No. of vehicles	11,633,021 Total km travelled per year	115,015,425 Total No. of passengers per year		
Energy Efficiency	1	14,590	12%	1,200,000 km of Fiber Technology Constructed	168,690 Total Number of Households served with Fiber Technology	262,800 MWh Energy Savings		
Pollution Prevention and Control	2	55	0.04%	357 MT total plastics recycled	11,357 MT waste recycled/composted			

## Eligible Blue

	No. of Projects	Amount (Php M)	%	Impact			SDG Addressed
	3	817	1%				
Sustainable Water Management	3	817	1%	17,902,209 m3 total water supplied	9,600,839 m3 total wastewater treated	8,295,368 m3 total sewage sludge treated and disposed	

## Eligible Social

	No. of Projects	Amount (Php M)	%	Impact				SDG Addressed	
	19,042	42,788	34%						
Access to Essential Services - Healthcare	11	2,634	2%	5,693 Total No. of Hospital Beds	30,217 Total No. of Children Vaccinated per year	5,316,322 Total No. of Patients Treated per year	26,691 Total No. of Live Births in the Hospital per year		
Access to Essential Services - Education	19	4,040	3%	164,841 Total No. of Students per year		1,926 Total No. of Vulnerable Students per year			
Socioeconomic Advancement and Empowerment	17	11,752	9%	539,966 Total number of members served by cooperatives per year	1,918,512 Total number of clients served by rural banks per year	Php 44 billion Total Approved Loans to Women via financing projects, rural banks and cooperatives	Php 23.7 billion Total Approved Loans to Low Income Borrowers via financing projects, rural banks and cooperatives	Php 6.8 billion Total Approved Loans to MSMEs via financing projects, rural banks and cooperatives	
Employment Generation	660	4,613	4%	660 Total No. of loans extended to qualified MSMEs	177 Total No. of MSMEs with majority women in senior management/ownership positions	103 Total No. of MSMEs with majority women in workforce/supply chain	9 Total No. of Small-scale Food Producers	 	
Affordable Housing	18,335	19,748	16%	18,334 Total No. of Affordable Houses financed		1,559 Total No. of Affordable/Economic Housing units constructed			

**Total Eligible Sustainable** 19,072 126,120 100%

# Stakeholders



Stakeholders	Component	Issues that Influence Their Assessments and Decisions
Stockholders	Economic Performance	<ul style="list-style-type: none"> <li>Financial performance/health: Revenue, operating costs, remaining value retained in the company for liquidity and future investments</li> <li>Fiscal and risk management to enhance profitability and bank operations</li> <li>Regulatory compliance with BSP, SEC and PSE and international best practices</li> <li>Economic contribution to the country</li> <li>Dividends given to them</li> <li>Community investments</li> </ul>
	Financial Intermediation	<ul style="list-style-type: none"> <li>Credit risk of portfolio</li> <li>Profitability of portfolio</li> </ul>
	Business Ethics	<ul style="list-style-type: none"> <li>Capability to fight corruption</li> <li>Commitment in combatting corruption</li> <li>Advocacy for transparency and accountability</li> <li>Timely and transparent disclosures on governance</li> <li>Enforcement of policies on anti-corruption, AMLA and Fraud</li> </ul>
Management	Financial Intermediation	<ul style="list-style-type: none"> <li>Credit / transition risk</li> <li>Profitability of portfolio</li> </ul>
	Procurement Practices	<ul style="list-style-type: none"> <li>Local sourcing to help ensure stable supply</li> </ul>
Loan/Fund Providers & Creditors/ Depositors	Economic Performance	<ul style="list-style-type: none"> <li>Equitable interest rates and sound financial advice</li> <li>Value creation: financial contribution and impact to UN SDGs</li> </ul>
	Business Ethics	<ul style="list-style-type: none"> <li>Capability to fight corruption</li> <li>Commitment in combatting corruption</li> <li>Protection of deposits and loans/credits provided</li> </ul>
Customers/ Clients	Economic Performance	<ul style="list-style-type: none"> <li>Evidence of financial capacity</li> <li>Reliability of operations, unusual decline in financial results</li> </ul>
	Financial Intermediation	<ul style="list-style-type: none"> <li>Support for financing</li> </ul>
	Business Ethics	<ul style="list-style-type: none"> <li>Capability to fight corruption</li> <li>Commitment in combatting corruption</li> <li>Protection of deposits</li> </ul>
Employees	Economic Performance	<ul style="list-style-type: none"> <li>Equitable wages and benefits</li> </ul>
	Business Ethics	<ul style="list-style-type: none"> <li>Capability to fight corruption</li> <li>Commitment in combatting corruption</li> <li>Protection of employees</li> </ul>
Suppliers	Economic Performance	<ul style="list-style-type: none"> <li>Payments made</li> </ul>
Government/ Regulators (BSP, SEC, PSE)	Economic Performance	<ul style="list-style-type: none"> <li>Taxes paid</li> </ul>
	Financial Intermediation	<ul style="list-style-type: none"> <li>Credit risk of the portfolio</li> </ul>
	Business Ethics	<ul style="list-style-type: none"> <li>Bank transparency and accountability</li> <li>Compliance with rules and regulations set by BSP, SEC and PSE</li> <li>Regular conduct of internal and external audits</li> <li>Monitoring of ethics and compliance</li> <li>Capability to fight corruption</li> <li>Commitment in combatting corruption</li> </ul>

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



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

# Stakeholders



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

Stakeholders	Component	Issues that Influence Their Assessments and Decisions
Customers/ Clients	Employee Management	<ul style="list-style-type: none"> <li>Efficiency and quality of service provided by employees</li> </ul>
	Customer Management	<ul style="list-style-type: none"> <li>Customer protection and satisfaction</li> <li>Integrity and honesty of the Bank and its employees</li> <li>Professionalism and efficiency of senior management and bank employees</li> <li>Easy account opening/loan application requirements and processes</li> <li>Accessibility of ATM and branch network</li> <li>Continuous service, process and technology improvements</li> <li>Fast complaints resolution</li> <li>Upholding the rights of customers</li> </ul>
	Data Security	<ul style="list-style-type: none"> <li>Data security</li> <li>Customer privacy</li> <li>Compliance with laws and regulation</li> <li>Ability to conform to certain performance parameters</li> </ul>
Suppliers	Supply Chain Management	<ul style="list-style-type: none"> <li>Procurement policies</li> <li>Supplier Accreditation process</li> <li>Vendor Performance Evaluation</li> </ul>
Government / Regulators	Employee Management	<ul style="list-style-type: none"> <li>Protection of employees</li> </ul>
	Customer Management	<ul style="list-style-type: none"> <li>Absence of major issues and concerns raised with the regulator</li> </ul>
	Data Security	<ul style="list-style-type: none"> <li>Data security and customer privacy</li> <li>Compliance with laws and regulation</li> <li>Ability to conform to certain performance parameters</li> </ul>
Community	Employee Management	<ul style="list-style-type: none"> <li>Optimal use of available labor and talent in different regions</li> <li>Organization's investment in human resources, training, and the quality of benefits</li> <li>Ability to attract talent / potential employees in the community</li> <li>Approach to communicating significant operational changes and negotiations for determining working conditions and terms of employment or for regulating relations between employers and workers</li> <li>Equity in the workplace, elimination of gender bias, and equal opportunity</li> </ul>
	Workplace Conditions, Labor Standards, and Human Rights	<ul style="list-style-type: none"> <li>Health, safety, and minimal harm – potential reputational impact</li> <li>Abolition of child labor, elimination of forced labor, and upholding human rights</li> </ul>
	Supply Chain Management	<ul style="list-style-type: none"> <li>Reduction of negative environmental and social impacts in the supply chain and concern for environment and society</li> </ul>
	Relationship with Community	<ul style="list-style-type: none"> <li>Reduction of negative impacts on local communities and concern for society</li> <li>Continuous enhancement of community relations</li> </ul>
	Customer Management	<ul style="list-style-type: none"> <li>Customer satisfaction and upholding the rights of customers</li> </ul>
	Data Security	<ul style="list-style-type: none"> <li>Data security and customer privacy</li> </ul>
	Employee Management	<ul style="list-style-type: none"> <li>Ability to attract diverse, qualified employees</li> <li>Inclusive recruitment practices</li> <li>Equity in the workplace, elimination of gender bias, and equal opportunity – potential reputational impact</li> <li>Satisfaction among employees, organization's investment in human resources, and the quality of benefits – potential reputational impact</li> <li>Organization's investment in training, and the degree to which the investment is made across the entire employee base – potential reputational impact</li> <li>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</li> </ul>
Public, including media	Workplace Conditions, Labor Standards, and Human Rights	<ul style="list-style-type: none"> <li>Health, safety, and minimal harm – potential reputational impact</li> <li>Abolition of child labor, elimination of forced labor, and upholding human rights – potential reputational impact</li> </ul>
	Supply Chain Management	<ul style="list-style-type: none"> <li>Reduction of negative environmental and social impacts in the supply chain – potential reputational impact</li> </ul>
	Relationship with Community	<ul style="list-style-type: none"> <li>Reduction of negative impacts on local communities and concern for society – potential reputational impact</li> </ul>
	Customer Management	<ul style="list-style-type: none"> <li>Customer satisfaction and upholding the rights of customers – potential reputational impact</li> </ul>
	Data Security	<ul style="list-style-type: none"> <li>Data security and customer privacy – potential reputational impact</li> </ul>



# Economic Impact

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

## Economic Contributions

### Value Generated and Distributed

Disclosure Items	Amounts in billion Php (Consolidated)		
	2024	2023	2022
Direct economic value generated (revenues)	53.408	49.997	44.454
Direct economic value distributed:			
a. Total operating costs	37.963	38.587	30.457
b. Employee wages and benefits	8.059	7.150	6.563
c. Payments to suppliers, other operating costs	16.219	18.099	14.732
d. Dividends given to stockholders	3.289	3.289	2.308
e. Taxes given to government	10.266	9.867	6.747
f. Investments to community (e.g., donations, CSR) in millions Php	130	182	107

## RCBC: A Domestic Systemically Important Bank (DSIB)

As a Domestic Systemically Important Bank (DSIB), RCBC must demonstrate the capacity to maintain resilience against distress that will affect the financial system, and the economy at large. Like other DSIBs, RCBC needs to have a higher loss absorbency (HLA). The HLA requirement is attained through the Bank's Common Equity Tier 1 (CET1) which establishes a maximum degree of effective loss absorbing capacity. In the event of any breach in the HLA capital requirement, concrete and reasonable recovery plans shall be implemented as outlined in RCBC's Internal Capital Adequacy Assessment Process (ICAAP) document. The implementation of recovery plans is aimed at improving capital position and restoring financial condition to viable levels in cases of significant deterioration under certain scenarios. As of December 31, 2024, the Bank's CET1 ratio is 13.28% (solo) and 13.53% (consolidated), both of which are above the regulatory requirement.

## Business Continuity Program

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

The Bank's Business Resiliency Department under the Risk Management Group (RMG) ensures preparedness for any disaster/crisis by coordinating with all teams in developing and maintaining a bank-wide Business Continuity Plan (BCP) and identifying critical products/services as well as required operational support to sustain operations. The BCP identifies the necessary resources (people, processes, IT systems, and other equipment) and includes contingency procedures to guide all units on how to respond, recover, resume, and restore operations following the disaster/crisis. The BCP complies with the BSP Circular 951 on Business Continuity and business continuity management (BCM) standards such as ISO 22301 and BS25999.<sup>9</sup>

## The BIG ONE

In a joint study, the Metropolitan Manila Development Authority (MMDA), the Japan International Cooperation Agency (JICA), the Philippine Institute of Volcanology and Seismology (PHIVOLCS) looked at 18 earthquake scenarios to identify the greatest risk to Metro Manila. Three scenarios were identified to pose the highest risk as follows:

- 7.2-magnitude earthquake from the West Valley Fault
- Offshore 7.9-magnitude earthquake from the Manila Trench
- 6.5-magnitude earthquake hitting Manila Bay

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

The scenario is characterized by at least the following events:

- The collapse of 170,000 residential houses and the death of about 34,000 people. Another 114,000 individuals will be injured while 340,000 houses will be partly damaged.
- At least seven bridges will fall, while 10% of public buildings will be heavily damaged.
- The 4,615 kilometers of water distribution pipes will suffer 4,000 points of breakage.
- Thirty kilometers' worth of electric cables will be cut and 95 kilometers of communication cables will be disconnected. Cellular phone service will be congested and out of use.

- Several fires will originate from factories, hospitals and kitchens. The scenario, which is assumed to occur at nighttime, predicts the fires will burn 1,710 hectares of land, claiming 18,000 lives.
- Ambulances will be unable to get through the streets and bodies will be lined along the road. The scenario is reminiscent of the horrors of Super Typhoon Yolanda.
- The destruction, together with the losses that the economy will suffer, will constitute a national crisis.

As a preparation for the BIG ONE, the Bank officially inaugurated the Angeles Alternate Site (Angeles City, Pampanga) in 4Q2023. This alternate site is strategically and safely situated in the north, away from the west valley fault. It will serve as the Bank's and subsidiaries' back-up for its critical functions in case the primary office in the National Capital Region (NCR) becomes inaccessible or unsafe.

## Disaster Preparedness: RCBC Response to Natural Calamities and Cyber Attacks

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

The Bank has created a risk assessment tool that meticulously tracks the vulnerabilities of its employees, its assets as well as clients from escalating threats posed by climate-related disasters. This data-driven disaster risk dashboard serves as a centralized platform for visualizing, analyzing, and responding to disaster risks using up-to-date and historical data.

The risk assessment tool mitigates the impacts of climate change by monitoring key locations and assets in high-risk areas. The disaster risk dashboard tracks the vulnerabilities of employees and various premises and offices across the country. This initiative allows the Bank to preemptively position its disaster recovery and emergency response teams in areas most susceptible to risks such as flooding, earthquakes, and volcanic activity.

## Applications of the Dashboard

- Emergency Preparedness: Helps planners identify high-risk areas and develop contingency plans
- Disaster Response: Facilitates coordination among responders by providing real-time updates and resource tracking
- Recovery and Resilience Building: Supports long-term recovery by analyzing post-disaster impacts and identifying opportunities to reduce future risks. Tabletop exercises on E&S risks have been conducted annually to gauge the BCP teams' knowledge, awareness and capacity in effectively managing an E&S incident. For 2024, the scenario focused on La Niña weather pattern, where the country had its fair share of super typhoons and tropical cyclones including the extraordinary six (6) typhoons that affected the country within 30 days. During late October to mid-November, six (6) tropical cyclones entered the Philippines Area of Responsibility (PAR) with varying strengths from Severe Tropical Storm to Super Typhoons, with heavy to intense rainfall or strong to severe winds.

The tabletop activity prepares the Business Units to effectively manage extreme weather events with disruptions such as super typhoons. Participating in the exercise were selected BCP Leaders, Support Groups and Management Teams who are the drivers of business continuity and crisis management.

There were no major natural or technological catastrophes in 2024 that triggered a crisis management plan. However, awareness training, tabletop exercises, and BCP testing are conducted annually to equip key people and responders on the updated guidelines and Bank strategies. Daily news alerts on weather forecast and volcanic movements are sent out to employees and subsidiaries twice during working days. The reports give an overview of bulletins published by reputable sources such as Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) and PHILVOCS, respectively.

Emergency go bags and survival kits are available at each employee's workstation and offices. Earthquake and fire drills were conducted in all Bank premises nationwide to further train all employees to quickly respond during these emergencies. Crisis communication via call tree system is performed every after a super typhoon or earthquake event to account employees and extend further help and quick assistance as necessary. A mandatory E-learning on business continuity and disaster preparedness is in place for all employees (from senior management to rank and file).

<sup>9</sup> ISO 22301 is the international standard for business continuity management, and builds on the success of British Standard BS 25999 and other regional standards. It is designed to protect business from potential disruption, which includes extreme weather, fire, flood, natural disaster, theft, IT outage, staff illness or terrorist attack. BS25999, the world's first British standard for BCM, has been developed to help minimize the risk of such disruptions.

# Economic Impact

## Continuing Support for Financial Inclusion and Digitalization

### Digital Products and Services



### RCBC Digital Enterprise and Innovation Group (DEIG)

In delivering innovative digital solutions, RCBC remains a strong pillar of sustainable financial development in the Philippines. Pulz, ATM Go, and DiskarTech consistently provide essential financial services to underserved and unbanked Filipinos in remote and rural areas, as well as in overseas communities. RCBC's success as a leading sustainable financial institution stems from the DEIG's commitment to customer-centric innovation and excellence anchored upon social purpose.



### RCBC Pulz

RCBC Pulz is an all-in-one banking app that ensures a convenient, effortless banking experience. One of its standout features is its strong focus on security, utilizing advanced technology and multiple security checks for safe financial transactions. With its user-friendly and secure platform, RCBC Pulz also allows customers to open an account anytime, anywhere, without a minimum balance requirement. Filipinos worldwide

can also create their bank accounts through RCBC Pulz using any international mobile number, further promoting financial inclusivity.

RCBC Pulz continues to redefine customer experience while addressing the evolving demands of modern banking. The app delivers innovative and seamless user interactions by leveraging established and emerging technologies. It offers state-of-the-art digital services, including AI-powered cross-selling and upselling tools to enhance customer lifecycle value.

The app's extensive features include QR code-based deposits and withdrawals, check deposits via photo capture, and seamless local and international fund transfers. RCBC Pulz also enables users to pay bills, convert purchases into installments, reload telco SIMs and wallets, make toll payments, and engage in real-time foreign exchange transactions across six currencies. It also provides a dedicated financial literacy section and houses the country's first in-app digital Unit Investment Trust Fund (UITF) management feature.

In 2024, RCBC collaborated with the Department of Migrant Workers (DMW) to promote digital and financial literacy to Overseas Filipino Workers (OFWs) with #OFWsGoDigital: RCBC Financial Education Campaign for OFWs.



### RCBC ATM Go

RCBC ATM Go is the Philippines' first and most extensive network of grassroots-based and bank-agnostic ATM terminals. Strategically located in accessible community hubs such as public markets, transport terminals, and shopping centers, ATM Go terminals offer cash deposits, cardless withdrawals, international card withdrawals, bank transfers, mobile loading, remittances, and bill payments. Through partnerships with local merchants, grassroots enterprises, and organizations, RCBC continuously extends its reach to a broader population segment and enhances financial accessibility nationwide. ATM Go covers 100% of provinces, 100% of cities, and 93% of municipalities, enhancing access to banking services and providing entrepreneurial opportunities in rural and remote communities.

This digital solution remains a vital component of the government's welfare programs, sustaining its impact even in the post-pandemic era, with over 65% of its financial transactions allocated to social grants and cash withdrawals for beneficiaries of the Pantawid Pamilyang Pilipino Program (4Ps).

## RCBC Business Banking Group (BBG)



### RCBC Boz

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

A video series known as "RCBC Boz Sessions" was rolled out in 2024 to showcase the experiences of Filipino entrepreneurs in starting and growing their businesses, and how such journey has been made easier by the RCBC Boz app.



### RCBC DiskarTech

RCBC DiskarTech is the world's first multilingual financial inclusion super app, designed to make banking accessible to a broad range of Filipinos. Originally designed to support marginalized groups, including Indigenous communities in remote areas, the app has since expanded to serve a broader market. Available in Tagalog-English (Taglish) and Cebuano, DiskarTech offers various financial services, including digital savings with a competitive 4.88% interest rate, fund transfers, mobile loads, telemedicine, insurance, and loans.

DiskarTech promotes financial inclusion by addressing the needs of underserved communities, particularly in geographically disadvantaged areas. By eliminating common banking barriers such as initial deposits, maintaining balances, and dormancy fees, the app provides an accessible entry point for financial security. Its seamless end-to-end user experience empowers individuals to save, manage their money, and easily access essential financial services.

RCBC is in the initial rollout stage of Pasado Loans, a new 24/7 loan product designed to provide accessible financial assistance without requiring collateral. Powered by a digital decision engine, the loan aims to streamline credit assessment and expand borrowing opportunities for Filipinos who may struggle with traditional financial services—loan amounts range from Php 30,000 to Php 500,000. The soft launch in late 2024 is being reviewed, with the team refining parameters before a broader rollout.



### RCBC Credit Cards

In 2024, RCBC Credit Cards implemented straight-through processing (STP) in credit card applications for specific segments through its Digital Onboarding platform. This technology-driven solution automates the end-to-end application, approval, and card creation process, significantly reducing reliance on manual interventions. The platform allows customers to explore and select from a variety of card products tailored to fit their unique needs and lifestyle preferences.

By digitizing processes, customer experience is improved through instant decisioning and reduced use of resources and manpower.

## Economic Impact

### Strengthened Resilience against Cyber Threats and Fraud

RCBC prioritizes customer security by equipping its digital banking application with robust features such as two-factor authentication, biometric support, and real-time transaction notifications.

In addition, the Bank launched the #DontGetFooled cyber security awareness campaign in August 2022 to educate customers about various scams through online platforms, webinars, and media channels. This ongoing campaign aims to enhance customer awareness and promote heightened vigilance against fraudulent transactions, both online and offline.

In support of BSP regulations (BSP Memorandum No. M-2022-015 and BSP Circular 1140) and to further strengthen its security measures, RCBC and RCBC Credit Cards have removed all clickable links from customer communications (emails or electronic direct mailers, SMS, and Viber). This proactive approach has been recognized with the “Excellence in Fraud Awareness and Education Programme” award at the 2023 Regulation Asia Awards. The Bank is also fully prepared to comply with the Anti-Financial Account Scamming Act (AFASA), or Republic Act No. 12010 to protect customers from the growing threats of financial scams and cybercrimes.

In 2023, RCBC entered into an agreement with Globe Telecom, a leading telecommunications services provider in the Philippines. This networking strategy signifies the commitment of both parties to work together against online fraud, aiming to enhance joint capability to investigate and respond to financial scams and fraud, establish proactive measures, and promote a more integrated and collaborative approach to information and intelligence sharing against social and governance risks.

During the fourth quarter of 2024, RCBC Credit Cards and Mastercard partnered to launch a Safety & Security Educational Campaign on social media platforms. The campaign aimed to raise awareness on fraud tactics and to educate cardholders on how to proactively protect their accounts and avoid becoming victims of cybercriminals. It reached over two million people on Facebook and received active engagement from the RCBC Credit Card holders.

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 GBC, were recognized as the Best Fraud Technology Implementation under the Risk Technology Implementation Award of the Asian Banker. This attests to the reliability and soundness of RCBC's fraud risk management system, which is equipped with real-time monitoring capability to detect fraudulent transactions and automate counter measures 24/7 from the Bank's digital channels. RCBC has also partnered with other financial institutions, telecommunication companies and government agencies such as Cybercrime Investigation and Coordinating Center (CICC) and Philippine National Police – Anti-Cybercrime Group

(PNP-ACG) to have a direct communication channel for efficient reporting of fraudulent activities for immediate investigation, blocking, and possible return of funds. This signifies the Bank's commitment to work together against fraud.

The Bank acknowledges that a holistic approach is needed to address these threats. In addition to technological solutions, the management of RCBC regularly receives cybersecurity reports that provide valuable insights into its cybersecurity posture. RCBC routinely engages third parties to perform independent assessments of its IT infrastructure and applications. To address the human aspect of cybersecurity, regular training and advisories are provided to employees.

### Sustainable Finance

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

The ESMS Policy and Sustainable Finance Framework adhere to respective Exclusionary Criteria such as that of the International Finance Corporation (IFC) Exclusion List and global bond standards guidelines. The ESMS Policy embodies RCBC's commitment to cease funding of new coal power plants. The Bank's coal exposure is expected to taper off to zero by 2031.

RCBC actively pursues fundraising and lending towards priority sectors which have clear E&S benefits, as laid out in the Sustainable Finance Framework. In January 2024, the Bank raised USD 400 million in sustainability notes, drawing strong support from global investors and reflecting a positive outlook and confidence in its implementation.

RCBC has also taken the initiative to amend its Sustainable Finance Framework in February 2024 (initially issued in April 2019) to reflect updates in market best practices and in the governing principles of the International Capital Market Association (ICMA), the Loan Market Association (LMA) along with the incorporation of “blue financing” as a subset of eligible green projects. A Second Party Opinion (SPO) was issued by Sustainalytics affirming the credibility and impact of the framework. Both the revised framework and the SPO are available on the RCBC website<sup>10</sup>.

Based on the updated end-2024 figures, RCBC has financed around 19,000 projects under its eligible green (with a subset of blue) and eligible social portfolio amounting to over Php 120 billion.

In the WWF's Sustainable Banking Assessment (SUSBA) 2024 (published in January 2025)<sup>11</sup>, RCBC continues to outperform other Philippine banks in meeting the most SUSBA indicators through the quality of its disclosures. This further illustrates RCBC's commitment to transparency and leadership in sustainable finance vis-a-vis its peers in the banking industry.

Through identified interoperability with its ESMS and Sustainable Finance Framework, starting December 2024, RCBC has initiated support for BSP Circular 1187 (Philippine Sustainable Finance Taxonomy Guidelines or SFTG) by expanding its assessment of sustainable value chains directed toward climate change mitigation and climate change adaptation. RCBC's Chief Sustainability Officer (CSO) and representatives attended workshops and consultative discussions to understand the SFTG. Internal learning sessions with the Bank's lending units have also been conducted and considered as a continuing activity.

### RCBC Allocation Report December 31, 2024

#### ELIGIBLE SUSTAINABLE PORTFOLIO

	No. of Projects	Amount (Php M)	%
<b>Eligible Green</b>	<b>30</b>	<b>83,332</b>	<b>66%</b>
Renewable Energy	22	52,711	42%
Green Buildings	1	5,895	5%
Clean Transportation	1	9,264	7%
Energy Efficiency	1	14,590	12%
Pollution Prevention and Control	2	55	0.04%
<b>Eligible Blue</b>			
Sustainable Water Management	3	817	1%
<b>Eligible Social</b>	<b>19,042</b>	<b>42,788</b>	<b>34%</b>
Access to Essential Services	30	6,675	5%
Socioeconomic Advancement and Empowerment	17	11,752	9%
Employment Generation	660	4,613	4%
Affordable Housing	18,335	19,748	16%
<b>Total Eligible Sustainable</b>	<b>19,072</b>	<b>126,120</b>	<b>100%</b>

#### SUSTAINABLE FUNDING

Instrument	Maturity Date	Amount (Php M)	Allocation			
			Green	%	Social	%
Sustainability Bond (USD)	18-Jan-29	22,372	14,542	65%	7,830	35%
Sustainability Bond (Php)	30-Jun-26	4,130	2,684	65%	1,445	35%
Green TDs (Php)		133	133	100%	-	0%
<b>Total Funding</b>		<b>26,635</b>	<b>17,359</b>	<b>65%</b>	<b>9,276</b>	<b>35%</b>

Percentage of Eligible Sustainable Portfolio Allocated (Usage)	21%
Percentage of Net Proceeds of Sustainable Funding Allocated to Eligible Sustainable Portfolio	100%
Buffer	
Eligible Green Portfolio	65,973 79%
Eligible Social Portfolio	33,512 78%
Total Eligible Sustainable Portfolio	99,485 79%

<sup>10</sup> RCBC Sustainability. <https://www.rcbc.com/sustainability>.

<sup>11</sup> WWF-Singapore – World Wide Fund for Nature (Singapore) Limited. Sustainable Banking Assessment 2024. <https://www.wwf.sg/susba/wp-content/uploads/sites/5/2024/12/SUSTAINABLE-BANKING-ASSESSMENT-2024.pdf>

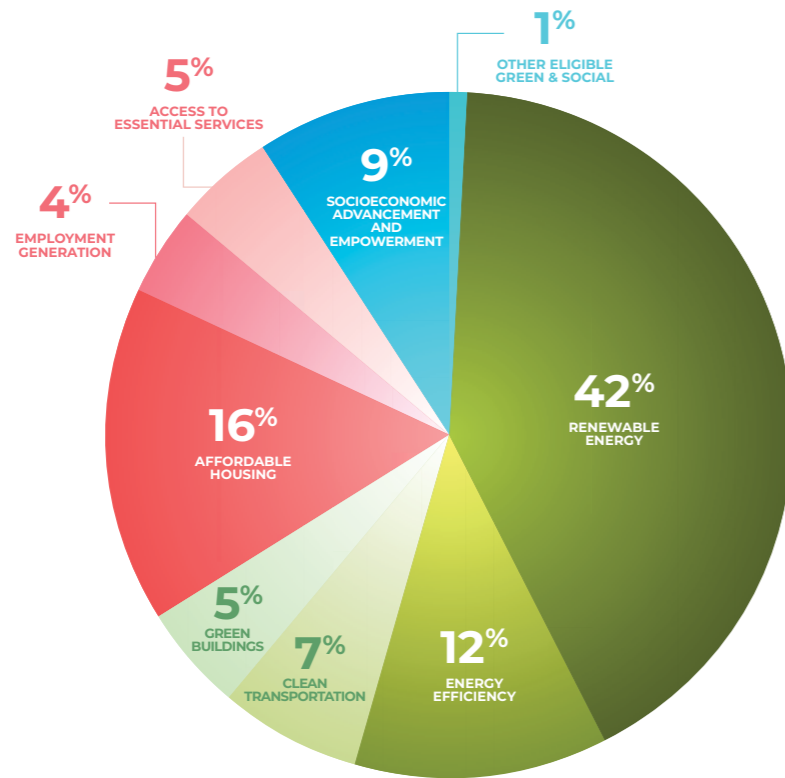
# Economic Impact

## RCBC Sustainable Portfolio Size and Distribution

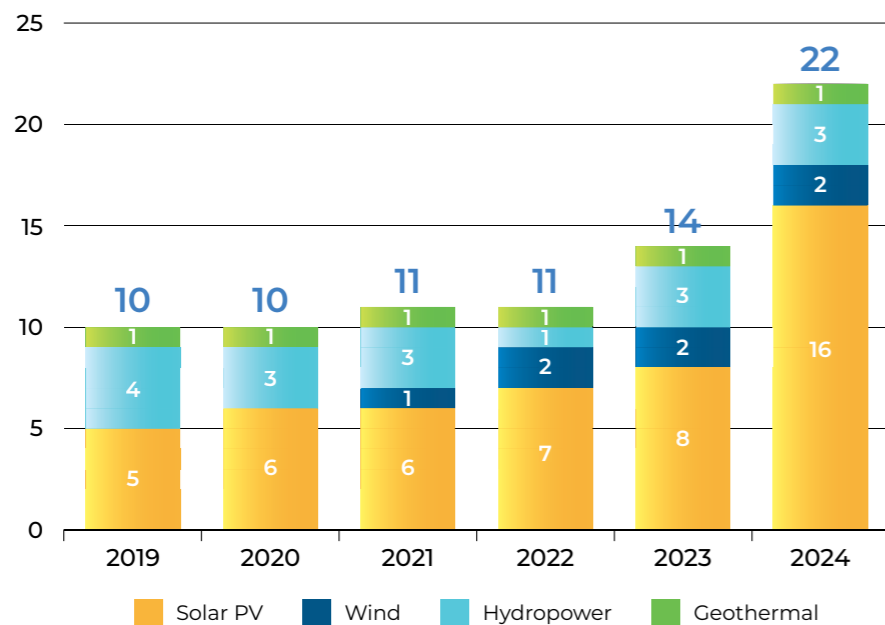
As of December 31, 2024

Renewable energy continues to dominate the portfolio, comprising 42% of the total sustainable portfolio and surpassing the Bank's remaining exposure to coal power generation projects.

Sustainable Portfolio Projects  
As of December 31, 2024



Renewable Energy Portfolio Projects



## Opportunities

The national government has been urging the private sector to pursue digital innovations and human capital development for the economy to fully recover from the pandemic. The government's call is aligned with RCBC's goal to be a leading financial institution in the field of digital and sustainable finance. RCBC continues to provide products and services which support the government's call to action in the areas of digital transformation, responsible lending and capacity building, and sustainable value chains, among others.

## Updates on Digital Products and Services

### Financial Inclusion Initiatives

#### RCBC Pulz

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

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



# Economic Impact

## RCBC ATM Go

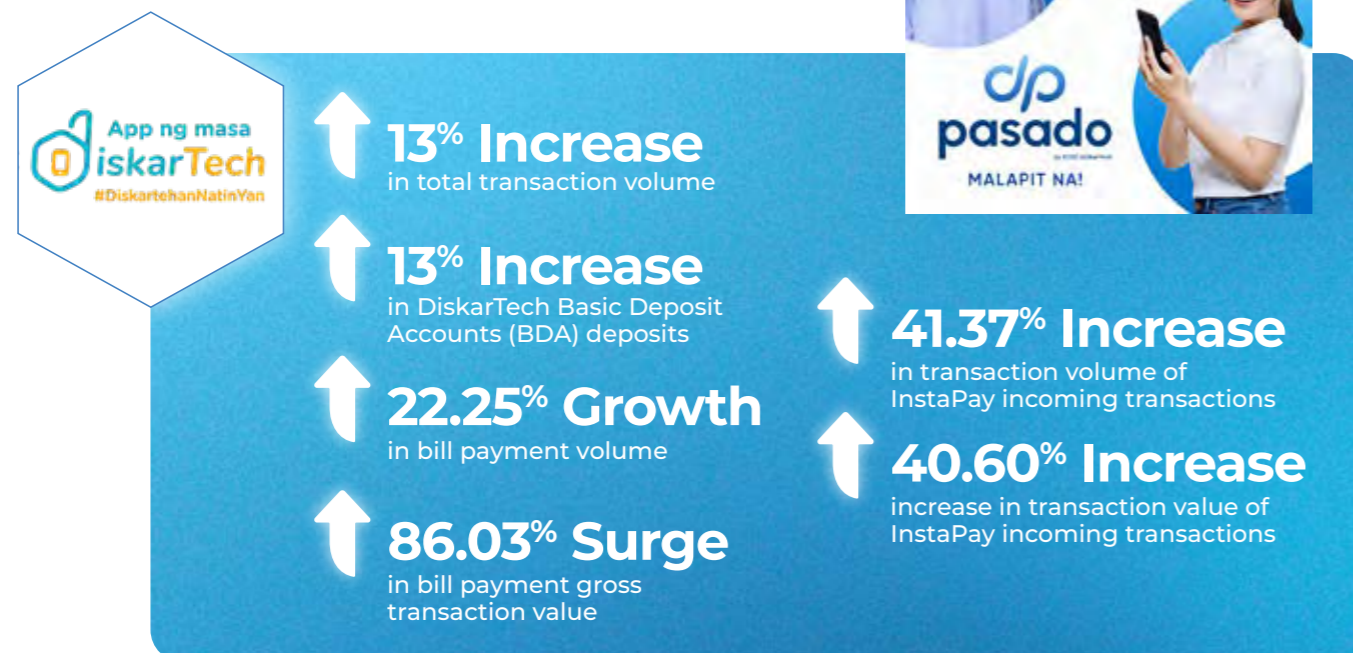
ATM Go extends its digital financial services to areas that need them the most, like Lake Sebu in South Cotabato, Busuanga and Cullon in Palawan, and Turtle Island, Tawi-Tawi - the southwestern tip of the Philippines and a brief 30-minute boat ride from Sabah, Malaysia. RCBC focuses on the Geographically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

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



## RCBC DiskarTech

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



# Innovations and Partnerships on Financial Inclusion

## Access Payroll Program

This is a revolutionary financial inclusion program which fosters a culture of shared financial growth for both the company and its employees. It aims to improve the overall payroll experience through quality solutions, not only for RCBC, but most especially for underserved employees, ensuring access to financial literacy workshops, savings options, life and property protection, loan facilities, investments and other essential financial benefits.



**Kabalikat Cooperative Program**

This is a transformative initiative aimed at fostering financial inclusion and empowering cooperatives to create sustainable growth. The program also opens opportunities for cooperatives to generate additional revenue streams. When their members avail of featured bank products and services, cooperatives can earn commissions, creating a sustainable source of income for their operations. These offerings include Auto Loans, RCBC Credit Cards, ATM Go, Sunlife Grepa and Malayan Insurance.



**Public Utility Vehicle (PUV) Modernization Program**

RCBC stands out as one of the few commercial banks in the country that actively supports the government's Public Utility Vehicle (PUV) Modernization Program. By providing specialized financing solutions to transport cooperatives and drivers, RCBC demonstrates its commitment to, not only advancing sustainable transportation, but also promoting financial inclusion for underserved sectors. This unique initiative reflects RCBC's leadership in bridging the gap between public service modernization and inclusive economic growth.



**Financial Access for Overseas Filipinos**

Through a Memorandum of Understanding (MOU), RCBC partnered with the Commission on Filipino Overseas (CFO) to deliver digital finance literacy and services to Filipinos worldwide. RCBC Chairperson Helen Yuchengco-Dee and President and CEO Eugene Acevedo attended the MOU signing in February 2025.



**Promotion of Fair Trade Practices**

Timbangan ng Bayan is a government initiative in partnership with RCBC that helps support the government's efforts against unfair trade practices by empowering customers to verify the weight of their purchases in public markets. The initiative, in partnership with the Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), and the Department of Interior and Local Government (DILG), was launched in various municipalities.



**Boosting Financial Inclusion in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)**

RCBC signed a landmark agreement with the Ministry of Social Services and Development (MSSD) to expand digital literacy and deliver digital financing solutions to the region.

## Economic Impact

### Responsible Lending, Capacity-Building, and Embedding Sustainability in RCBC

- Financing Renewable Energy (RE) Projects.** RCBC has continually supported funding for RE projects, which continue to dominate the Bank's eligible sustainable portfolio. As approved by the Bank's ROC in March 2023, RCBC targeted to increase its RE portfolio by 10% to 15% per annum (p.a.) for the succeeding 12 to 24 months. The Bank was able to surpass this target through actual year-on-year RE portfolio growth of over 80% as of December 2024. RCBC ended 2024 with a power generation loan portfolio dominated by financing for RE. Its RE portfolio accounted for approximately 6.8% of its total loan portfolio, surpassing the Bank's remaining exposure to coal power generation projects.
- Driving Sustainable Mobility.** RCBC became one of Tesla's preferred financing partners in the country following the electric vehicle manufacturer's entry into the local market in 2024. The Bank is rolling out digital auto loan application processes, offering solutions for RCBC customers who want to experience Tesla's vision of sustainable mobility.
- Harnessing Renewable Energy.** The Bank's headquarters — the RCBC Plaza in Makati City and the AT Yuchengco Centre (ATYC) in Taguig City — started being powered by RE sources from AC Energy in August 2024 and September 2024, respectively.
- Walking the Talk.** Starting 2022, RCBC has integrated a mandatory Sustainability Key Result Area (KRA) as part of the performance evaluation of its employees, as advocated by BSP Circulars 1085 and 1128. The objective is to promote E&S responsibility among employees, with the internally developed Sustainability e-learning materials and infographics used as primary tools in applying the new performance metric. These materials are made accessible to all RCBC associates, from rank-and-file employees up to the Board of Directors.
- Raising Awareness.** In 2024, the Bank's Sustainable Finance Division started to develop a regular consolidation of sustainability-related news, with a dedicated portion on RCBC initiatives. These electronically circulated newsletters have been shared internally and will be cascaded Bank-wide in 2025 to promote understanding of sustainable finance developments within the organization and in the industry.
- Going Paperless.** RCBC shifted from paper-based correspondences to e-mail notifications to significantly lower its paper consumption and waste along with less energy use in the transport and delivery of paper-based correspondences. Savings have also

been realized due to lower postage and printing costs. These applies to the following implemented activities:

- Cessation of sending paper-based Time Deposit Statement of Accounts
- Reduction of paper usage by shifting paper-based notifications via registered mail to email notifications for various account correspondences
- Deepening Understanding.** The Bank sustained its capacity-building programs for the benefit of its clients and employees through the following sustainability knowledge-sharing events in 2024:
  - Financial Literacy (FinLit) Program:** Started in 2023 as a collaboration between RCBC and the Sumitomo Mitsui Banking Corp (SMBC) Group, this program facilitated by select branch sales staff initially focused on payroll employees in various ecozone regions. As of October 2024, a total of 392 sessions were conducted, empowering 15,246 attendees. The FinLit Program was among the top 7 recipients of the SMBC Group Shaka-kachi Award, the SMBC Group's recognition of programs creating social values.
  - Participation in Sustainability Forums:** In August 2024, RCBC's CSO served as one of the panelists in the SME Forum arranged by the Financial Executives Institute of the Philippines (FINEX), aimed at educating SMEs and financial institutions on various ways for financing through sustainable finance. RCBC's CSO also attended the Asian Business Changemakers Conference held in Hong Kong and organized by the Centre for Asian Philanthropy and Society in May 2024. The Conference gathered over 20 sustainability executives across the region to hold discussions and exchange views on the evolution of responsible business in Asia. In early 2025, RCBC's CSO was one of the speakers in the capacity building programs of the BSP, furthering the regulator's sustainable finance initiatives.
  - Strengthening Client Relationships in Sustainability.** Starting April 2025, RCBC Hexagon Club members are given the opportunity to support the Haribon Foundation for the Conservation of Natural Resources Inc. (HARIBON) through direct donations or by using their credit card points. This follows the signing of a Memorandum of Agreement between RCBC and HARIBON on March 25, 2025, marking RCBC's initial foray in connecting with its clients through the unique customer experience of championing the biodiversity conservation and social advocacies of HARIBON. By engaging the Hexagon Club community, RCBC and the Hexagon Club members will be able to help spread awareness about the urgent need in protecting the environment through shared campaigns, learning sessions, and engagement activities for various stakeholders.

### Financial Intermediation

RCBC has been implementing its Environmental and Social Management System (ESMS) since 2011 and its own Sustainable Finance Framework since April 2019.

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

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.

Certain ESMS Policy tools were recalibrated in 2024 given their interoperability with the SFTG assessment which expands the assessment through the identification of sustainable value chains directed toward climate change mitigation and climate change adaptation. The ESMS Policy is published on the Bank's Online Library and is accessible to all employees.

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

Based on the initial assessment of relationship managers (first line of defense), an account is risk-classified as ERC A (high), B (medium), or C (low) in consideration of the type and scale of potential impacts of the respective account's operations. The ERC classification is validated or confirmed by the ESRO, the second line of defense, who has the authority to override first line E&S risk assessment, if warranted. Validated ERC assessments are eventually included in the regular review of Internal Audit (third line of defense). The ERC assessment takes place before a lending decision is made and continues during the life cycle of the loan agreement with the client. Applicable environmental covenants are also incorporated in the loan/credit agreement, and these are periodically evaluated and monitored to ensure compliance.

To ensure faithful compliance with the ESMS Policy, the Bank has ESROs equipped with the expertise to conduct appropriate E&S review and assessments. The ESRO function is part of RCBC Sustainable Finance Division<sup>2</sup> (headed by the CSO) that oversees the effective implementation of the ESMS Policy. The ESROs conduct learning sessions on the ESMS Policy implementation to ensure that the updates

are communicated to the internal stakeholders. At least four ESMS trainings are conducted per year for the Bank's relationship managers.

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

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

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

Transactions which may be complex or have potential E&S concerns as well as those with unresolved matters over an established monitoring period are escalated for higher level review and discussion. The implementation of the Bank's ESMS and the continual monitoring required under the Policy help create long-term solutions to E&S issues – mitigating negative effects on the environment and affected communities and enhancing sustainable development impacts.

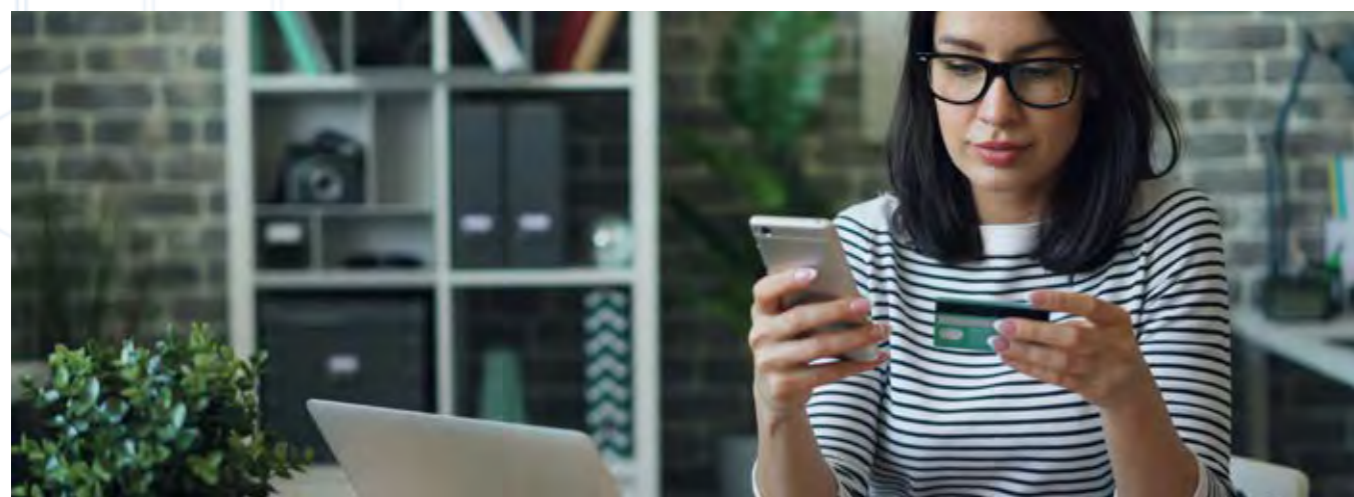
RCBC's sustainable portfolio is growing and continues to be ahead of the Bank's erstwhile investments in coal and other fossil fuel energy assets. The Bank's Eligible Sustainable Portfolio accounted for approximately 16% of total loan portfolio as of end-December 2024 (based on the Sustainable Finance Framework as updated in February 2024), surpassing the share of coal exposures and of ERC A accounts. RCBC ended 2024 with a power generation loan portfolio dominated by financing for RE. The share of its RE portfolio was approximately 6.8% of total loan portfolio, surpassing the Bank's remaining exposure to coal power generation projects.

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

<sup>2</sup> SFTG assessment is being handled by a separate team within the Sustainable Finance Division



# Economic Impact



## Loan Portfolio

RCBC's concentration of credit as to industry as of December 31, 2024 is as follows:

Economic Activity	Amount (Php million)	%
Credit Cards	110,453	16%
Housing	98,954	14%
Real estate, renting and other related activities	93,193	13%
Financial intermediaries	72,473	10%
Wholesale and retail trade	72,324	10%
Electricity, gas and water <sup>13</sup>	69,851	10%
Auto	62,472	9%
Manufacturing (various industries)	47,839	7%
Transportation and communication	47,554	7%
Consumer <sup>14</sup>	10,090	1%
Mining and quarrying	4,581	1%
Agriculture, fishing, and forestry	4,075	1%
Hotels and restaurants	3,972	-
Other community, social and personal activities	2,461	-
Others	10,342	1%
<b>Total</b>	<b>710,634</b>	<b>100%</b>

<sup>13</sup> Around 56% are from renewable energy  
<sup>14</sup> Includes personal and salary loans

## Procurement Practices

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

### Proportion of Spending on Local Suppliers

Disclosure (January 1 – December 31, 2024)	Quantity	Units
Percentage of procurement spending (actual payments) used for significant locations of operations that is spent on local suppliers	86.47	%

## Business Ethics

### Training on Anti-corruption Policies and Procedures

Disclosure (January 1 – December 31, 2024)	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100 <sup>15</sup>	%
Percentage of business partners <sup>16</sup> to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of management that have received anti-corruption training	100 <sup>17</sup>	%
Training: Percentage of employees that have received anti-corruption training	100	%

### Incidents of Corruption

Disclosure (January 1 – December 31, 2024)	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	#

<sup>15</sup> Conducted via regular and compulsory e-Learning courses and examinations for all employees and those with direct contracts with RCBC  
<sup>16</sup> In this context, the term 'business partners' includes suppliers and customers/clients.  
<sup>17</sup> Conducted via regular and compulsory e-Learning courses and examinations for all employees and those with direct contracts with RCBC

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

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

### Adherence to the Code of Conduct

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

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

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

## Economic Impact

### Anti-Corruption Policies

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

#### • Gifts and Entertainment

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

#### • Favors

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

#### • Receiving Commissions or Benefits

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

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

### Use of Insider Information

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

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

### Whistleblowing Policy

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

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

Reports of any actual or suspected criminal activities, unlawful acts or omissions, fraud, violations of the Code of Conduct and other bank policies, danger to health and safety, improprieties or malpractice in the workplace, including those relative to matters of financial reporting, internal control and/or auditing may be sent through the YGC Open Communication system - 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 (CTF) related regulations is the review and revision of the MLPP at least once every two years. The revised MLPP addresses the requirement outlined in new regulations and addresses changes in Bank practices considered significant as part of its on-going process of re-framing the Bank's Compliance Program.

### Internal Audit

To promote and strengthen checks and balances in the Bank, RCBC promotes sound internal controls and gives due recognition to the importance of the internal audit function. On the basis of the Audit and Compliance Committee's 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, ethical standards, policies and documented procedures, contracts, laws, rules and regulations.



## Economic Impact



### 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 September 30, 2024. The policy defines "related party transactions" as transactions or dealings with related parties of the Bank, including its trust department, regardless of whether or not a price is charged. These shall include, but not limited, to the following:

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

RPTs shall be interpreted broadly to include, not only transactions that are entered into with related parties, but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party. The term "related parties" under the Bank's updated RPT Policy has been expanded in scope as it broadens the definition of "close family members" to include relatives of the Bank's Directors, Officers and Stockholders within the fourth degree of consanguinity or affinity, legitimate or common-law. Related parties also include corresponding persons in affiliated companies, those with direct or indirect linkages with the Bank, members of the Bank's Advisory Board and subsidiaries of related parties.

The Bank-constituted RPT Committee reviews material RPTs to ensure they are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, and collateral requirement) versus similar transactions with non-related parties under similar circumstances. On favorable review, the RPT Committee endorses material RPTs to the Board for approval. All material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. Material RPTs approved by the Board shall be submitted to the Stockholders for confirmation during the Annual Stockholders Meeting.

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

Transactions with related parties involving amounts of at least Php 10 million are considered as material RPTs. This threshold shall not apply to DOSRI loans and other credit accommodations and guarantees, and other transactions requiring Board approval under the regulations, i.e., cross-selling, outsourcing, etc., which are always considered "material" regardless of amount. Where the amount involved in the transaction is at least 10% of the combined assets of the RCBC Group, the transaction shall be accompanied by a fairness opinion issued by an external independent party to be appointed by the Board of Directors. Excluded transactions are RPTs that, regardless of the amount involved, are exempted from vetting, approval and reporting but still subject to other RPT requirements, such as:

1. Deposit operations
2. Investment in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities

The Bank's RPT policy shall be reviewed by the RPT Committee and approved by the Board every three 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 2024 to incorporate key changes on exemption of the sale of bank properties from prior vetting and endorsement by the RPT Committee. This updates the following list of transactions exempted from the vetting, approval and reporting requirements of RPTs provided that the amount involved in the transaction is less than the SEC Material RPT threshold (10% of the combined assets of the RCBC Group, based on the latest audited financial statements):

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

5. Availments under the BSP-approved fringe benefit program
6. Transactions that do not present a real risk of potential abuse, i.e. sale of fully depreciated assets
7. Sale of bank properties (e.g., repossessed cars and real estates) to related parties done through competitive/public bidding or auction. It is emphasized that the loan component of the sale, if any, is not covered by this amendment

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

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

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

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.



# Environmental Impact

# Environmental Impact

## Environmental Contributions of the RCBC Business

RCBC continues to support the principles behind its Leadership in Energy and Environmental Design (LEED)<sup>18</sup> certification (RCBC Plaza in Makati is a LEED-certified Gold-level building). Energy conservation measures are applied in the Bank's day-to-day operations. RCBC ensures it maintains its LEED Gold certification by spending on annual LEED consultation fees to comply with the climate adaptation requirements of the building.

The Bank's headquarters — the RCBC Plaza in Makati City and the A.T. Yuchengco Centre (ATYC) in Taguig City — started being powered by renewable energy sources from AC Energy in August 2024 and September 2024, respectively.

RCBC instills the discipline and promotes the benefits of being mindful of sustainability practices (e.g., environmental protection by fostering energy conservation) through the completion of the internally developed UN SDGs e-learning in 2022 and access to a UN SDG Daily Handbook in the Bank's internal Online Library beginning September 2023.

### Resource Management

#### Energy

Disclosure Items	Energy Consumption within the Organization	Reduction of Energy Consumption
Renewable sources (Gigajoules or GJ)	0	0
Gasoline (GJ)	0	0
LPG (GJ)	0	0
Diesel (GJ)	2,077 <sup>19</sup>	0
Electricity (Kilowatt hour or kWh)		
Head Office (RCBC Plaza)	565,697 <sup>20</sup>	0
A.T. Yuchengco Centre	1,432,060	0
Branches	11,550,060	0

Efficient energy consumption is one of the underlying objectives of cost control measures. The Bank keeps its operating expenses in check through initiatives that promote environmental responsibility and resource efficiency including switching to LED lighting systems and using energy-saving mechanisms in office elevators. As more RCBC branches open in the country, it is necessary to continue to monitor overall consumption so energy efficiency is practiced. Efficient energy consumption in RCBC's operations can translate to energy savings which, in turn, can help reduce the country's dependence on fossil fuel-based energy.

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

of energy produced (thus increasing global warming) compared to other electricity sources. The quantitative tool (PACTA and Climate Stress Test Model) also equips RCBC with measuring transition risk associated with lending to fossil fuel power generation projects.

RCBC remains committed to action towards operational efficiency leading to conservation of energy and other energy efficient technologies. The Sustainability e-learning material has been incorporated into the annual Bank-wide learning programs. This e-learning course is mandatory for all employees (from senior management to rank and file) and is accessible to the Board of Directors. This helps promote deeper understanding of how energy consumption generates carbon footprint and increases GHG emissions. The 2022 Sustainability e-learning also facilitates a global learning experience as energy consumption and other related activities are explained within the context of attaining the UN SDGs.

#### Water

Water Withdrawal	In cubic meters
Water withdrawal	0
Water consumption	
• Head Office (RCBC Plaza)	169,227 <sup>21</sup>
• A.T. Yuchengco Centre	10,488
• Branches	98,578
Water recycled and reused	0

RCBC remains committed to action towards operational efficiency including responsible water utilization and conservation. These include initiatives such as proper use of faucets and responsible consumption of drinking water.

To instill the discipline and promote the benefits of sustainability practices, RCBC in 2022 internally developed e-learning modules on the UN SDGs. All RCBC employees are required to take this online course on environmental protection which includes water conservation, among others, at a personal and at a corporate level. As a follow-through, RCBC also offered the UN SDG Daily Handbook which can be accessed at the Bank's internal Online Library since September 2023.

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

#### Materials Used by Weight or Volume

Renewable (kg)	1,053,275
Non-renewable (kg)	7,416
Percentage of recycled input materials used to manufacture the organization's primary products and services <sup>22</sup>	96.3%

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

When entering into a new relationship with a supplier, RCBC conducts due diligence as early as possible so that any adverse environmental impacts may be prevented or mitigated while structuring contracts or other agreements, as well as via ongoing collaboration with suppliers.

The Bank continues to improve its existing supply chain procedure to avoid negative environmental and reputational impacts. It is able to influence suppliers to be sustainable through the supplier accreditation processes. This influence can include changing the organization's procurement practices, adjusting performance expectations, conducting capacity building or training, introducing changes to processes, as well as terminating supplier relationships with those that are non-compliant. RCBC employs sustainability-related questionnaires in the accreditation/vetting process of vendors. The supplier's environmental performance is also observed during site visits. The YGC Group, to which RCBC belongs, engages vendors through information campaigns on YGC's sustainability initiatives.

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

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

\* International Union for Conservation of Nature

Adhering to the protection of ecosystems and biodiversity promotes sustainable business practices. In accordance with the Bank's ESMS Policy, all credit proposals for loans and other credit accommodations from RCBC need to go through E&S risk and impact assessment. Only activities or projects which pass the E&S risk and impact assessment shall be eligible for financing.

The ESMS Policy adheres to the guidelines of the DENR-EMB. It also subscribes to IFC's Performance Standards which include the evaluation of the impact of a borrower's business on ecosystems and biodiversity (IFC Performance Standard 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources).

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

## Environmental Impact Management

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

#### Air Emissions: GHG

Disclosure Items	In Tonnes CO2e
Direct (Scope 1) GHG Emissions	0
Energy indirect (Scope 2) GHG Emissions	9,629 <sup>23</sup>
Emissions of ozone-depleting substances (in Tonnes)	0

#### Air Pollutants

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

#### Solid and Hazardous Wastes

Disclosure Items	In kg
Solid Waste	
Total solid waste generated:	
• Head Office (RCBC Plaza)*	744,190
• A.T. Yuchengco Centre	69,668 <sup>24</sup>
Reusable	0
Recyclable	
• RCBC Plaza	573,250
Composted	0
Incinerated	0
Residuals/Landfilled:	
• Head Office (RCBC Plaza)	170,940
• A.T. Yuchengco Centre	69,668

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

<sup>18</sup> US Green Buildings Council Inc. RCBC Plaza. <https://www.usgbc.org/projects/rcbc-plaza>

<sup>19</sup> This pertains to generator sets which make use of diesel.

<sup>20</sup> Data as of reporting date for RCBC Plaza has been updated to reflect only the RCBC banking floors with direct meter measurements.

<sup>21</sup> Water consumption data pertains to the entire premise of the building not just the RCBC-occupied floors.

<sup>22</sup> Data provided and collated from various suppliers.

<sup>23</sup> RCBC Plaza, A.T. Yuchengco Centre, and Branches; emission factor for electricity at 0.7122 kgCO2e/kWh (simple operating margin, average EF from the grid) and 0.6836 kgCO2e/kWh (combined margin for wind and solar projects) 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>). Please refer to footnotes under Energy Consumption.

<sup>24</sup> Around 40% are from RCBC-occupied floors

# Environmental Impact

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

RCBC will continue to implement initiatives aimed at operational efficiency and digitization, including waste reduction or reduced paper consumption. These include encouraging employees to apply double-sided printing on paper and lessening plastic waste.

RCBC's customer banking experience has promoted zero forms to fill out<sup>25</sup>, thus significantly reducing paper usage.

The Sustainability e-learning material has been added into the annual Bank-wide learning programs since 2021. This Sustainability e-learning course is mandatory for all employees (from senior management to rank and file) and is accessible by the BOD. This is considered instrumental in promoting deeper understanding of carbon footprint/GHG emissions and how these can be reduced through preservation of forests, proper waste segregation, and recycling of waste. In September 2023, the UN SDG Daily Handbook was made available through the Bank's intranet and cascaded to all employees via an HRC advisory, providing practical information on how to contribute to the UN SDGs through our day-to-day lives.

RCBC's support for potential financing requirements also helps promote environmental responsibility for proper waste management. The Bank's Sustainable Finance Framework includes waste management (excluding landfills), such as waste prevention, waste reduction, waste recycling and material recovery with emission abatement technology under the Eligible Green Project Categories.

## Hazardous Waste

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

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

The ESMS Policy adheres to the guidelines of the DENR-EMB and subscribes to IFC's Performance Standards which include the evaluation of the borrower's practices to promote resource efficiency and pollution protection (Performance Standard 3 Resource Efficiency and Pollution Prevention). Under Performance Standard 3, the borrower's operations are assessed in terms of compliance with environmentally sound disposal of hazardous and non-hazardous wastes.

## Effluents

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

RCBC's clients may be generating effluents in their operations. In accordance with the ESMS Policy, all credit proposals for loans and other credit accommodations from RCBC need to go through E&S risk and impact assessment. Only activities or projects which pass the E&S risk and impact assessment shall be eligible for financing.

## Environmental Compliance

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

RCBC is committed to comply with all environmental laws and regulations, and conform to performance standards.

## Non-compliance with Environmental Laws and Regulations

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



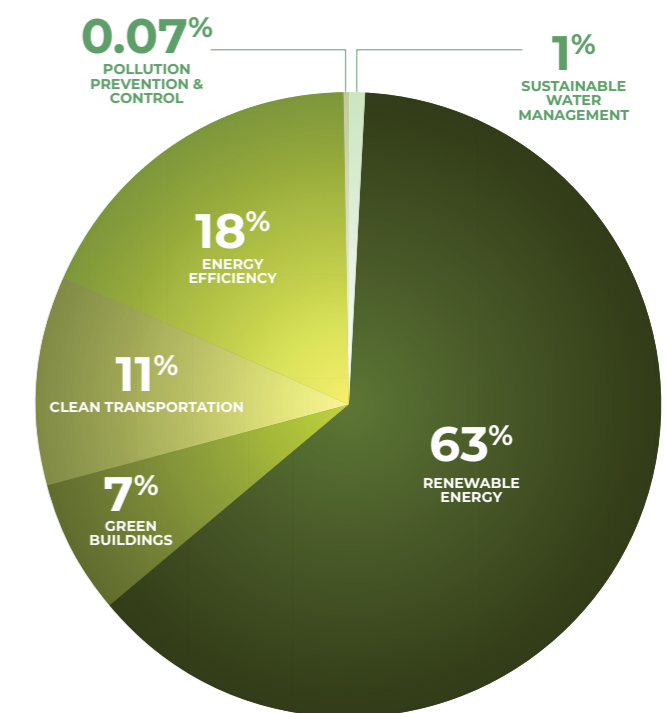
## Environmental Contributions of the RCBC Portfolio

### Eligible Green Portfolio

RCBC has 30 projects in its Eligible Green Assets portfolio, amounting to Php83.3 billion as of December 31, 2024. This includes a subset of three projects under the Eligible Blue portfolio, equivalent to Php817 million. Renewable Energy projects lead the portfolio, accounting for 63%, followed by Energy Efficiency projects at 18%.

Clean Transportation had an 11% share, Green Buildings with a 7% share, while Sustainable Water Management together with Pollution Prevention and Control projects made up the remaining 1%.

### Eligible Green Portfolio Distribution



<sup>25</sup> Additional one form to fill out and sign if client applies for a Hexagon Club Membership (i.e. Hexagon Enrollment Form)

# Environmental Impact

## Renewable Energy

Renewable Energy	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	MW total renewable energy capacity	MWh total renewable energy generated per year	tCO <sub>2</sub> e total emissions avoided per year
Solar Energy	16	40,696	32%	1,794	1,479,630	749,746
Wind Energy	2	5,899	5%	187	390,954	211,539
Hydropower Energy	3	4,932	4%	25	97,088	50,971
Geothermal Energy	1	1,184	1%	32	276,444	145,133
<b>Total Renewable Energy</b>	<b>22</b>	<b>52,711</b>	<b>42%</b>	<b>2,037</b>	<b>2,244,116</b>	<b>1,157,389</b>

These are projects focused on developing the generation and the use of renewable energy (RE), including solar, wind, hydro, geothermal, and bioenergy. Eligible accounts may also refer to fuel cell and other energy storage systems for renewable energy projects/assets and/or battery facilities that result in substantial GHG emission reductions in transport, stationary and off-grid energy storage, and other industrial application. Green hydrogen facilities such as electrolyzers powered by RE, and equipment for the production and use of hydrogen powered by RE, are also included under this category.

In 2024, the Philippines was able to add 794.34 MW of new RE to its energy capacity. This was higher than the combined 759.82 MW of RE installed from 2021 to 2023.<sup>26</sup> According to the Independent Electricity Market Operator of the Philippines Inc. (IEMOP), the share of RE was at 25% (in terms of GWh) in the Philippines' power generation mix as of December 2024 while the share of coal was at 58.9%.<sup>27</sup> The Philippine Energy Plan's Clean Energy Scenario targets to increase the share of RE in the country's generation mix to 35% by 2030 and to 50% by 2040.<sup>28</sup>

RCBC supports the global movement towards the use of RE and the Philippine government's goal to grow the share of RE in the country's generation mix by deploying Php51.5 billion to help fund solar, wind, and hydro power plant projects, with a total capacity of 2,005 MW and total energy output of 1,967,672 MWh in 2024.

RCBC also helped fund geothermal power plant projects to the tune of Php1.2 billion in financing support, accounting for up to 70% of total project cost, with total generation capacity of 32 MW and total energy output of 276,444 MWh in 2024.

The Bank's support towards operational solar, wind, hydro, and geothermal power plants results in an estimated 1,157,389 tons of CO<sub>2</sub> equivalent emissions avoided per year. As approved by its ROC in March 2023, RCBC is targeting to increase its RE portfolio by 10% to 15% per annum in the next 12 to 24 months. It has already surpassed this target, having reached an actual RE portfolio growth of over 80% from 2023 to 2024.



## Green Buildings

Green Buildings	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	% of Energy Use Reduced/Avoided	tCO <sub>2</sub> e total emissions avoided per year	% of Water Use Reduced/Avoided	% of Construction Waste Diverted
Green Building (LEED Platinum)	1	5,895	5%	37%	1,984	56%	94%

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

According to the Department of Energy (DOE), there is a high demand for oil products and electricity from the commercial sector, mainly due to commercial buildings.<sup>29</sup> The energy consumption for the commercial sector is also expected to increase from around 14% of Total Final Energy Consumption due to rising urbanization and the construction of new buildings in the Philippines.<sup>30</sup>

Commercial waste comprised around 27% of municipal solid wastes in the Philippines based on data from the NSWMC Status Report, as cited in the Solid Waste Management Program Performance Audit Report 2023.<sup>31</sup>

The construction of Green Buildings is becoming more popular, as it helps to minimize the negative environmental impacts commonly associated with commercial buildings. According to Colliers, a property consultant in the Philippines, 61% of new office supply buildings from 2025 to 2027 are expected to have green certifications.<sup>32</sup>

The Bank, through its Sustainable Finance Framework, participates in the financing of Green Buildings that have received or are expected to receive certifications or meets the criteria that recognize buildings that reduce the harmful impacts on the environment. These are also designed to promote healthy indoor premises. RCBC has helped finance Php5.9 billion for the construction and development of a Green Building project in Metro Manila which achieved a LEED Platinum certification.

This Green Building project is estimated to deliver a 37% reduction in energy consumption compared to the local baseline. It also avoids approximately 1,984 tons of CO<sub>2</sub> equivalent emissions and achieves a 56% reduction in water consumption. In addition, the project diverted 94% of construction waste from landfills.

<sup>26</sup> PH push for renewable energy yields record-breaking installations. (2025, February 10). Department of Energy. <https://www.doe.gov.ph/press-releases/ph-push-renewable-energy-yields-record-breaking-installations>

<sup>27</sup> December 2024 Market Operations Highlights. (2025, January 20). Independent Electricity Market Operator of the Philippines Inc. [www.iemop.ph/market-reports/2024-market-operations-highlights/](http://www.iemop.ph/market-reports/2024-market-operations-highlights/)

<sup>28</sup> Climate and Clean Air Coalition. Philippines. [www.ccacoalition.org/partners/philippines](http://www.ccacoalition.org/partners/philippines)

<sup>29</sup> National Energy Efficiency and Conservation Plan and Roadmap 2023-2050. (2023). Department of Energy Utilization Management Bureau. <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2023-05-0018-NEECP-and-Roadmap-2023-2050.pdf>

<sup>30</sup> Ibid.

<sup>31</sup> Solid Waste Management Program Performance Audit Report. (2023). <https://www.coa.gov.ph/reports/performance-audit-reports/2023-2/solid-waste-management-program/>

<sup>32</sup> Green buildings to dominate Philippine office market until 2027 — Colliers. (2024, December 30). <https://www.bworldonline.com/corporate/2024/12/30/643929/green-buildings-to-dominate-philippine-office-market-until-2027-colliers/>

# Environmental Impact



## Clean Transportation

Clean Transportation	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of vehicles	Total km travelled per year(km)	Total No. of passengers per year
Passenger Rail Infrastructure	1	9,264	7%	120	11,633,021	115,015,425

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

According to the DOE, the transport sector has contributed 35.42 million tons of carbon emissions, equivalent to 26% of the total emissions in the Philippines in 2022.<sup>33</sup> The Philippines commits to lower the economy-wide GHG emissions by 75% from 2020 to 2030 on its Nationally Determined Contribution (NDC). To achieve this, the GHG emissions from the transport sector will need to reach an average of 71% reduction per year.<sup>34</sup>

According to the World Bank, mass transit development is one solution to reduce the GHG emissions from the transport sector. In its analysis, even with limited number of mass transit systems being developed during the NDC period (one Bus Rapid Transit or BRT, five urban rail lines in Metro Manila, and one BRT in Metro Cebu), the impact is estimated to be 7.3Mt of GHG emissions reduction through 2030. Another solution is the electrification of public transport fleets, estimated to contribute to a 9.63MtCO<sub>2</sub>e reduction during the NDC period.<sup>35</sup> However, without intervention, transport emissions are expected to grow by 7.1% annually, potentially tripling to 72.6MtCO<sub>2</sub>e by 2030 compared to 23.6MtCO<sub>2</sub>e in 2010.<sup>36</sup>

RCBC helped finance passenger rail infrastructure (Php9.2 billion funding, equivalent to 16% of total project cost) with total passengers reaching 115 million over a total of 11.6 million kilometers travelled. By channeling funds to public transportation systems, the Bank helps in lowering fuel waste and CO<sub>2</sub> emissions.

## Energy Efficiency

Energy Efficiency	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	km of Fiber Technology Constructed	Total Number of Households served with Fiber Technology	MWh Energy Savings
Connectivity Services (with Fiber Technology)	1	14,590	12%	1,200,000	168,690	262,800

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).

The Philippines is actively advancing energy efficiency (EE) efforts through key initiatives such as the National Energy Efficiency and Conservation Act (EEC Act) of 2019 and the National Energy Efficiency and Conservation Plan and Roadmap<sup>37</sup> updated in 2023. The Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act, signed into law in November 2024, also enhances incentives for EE projects, particularly through tax holidays and enhanced deductions.

Under the CREATE MORE Act<sup>38</sup>, domestic market enterprises undertaking EE projects and registered with an investment promotion agency like the Board of Investments (BOI) can now choose between a four- to seven-year income tax holiday with a 10-year enhanced deductions regime (EDR) or a 14- to 17-year EDR, thus enhancing the commercial viability of EE investments.

With regulatory advancements in place, financing remains a critical driver in scaling energy efficiency initiatives. The Philippine Energy Efficiency Alliance (PE2)<sup>39</sup> estimates that around USD892 billion in investments will be needed by 2040 to achieve the energy efficiency goals in Southeast Asia. During the Asia Clean Energy Summit (ACES) 2024, PE2 President Alexander Ablaza emphasized the importance of innovative financial mechanisms in mobilizing private capital. These include sustainability bonds, blended finance, carbon transition and retirement bonds, sustainability-linked debt and green mortgages, among others.

To support the adoption of energy efficiency activities in the country, RCBC extended loans of Php14.6 billion to projects involving transition towards fiber technology to replace legacy copper technologies. Fiber technology promotes reduced energy consumption, translating to lower CO<sub>2</sub> emission and heat generation. By extending the loans, RCBC helped financed projects that reduce energy usage by 262,800 MWh per year.<sup>40</sup>

<sup>33</sup> Key Energy Statistics. Pg 4. [doe.gov.ph/sites/default/files/pdf/energy\\_statistics/20230725\\_2021-2022%20key%20energy%20stat\\_pocket%20size.pdf](https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/20230725_2021-2022%20key%20energy%20stat_pocket%20size.pdf)

<sup>34</sup> The World Bank Group. (2023). <https://openknowledge.worldbank.org/server/api/core/bitstreams/4cb8891e-bcf-4e79-bb9a-316873ce264e/content>

<sup>35</sup> Ibid.

<sup>36</sup> Climate Tracker Asia. (2025, January 20). *Wheels of Change: Electrifying Philippine Transport*. <https://climatetracker.asia/wheels-of-change-electrifying-philippine-transport>

<sup>37</sup> National Energy Efficiency and Conservation Plan and Roadmap 2023-2050. (2023). Department of Energy. Energy Utilization Management Bureau. <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2023-05-0018-NEECP-and-Roadmap-2023-2050.pdf>

<sup>38</sup> Power Philippines. (2025, January 6). PE2: 2024 seen as momentous due to regulatory advancements in energy efficiency. <https://powerphilippines.com/pe2-2024-seen-as-momentous-due-to-regulatory-advancements-in-energy-efficiency/>

<sup>39</sup> Power Philippines. (2024, November 11). PE2: USD 892B needed to achieve Energy Efficiency goals in Southeast Asia. <https://powerphilippines.com/pe2-usd-892b-needed-to-achieve-energy-efficiency-goals-in-southeast-asia/>

<sup>40</sup> 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/>

# Environmental Impact



## Pollution Prevention and Control

Pollution Prevention and Control	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	MT total plastic recycled	MT total waste recycled/composted per year
Pollution Control Projects	2	55	0.04%	357	11,357

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

According to Department of Environment and Natural Resources (DENR) Secretary Maria Antonia Yulo Loyzaga: "The Philippines generates approximately 2.7 million metric tons of plastic waste each year. Tragically, a significant portion of this waste finds its way into our oceans, placing our country among the top reported contributors to marine plastic pollution globally."

Taking a significant step forward to address this, the DENR launched the National Plastic Action Partnership (NPAP) Philippines in January 2025.<sup>41</sup>

NPAP is a locally driven platform that unites leaders from various sectors, including government, business, development organizations, and civil society, to tackle plastic pollution and transition to a circular economy.

A National Plastics Action Roadmap is also targeted to be completed by August 2025. The roadmap will include a baseline assessment of the plastic situation in the country, investment requirements, and a financing roadmap with a mix of blended finance incentives and innovative financing instruments.

To contribute to the country's pollution control efforts and transition to a circular economy, RCBC provided Php55 million in loans to businesses engaged in waste management, facilitating the recycling of 357 MT of plastics, and the recycling or composting of 11,357 MT of wastes.



## Eligible Blue Portfolio

### Sustainable Water Management

Sustainable Water Management	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	m³ total water supplied	m³ total wastewater treated	m³ total sewage sludge treated and disposed
Infrastructure for Clean Water, Wastewater Treatment	3	817	1%	17,902,209	9,600,839	8,295,368

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

SDG 6, also known as "Clean Water Sanitation," aims to ensure the availability and sustainable management of water and sanitation for all. However, growing pressures from climate change, overexploitation, and pollution have made achieving SDG 6 increasingly difficult. Despite its urgency, the UN reported<sup>42</sup> that, as of 2024, none of the SDG 6 targets are currently on track to be achieved by 2030. In 2022, more than 2 billion people globally still lacked access to safely managed drinking water, while over 3 billion did not have access to safely managed sanitation.

The Philippines continues to face significant challenges in this area. It ranked 92nd out of 166 countries in the 2024 SDG Index. Its progress on SDG 6 was categorized as either stagnating or facing ongoing obstacles. According to the World Bank Group in 2023, only 48% of Filipinos had access to safely managed or piped water services, and just 63% benefited from safely managed sanitation, including proper collection, treatment, and disposal of human waste.

RCBC continues to support the country's needs for clean and safe sources of water through its extension of Php817 million in loans to clean water and wastewater treatment infrastructure projects. In 2024, the Bank supported the supply of 17.9 million cubic meters of clean water, the treatment of 9.6 million cubic meters of wastewater, and treatment of more than 8 million cubic meters of sewage sludge.

<sup>41</sup> Moaje, M. (2025, January 23). Gov't launches action partnership to curb plastic pollution. <https://www.pna.gov.ph/articles/1242453>

<sup>42</sup> Parched: 2 billion people need access to clean water, sanitation. (2024, September 26). Philippine Daily Inquirer. <https://globalnation.inquirer.net/250361/parched-2-billion-people-need-access-to-clean-water-sanitation>

# Environmental Impact

## Climate-Related Risks and Opportunities

The Philippines has continuously been among the world's most vulnerable to climate change and evidently so in the past years—strong typhoons, regular flooding, and record-high temperatures surpassed year after year. While high heat indices have already been experienced in the first quarter of 2025, the Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) has already indicated that even higher temperatures are expected towards May with felt temperatures reaching as high as 50°C<sup>43</sup>. Shifting climate and weather patterns continue to affect various sectors such as agriculture (impact on harvest yields), education (suspension of classes for students' safety), and construction (hydration breaks to protect workers from high heat stress).

Across the world, businesses have been cognizant of their role in being part of climate solutions. Among these corporations, over 500 financial institutions, such as banks, have actively committed and reported on their Financed greenhouse gas (GHG) emissions by being signatories to the Partnership for Carbon Accounting Financials (PCAF). PCAF provides a platform for transparency and accountability as signatories are made to commit to disclosing their financed GHG emissions within three years for becoming a signatory. The partnership also provides signatories with accreditation courses to equip the team in conducting and reporting financed emissions assessment for their portfolio.

In the Philippines, RCBC made this commitment as early as 2021 and has continually complied with the required disclosure of its Financed GHG emissions since 2023 as part of its Sustainability and Impact Reports. As of this writing, RCBC remains to be the lone signatory in the Philippines to PCAF.

This is the third reporting of RCBC on its Financed GHG Emission calculations, following its first disclosure in its 2022 Sustainability and Impact Report (SIR) published in May 2023, a year ahead of the three-year commitment to PCAF. As indicated in its previous SIRs, the Bank's goal over time is to establish the appropriate baseline data for eventual target setting. To progress towards this goal, the Financed GHG Emission calculations in this report are being expanded to incorporate motor vehicle and housing loans under the Bank's consumer loans portfolio. RCBC continued to utilize the resources from PCAF to complete these expanded assessments.

### Methodology

RCBC's GHG measurements remain faithful to **The Global GHG Accounting and Reporting Standard: Part A Financed Emissions (Second Edition)**<sup>44</sup> or the PCAF Standard. The process supports the GHG Protocol Corporate Accounting and Reporting Standard on Scope 3 Category 15. For this report covering Financial Year ending 2023 (FY2023), RCBC retains the scope in covering business loans—listed and unlisted which includes corporate clients and small-medium enterprises.

Consistent with the PCAF Standard, RCBC uses financial control consolidation approach to account for the emissions.

The disclosure in this report has been expanded to include calculations of Financed GHG Emissions associated with the Bank's consumer loans.

Financed emissions calculations cover the following business loans as of end FY2023:

- Corporate Banking Group (CBG) portfolio; and
- High Risk (ERC A) and Medium Risk (ERC B) accounts in the Small and Medium Enterprise Banking portfolio

Financed emissions also covered the following consumer loans as of FY 2023:

- Motor Vehicle (Car) Loans
- Mortgage (Housing) Loans

**Table 1. Key Assumptions and Coverage**

Reporting Scope	66% of total loan portfolio as of December 31, 2023, including 24 borrowers engaged in high E&S risk projects (ERC A)
Business Loan Type	<ul style="list-style-type: none"> <li>• Business loans to listed companies</li> <li>• Business loans to private companies with unlisted equity</li> </ul>
PCAF Methodology Emission Calculation Option – Business Loan Type	<ul style="list-style-type: none"> <li>• Reported emissions</li> <li>• Economic activity-based emissions</li> </ul>
Consumer Loan Type	<ul style="list-style-type: none"> <li>• Motor Vehicle (Car) Loans</li> <li>• Mortgage (Housing) Loans</li> </ul>
PCAF Methodology Emission Calculation Option – Consumer Loan Type	<ul style="list-style-type: none"> <li>• Vehicle-specific emissions (based on vehicle make and model)</li> <li>• Estimated building emissions</li> </ul>
Reporting Period (Financial Data)	Fiscal Year-end 2023
Emission Factor Source	PCAF Database
Overall Data Quality Score (1 as highest, 5 as lowest)	<p><b>Business Loans</b> Scope 1 and 2: <b>3.57</b> Scope 3: <b>3.57</b></p> <p><b>Motor Vehicle (Car) Loans</b> Scope 1 and 2: <b>3.00</b></p> <p><b>Mortgage (Housing) Loans</b> Scope 1 and 2: <b>4.00</b></p>

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

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

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

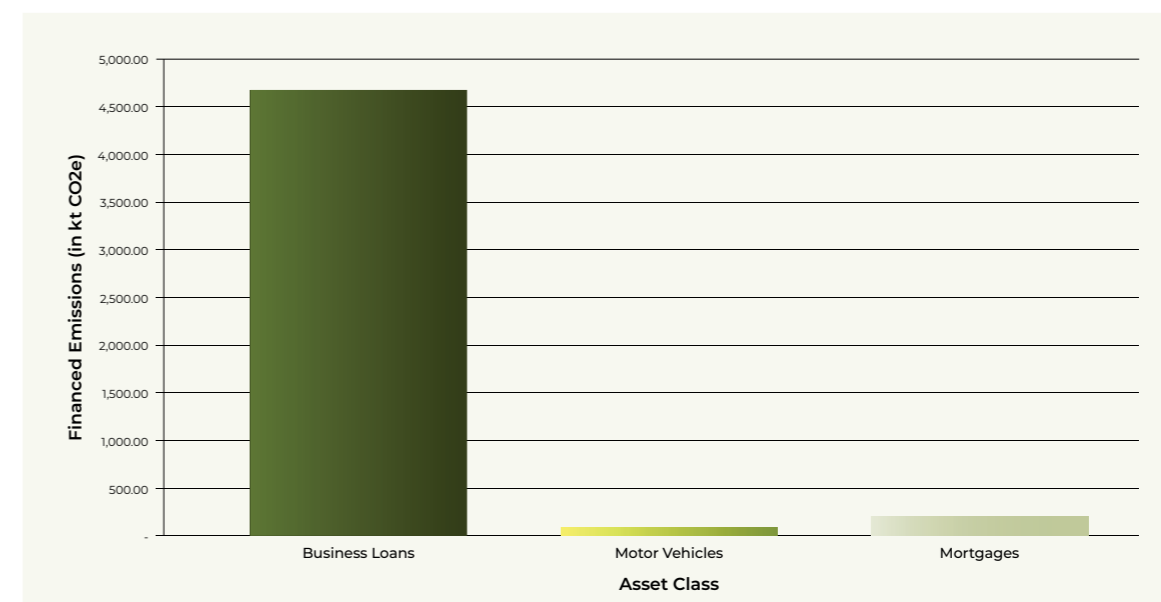
RCBC computed for the weighted data quality score per industry and for the business loan asset class. For this disclosure, majority of our estimated financed Scopes 1, 2 and 3 emissions received a data quality score of 4 as these were primarily derived using revenue data from our borrowers (economic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

Furthermore, the calculations for Motor Vehicle Loans and Housing Loans have consistent data quality score based on the information available to the Bank. Financed emissions from Motor Vehicle Loans received a data quality score of 3 as these were based on the vehicle efficiency and fuel type according to the known vehicle make and model, with distance traveled estimated from regional statistics data. Housing Loans received a data quality score of 4 as the estimated building energy consumptions were derived from the location-specific statistical data (based on building type) and the respective unit's floor area.

**Table 3. PCAF FY2023 Results for 66% of the Total Loan Portfolio**

	FY2023 (amounts in Tonnes CO <sub>2</sub> equivalent or tCO2e)	Breakdown / Applicable Portfolio
RCBC Scope 3: Absolute Financed Emissions (Scopes 1 to 3)	10,641,604	
Scope 1 and Scope 2	4,975,634	<ul style="list-style-type: none"> <li>• Business Loans = 94%</li> <li>• Motor Vehicle Loans = 2%</li> <li>• Housing Loans = 4%</li> </ul>
Scope 3 <sup>45</sup>	5,665,970	Business Loans Only
RCBC Scope 2	9,574	
Absolute Financed Emissions (Scope 1 and 2) versus RCBC Scope 2	520x	
Avoided Financed Emissions	455,611	Business Loans – Renewable Energy Only

**Figure 1. RCBC Absolute Financed Emissions (Scope 1 and 2) for FY2023 across the covered Asset Classes**



<sup>43</sup> <https://www.philstar.com/headlines/2025/03/11/2427462/pagasa-warns-scorching-heat-may>  
<sup>44</sup> PCAF (2022). *The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition*.

<sup>45</sup> Per the PCAF Standard, the Financed Emissions Scope 3 for all sectors is required for reports published starting 2025.

# Environmental Impact

Table 4. RCBC's Estimated Financed Emissions (Scope 3) as of December 31, 2023 for 66% coverage of the loan portfolio

Industry	O/S with RCBC as of end 2023 (Php M)	% TO TOTAL COVERED O/S	Absolute Financed Emissions (tCO2e)		Financed Avoided Emissions (tCO2e)	Economic emissions intensity (tCO2e/USD M)	Average Weighted Data Score	
			Scope 1 & Scope 2	Scope 3			Scope 1 & Scope 2	Scope 3
<b>Business Loans</b>								
Energy	61,465.52	19.56%	3,490,353	1,942,523	455,611	4,912	3.8	3.8
Real Estate Activities	47,154.22	15.00%	10,094	49,730		71	3.7	3.7
Manufacturing	47,269.13	15.04%	694,397	1,099,544		2,109	2.9	2.9
Financial and Insurance Activities	35,994.75	11.45%	11,467	59,052		109	3.9	3.9
Wholesale and Retail Trade; Repair Of Motor Vehicles and Motorcycles	31,101.95	9.90%	314,162	1,842,550		3,853	4.0	4.0
Transportation and Storage	23,408.19	7.45%	52,645	30,427		197	4.0	4.0
Information and Communication	22,244.06	7.08%	12,324	9,222		54	2.0	2.0
Construction	27,638.42	8.79%	49,244	498,189		1,101	4.0	4.0
Water Supply; Sewerage, Waste Management and Remediation Activities	1,117.65	0.36%	341	1,931		113	4.0	4.0
Agriculture, Forestry and Fishing	3,962.72	1.26%	19,480	12,102		443	4.0	4.0
Education	3,133.19	1.00%	1,099	495		28	4.0	4.0
Accommodation and Food Service Activities	2,016.45	0.64%	489	1,132		45	4.0	4.0
Human Health And Social Work Activities	2,391.68	0.76%	12,843	76,165		2,068	4.0	4.0
Mining And Quarrying	2,065.00	0.66%	2,288	1,398		99	2.7	2.7
Arts, Entertainment and Recreation	400.78	0.13%	176	1,721		263	4.0	4.0
Other Service Activities	875.92	0.28%	1,979	12,863		942	4.0	4.0
Administrative And Support Service Activities	921.16	0.29%	98	548		39	4.0	4.0
Professional, Scientific And Technical Activities	35.11	0.01%	5	25		47	4.0	4.0
Activities Of Households As Employers	1,106.07	0.35%	4,660	26,354		1,558	4.0	4.0
<b>Total</b>	<b>314,301.96</b>	<b>100.00%</b>	<b>4,678,145</b>	<b>5,665,970</b>	<b>455,611</b>	<b>1,829</b>	<b>3.57</b>	<b>3.57</b>
<b>Motor Vehicle Loans</b>	<b>39,561.02</b>		<b>90,673</b>			<b>127</b>	<b>3.0</b>	
<b>Housing Loans</b>	<b>91,310.62</b>		<b>206,816</b>			<b>126</b>	<b>4.0</b>	

Figure 2. Business Loans: Financed Emissions per Industry (Scope 1, 2 and 3 in kt CO2e) with Outstanding Loan Balance (Php Billion) as of December 31, 2023

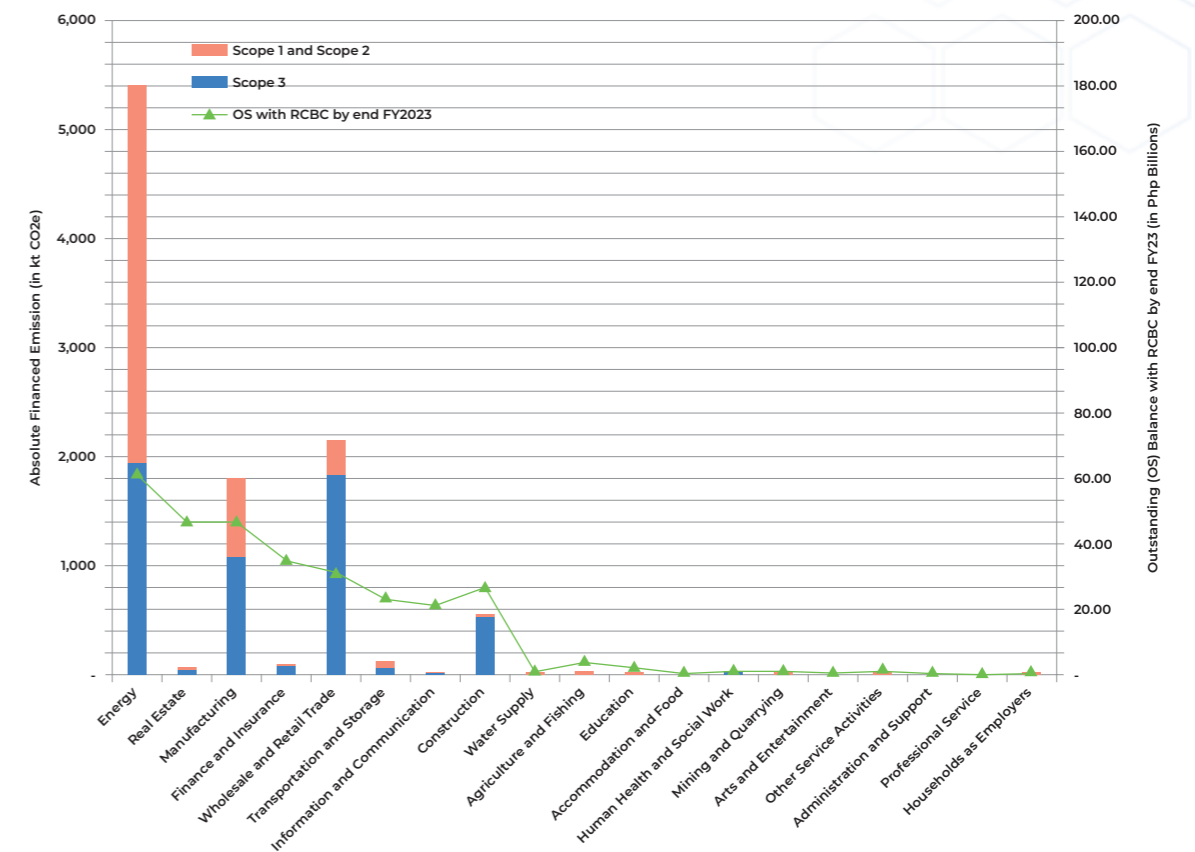
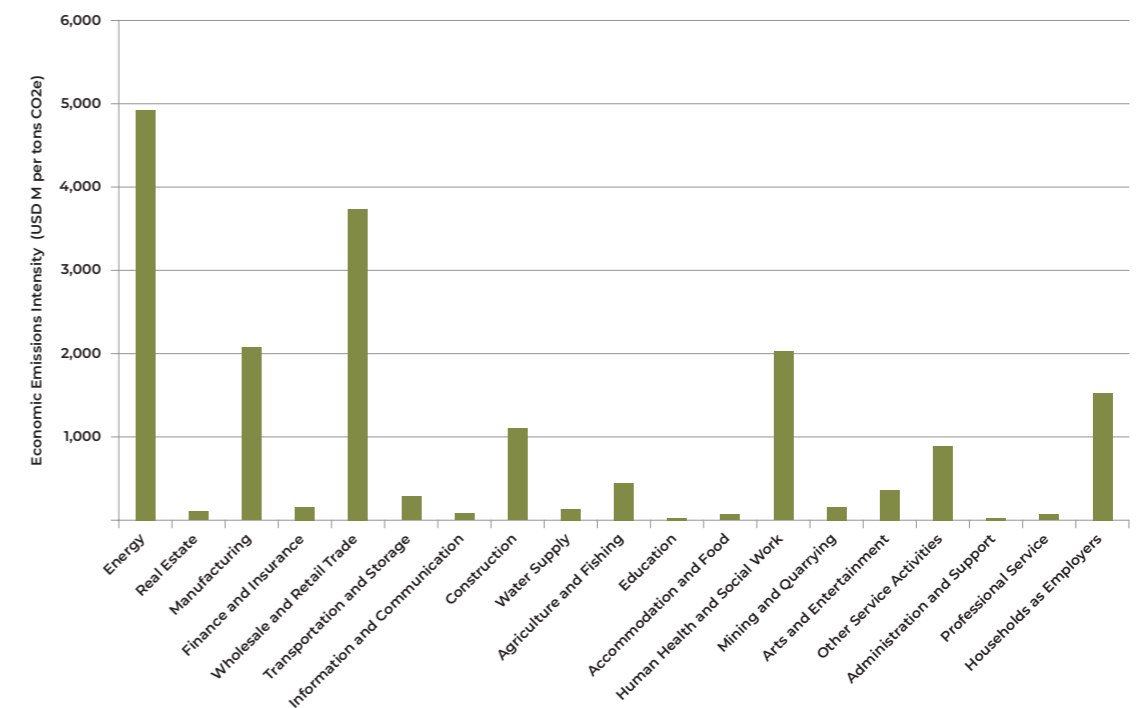
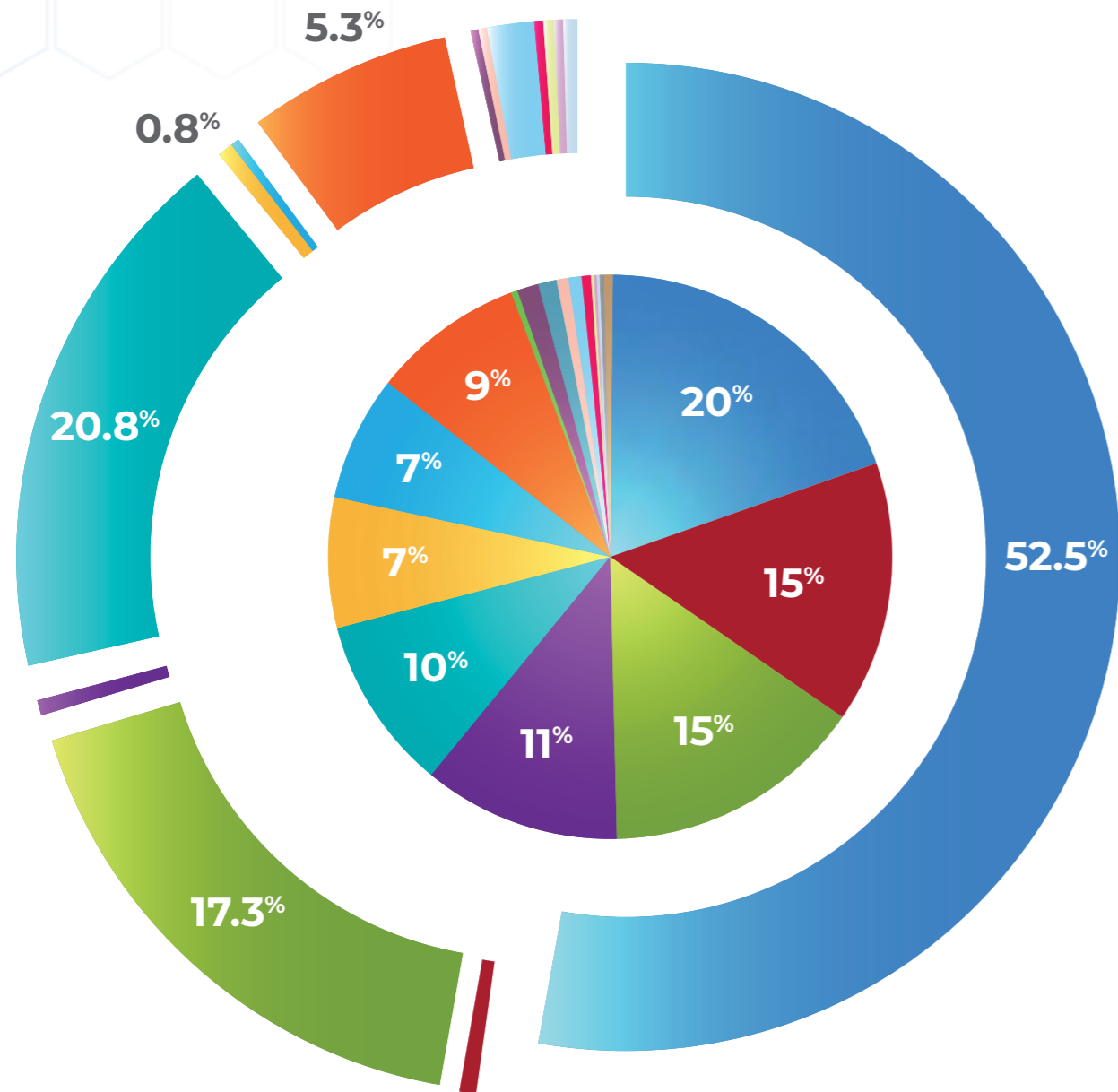


Figure 3. Economic Emissions Intensity for Business Loans as of December 31, 2023 (Scope 1, 2 and 3)



# Environmental Impact

Figure 4. Business Loans: Distribution of FY2023 Financed Emissions (outer) with Total Share of Covered Loan Portfolio (inner) per Industry as of December 31, 2023



- Energy
- Real Estate
- Manufacturing
- Finance and Insurance
- Wholesale and Retail Trade
- Transportation and Storage
- Information and Communication
- Construction
- Water Supply
- Agriculture and Fishing
- Education
- Accommodation and Food
- Human Health and Social Work
- Mining and Quarrying
- Arts and Entertainment
- Other Service Activities
- Administration and Support
- Professional Service
- Households as Employers

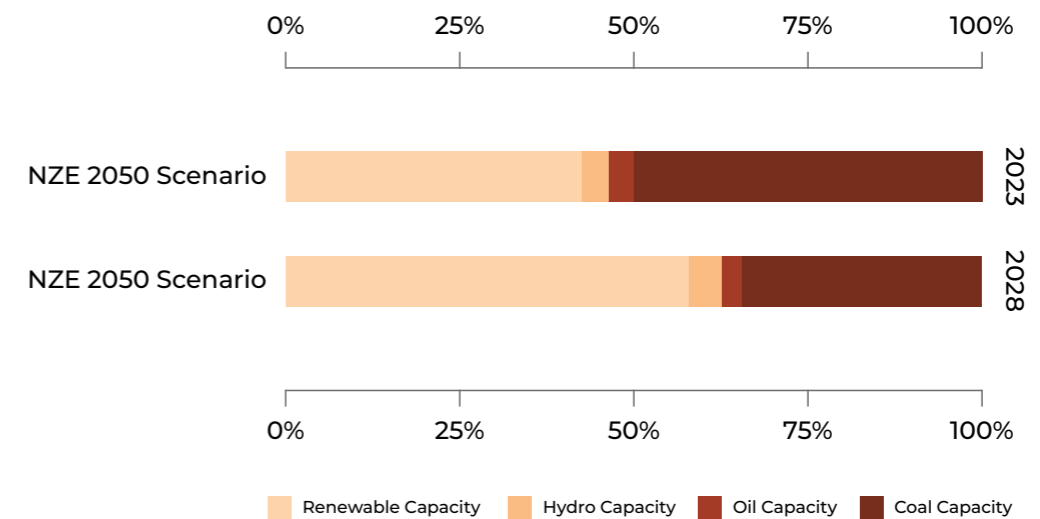
## Way Forward

The results of PCAF calculations on GHG financed emissions for FY2023 follow the updates in the PCAF database emission factors. In recent years, PCAF went through a process of enhancing its references based on more recent information, to improve the quality of data and relevance to its increasing participants. The Bank will continue to perform its carbon accounting/GHG measurement annually in accordance with PCAF's advice and guidelines, with the goal of eventually establishing the appropriate baseline data and sufficient trend analysis for GHG emission target setting.

RCBC's adherence to the quantitative analysis and disclosures based on the PCAF methodology continues to be aligned with its established commitments through the Bank's coal policy statement and support for projects with clear environmental benefits as identified under its Sustainable Finance Framework. With coal power known to release more GHG per unit of energy produced compared to other power technologies, it is expected that RCBC's coal exit strategy by 2031 will significantly reduce the Bank's Financed GHG Emissions. RCBC's strong funding support for RE, on the other hand, would translate to higher avoided financed emissions. Exposures in terms of motor vehicle loans and housing loans, on the other hand, account for minimal share in the Bank's total absolute financed emissions as indicated under Table 3, Table 4, and Figure 1.

Continual measurement of portfolio financed GHG emissions based on the PCAF methodology will eventually enable the Bank to correlate results with those generated through the PACTA and climate stress test models. RCBC's RE portfolio growth strategy remains aligned with the Technology Mix recommendations (per internal PACTA modeling) under the Net Zero Emissions by 2050 Scenario, promoting the increase in RE capacity while reducing coal capacity. (Refer to Figure 5).

Figure 5. 2023 (Actual) and 2028 (Forecast) Technology Mix for the Power Sector





# Social Impact

# Social Impact

## Social Contributions

### People as RCBC's Most Important Asset

#### Employee Management

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

The quality of benefits for full-time employees is a key factor in retaining employees. RCBC has a 17th-month pay for rank-and-file employees, a benefit superior to other peer banks. RCBC constantly improves its employee benefit packages to keep them competitive, to retain employees and to attract new applicants. RCBC immediately adopts all new benefits as mandated by law. For example, RCBC has implemented the new maternity leave benefit, applicable to all employees, announcing it through the Bank's internal network

messaging platform. With this, the Bank's employees know that RCBC is immediately compliant with the new benefits and the Bank encourages qualified employees to avail of these.

Promotion is based on full-year performance and accomplishments are measured through predefined Key Results Areas (KRAs), including the Sustainability KRA.

While not all non-officer employees are members of the RCBC Employees Association, they are covered by the Collective Bargaining Agreement (CBA)<sup>46</sup>. In November 2021, the Bank (not including its subsidiaries) and the RCBC Employees Association peacefully agreed on three-year economic provisions and the five-year non-economic terms of the CBA for the period 01 October 2021 to 30 September 2026.



#### Compensation and Rewards Program

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

- The Bank implements and maintains a sound Compensation and Incentive Program with the following objectives:
  - To establish a basis for determination and management of compensation, salary increase and performance incentives
  - To provide financial incentives through the proper administration of salaries and other means of compensation for each individual to motivate them to do their best on their job
  - To maintain competitive salary levels/structures consistent with those in the banking industry
  - To ensure retention and attraction of performing and key talents in the organization.

- To guide the Bank in managing the compensation levels of its employees, a salary structure was designed and developed using the following parameters:
  - Job Evaluation.** Job Evaluation is a systematic procedure for analyzing, measuring, and classifying positions in terms of common job elements or factors found in every position. The current salary structure is based on the existing job grading system for Officer levels ranging from First Officer up to Senior Executive Vice President. The HRG has the responsibility of ensuring that jobs are rated properly and continuously as they change over time due to reconfiguration of functions or reorganizations.
  - Target Market Group.** The salary structure was based on market data of banks deemed as peers by RCBC. Data on these peer banks are obtained from industry and national surveys conducted by private consultancy companies and trade and employee associations.

<sup>46</sup> The formal grievance escalation and reporting is covered under the Bank's Collective Bargaining Agreement.  
<sup>47</sup> 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)

- Target Positioning Objective.** In terms of target positioning objectives, the Bank receives instruction from Management on the desired positioning in relation with the Target Market Group or the banking industry in general. This positioning is targeted at both the market's guaranteed pay and total annual cash compensation.
- The salary structure is reviewed regularly by HRG to maintain its relevance and competitiveness internally and externally.
- In case surveys and studies reveal that the salary structure is grossly sliding off as compared to the industry or its Target Market Group, it is incumbent upon HRG to come up with recommendations to correct the disparity and to discuss said recommendations with Management.
- Final approval of recommendations about changes in the compensation structure and policies will need to be secured from the Corporate Governance Committee.
- Administration, implementation and maintenance of the Bank's Compensation and Incentive Program shall be the direct responsibility of HRG, particularly by its Group Head, Department Head for Compensation and Benefits and Department Head for Career Management.
- The Compensation and Incentive Program shall be composed of:
  - Basic Pay.** This refers to the employee's monthly take-home pay, exclusive of overtime pay.
  - Guaranteed Pay.** Part of the annual compensation supplementary to the Basic Pay such as the 13th-month pay.

- Variable Pay.** This refers to additional incentives, Merit Increase (for Officers) and Promotional Increase (for Non-Officers and Officers), given to eligible employees based on their contributions to the Bank's overall objectives. Performance evaluation metrics include the Sustainability KRA as a mandatory accountability of each RCBC employee, including Senior Management, with the objective of promoting E&S responsibility among all employees.

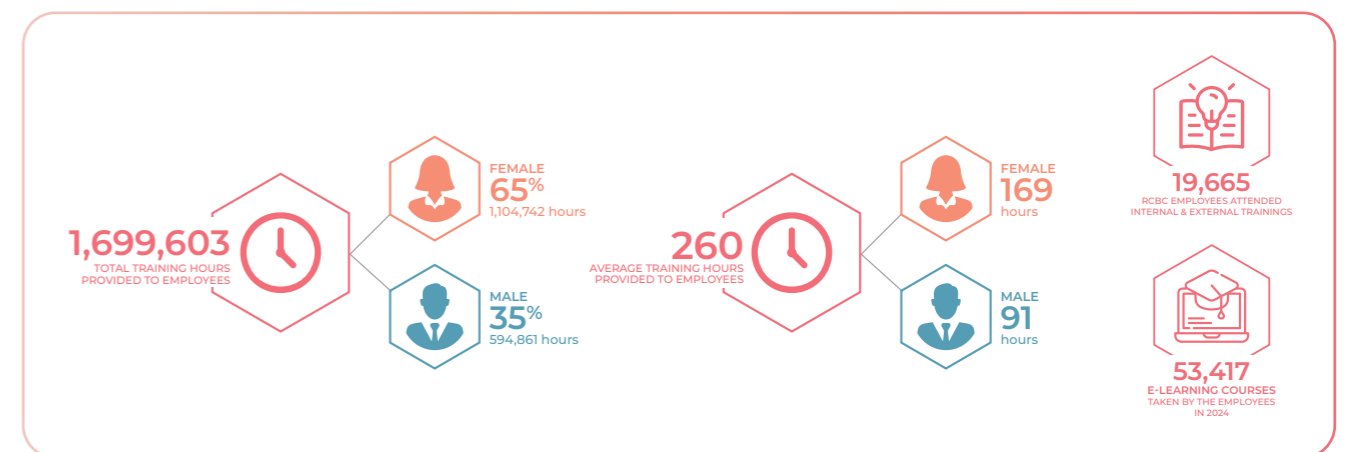
**Employee Retention:** Recognizing the continuing competition for talent, HRG's retention programs have helped manage the Bank's attrition rate at 10.06% in 2024, slightly below industry level.

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

**Human Resource Information System (HRIS):** HRG maintains and manages the Bank's Human Resource Information System (HRIS) where all employee data (from hiring to separation) are inputted and stored. Even prior to the pandemic, the HRIS had already been set-up and available for employees to access offsite. As such, the pandemic did not constrain HRG from providing the best service to employees.

#### Employee Training and Development

The Bank invests in training and developing employees, and upgrading employee skills. It is fully committed to providing learning and development opportunities across all job levels. Management has introduced and offered various training programs and seminars. In 2024, learning sessions were done both online and face-to-face. There were 19,665 attendees to both internal and external trainings. A total of 53,417 eLearning courses were recorded as taken by the employees in 2024.



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 18,254 (internal training) attendees,

addressing the competencies of Leadership, Customer Service, Sales Planning and Management, Product and Technical Knowledge, Risk Management, AML/Compliance. A total of 1,411 employees were also sent to various external training programs, including eLearning courses offered by external providers.

# Social Impact



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. Its commitment to upskill the knowledge and capabilities of its employees so they can be ready to face the changes in the business landscape were supported by the following initiatives:

- TOPGUN, (Treasury, Operations, Products, Governance, Underwriting, and Innovation), RCBC's part-time management training program, was also launched in 2024. It aims to provide participants with a broader view of the entire bank, helping them become well-rounded professionals. There were 30 officers who graduated from the program.
- For the branches, these new programs were designated and rolled out, with the goal of providing and enhancing required competencies:
  - Continuing Program for Service Managers, Service Officers and Associates: 181 attended
  - Branch Service Manager Program: 32 attended
- Acceleration Program that serves a refresher course on technical topics to update their knowledge of identified modules for their role. The acceleration program had the following tracks: SA (Service Associate) Acceleration, SO (Service Officer) Acceleration, SM (Service Manager) Acceleration, and RO (Reserve Officer) Acceleration. The program is a combination of self-study materials with learning checks, and modules conducted at the district level. The topics include: Advanced AML and Red Flag Detection, Corporate and Legal Documents, Check Clearing, Consumer Loans, and Trust Operations. A total of 1,414 service personnel completed the acceleration program.
- For the Bank's Senior Leaders, the following were organized:
  - Cybersecurity (2 modules): Introduction to Cybersecurity and the Threat Landscape, and Cybersecurity Governance and Regulatory Compliance. This was attended by 18 senior leaders. During the annual Senior Management planning,

3 learning sessions were also arranged. A total of 36 attended Accelerating Innovation in Banking: Leveraging AI and the Philippine Development Plan 2023-2028, Climate Ambition to Action: Our Collective Journey to NetZero, and Applying FMCG Digital Marketing Strategies to Consumer Banking. As part of upskilling their digital skills, a Coding course, from Data to Insights was attended by 23 senior leaders who learned how to code using Python.

- The RCBC Internship Program was launched in 2023. The program ran for eight weeks, and allowed 3rd and 4th year students from the top universities of the Philippines to gain experience in the field of banking. The program was designed in a way that would expose the interns to different bank processes, clients, products, and other day-to-day activities, and allow them to apply the knowledge that they gained in a practical manner. It also provided the interns with program-related and career-related work experience, as they were assigned to areas that aligned with their respective courses.



The RCBC University marked several milestones in 2024:



### RCBC Leadership Academy

- These management training programs were completed: the Digital Excellence and Leadership Academy (DELTA – the rebranded Officers Development Program) with 15 graduates, and with one graduate proceeding to the DELTA-CODEX, the leadership development program of Regulatory Affairs Group.
- Three runs of the SRO (Service and Reserve Officer) Bootcamp were completed and produced 63 new branch service officers.
- Four runs of the BRO (Branch Relationship Officer) Development Program were completed and produced 61 new branch sales officers.

### RCBC Digital Academy

- These courses launched in 2021 as part of the Bank's Digital and Customer Centricity Culture Transformation continued to be offered:
  - Design Thinking: 98 employees attended
  - Agile Scrum Project Management: 126 employees attended
  - Virtual Consultative Selling: 81 employees attended
  - Fintech Foundation Program Flex, an online, self-paced program offered by 10x1000.org: 601 employees completed
- Digital Marketing Certification: completed and attained by 12 officers

### RCBC CX Excellence Academy

- CX Fundamentals Training, a staple program where all new hires are invited to attend, had a total of 822 attendees
- The Retail Banking Group launched CX 2.0, where case studies on the application of CX is discussed. Two cases were finalized and conducted in 2024, with 649 attendees for case study 1 and 262 for case study 2.
- The CX Award for Customer Excellence (ACE), on its third year, was given to 7 individuals and 5 groups.

### Other Trainings

For the Corporate Banking Group, aside from the staple MA Track and Core Credit Course, the following new programs were launched: Credit Facilities and Packaging, attended by 75 employees, and 5C's of Credit: a Practical Application, attended by 48 employees.

In 2024, the Bank required its employees to attend the four e-Learning programs launched: Code of Conduct, Information Security, Anti-Money Laundering Act (AMLA), and Data Privacy eLearning.

In compliance with the BSP directive to have all UITF-Selling Personnel accredited, the Bank conducted 4 review sessions to prepare those who will take the Trust Officers Association of the Philippines (TOAP) accreditation. A total of 180 employees attended the review sessions and 160 were registered with TOAP to take the accreditation exam.

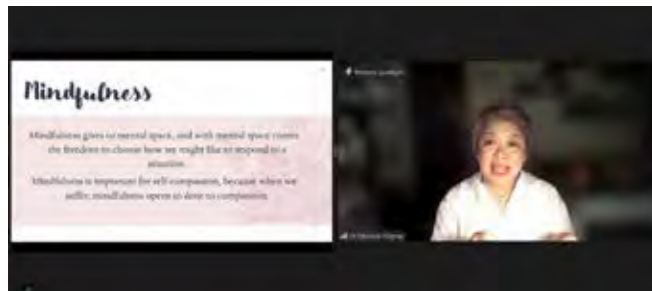
The Bank also conducts regular trainings and examinations to ensure that all employees (from senior management to rank and file) and those with direct contracts with RCBC are familiar and reminded of the Bank's anti-corruption policies.

Under the Bank's Corporate Governance Framework, the Board of Directors is provided with the Annual Continuing Training Program. This is a mandatory program which aims for the directors to be continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance, matters relevant to the company, including audit, internal controls, risk management, sustainability, and strategy. The annual continuing training shall be at least for four hours. The program offered for Corporate Governance in 2024 is Transforming Boards to Succeed in a World of Disruption.

# Social Impact

As part of safeguarding the well-being of employees, the Bank continued to offer “Your Well-Being Matters” webinar, with our resident expert Dr Michele Allignay. The following webinars were offered in 2024:

- Compassion and Mindfulness: 437 attendees
- Don't Let Stress You: 338 attendees
- Parenting the Parent: 331 attendees
- Creating Healthy Boundaries: 170 attendees



In addition, 20 wellness talks were organized, and was attended by 2,050 employees. Topics include: Resilience, How to be fit, and Sleep and Circadian health.

New programs were also developed to address self-mastery and personal leadership:

- GRIT: Empowering our Gen Z Partners” to help Gen Z employees navigate and adjust to their work environment. This was attended by 177 employees.
- “Lead from Within: Elevate your Vision, Influence, and Action” for junior leaders was attended by 164 employees.



## True Partnership Towards Success

The tireless efforts of RCBC’s more than 6,000-strong workforce continue to make it the fifth-biggest private domestic bank in the country.

In the past few years, the Bank received numerous awards from various prestigious local and international organizations, particularly for its foray into the digital banking space. These awards include its “three-peat” award for “Best Bank for Digital” from Asiamoney from 2020 to 2023 and the “Best Financial Inclusion Initiative/Application” award from The Asian Banker.

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

For two consecutive years (2024 and 2025), RCBC was recognized in the Best Employers List by the Philippine Daily Inquirer and Statista, a German market research firm and one of the world’s leading data and business intelligence portal. The Best Employers List annually features a total of 300 companies and government agencies ranked according to how their performance as employers is perceived by their employees. RCBC is currently ranked 67th, a significant jump from 214th in 2024. Within the local Banking and Financial Services industry, it belonged to the Top 3.

Focused on how well employers are perceived by their employees, the yearly survey based its results on how respondents rated their own company or others within their industry that they could confidently recommend to friends and family. The survey seeks to find out from the employees themselves if a company or institution truly takes care of its own people and lives up to the public persona it cultivated.

Amid the challenging operating environment that persisted, RCBC achieved multiple awards in almost all major industry categories. Customer ratings showed its Net Promoter Scores (NPS) for key products are between 65 and 73, considered “great” in the NPS scale while the employee attrition rate remained better than industry’s.

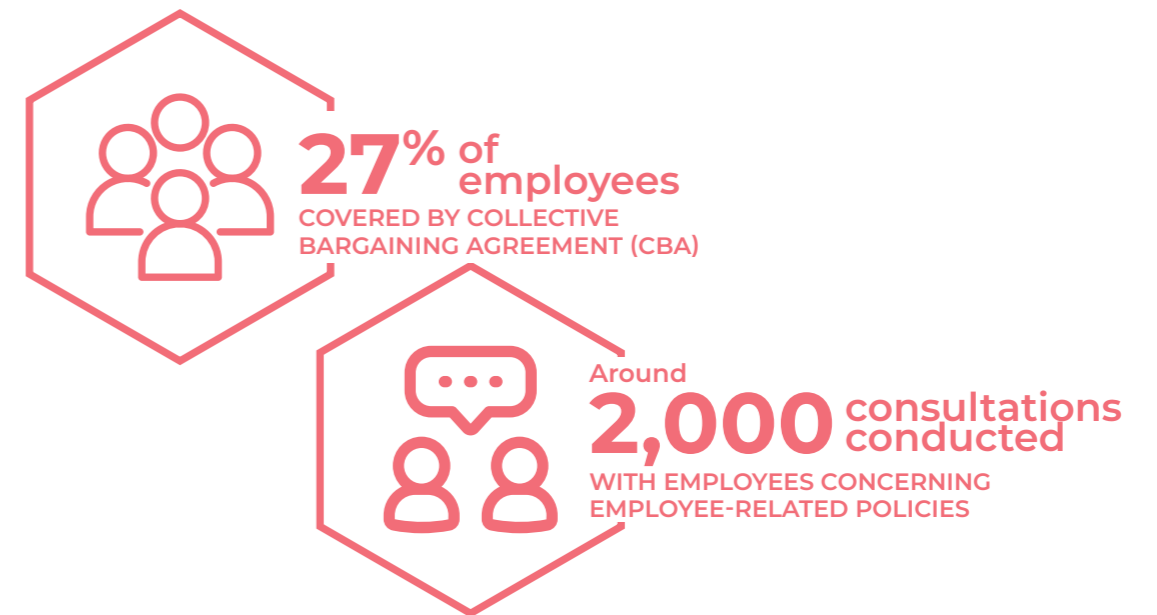
RCBC and its employees emerged as a stronger, better-skilled team, ready to face new challenges with a newfound zest to continue the Bank’s good work for its clients and stakeholders.

## Labor-Management Relations

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

Management treats every issue raised by an employee as an opportunity to explain the nuances of the situation they are faced with. Management also welcomes the opportunity to show employees that its actions and decisions are done for the benefit of the organization.

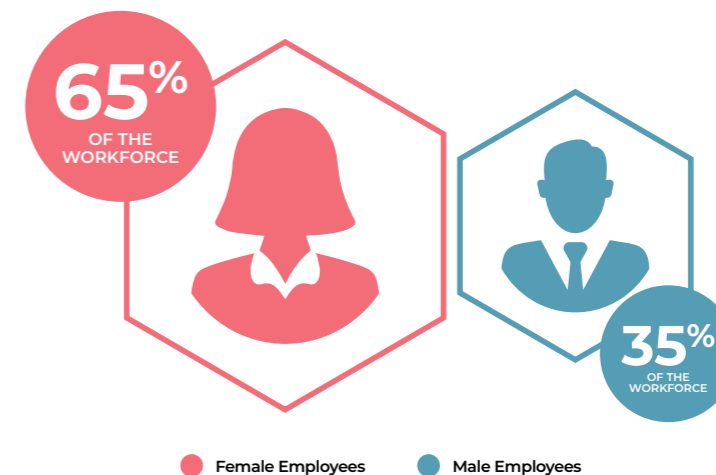
RCBC has a union of rank-and-file employees, which negotiates with Management for a Collective Bargaining Agreement (CBA) every five years. This shows that, hand-in-hand, Management and the union regularly evaluate and update the salaries and benefits of employees. Every negotiation (in at least the past 15 years) has been peaceful and fruitful.



## Diversity and Equal Opportunity

RCBC gives equal opportunity for all. When an organization actively promotes diversity and equality at work, it can generate significant benefits for both the organization and workers, such as access to a larger and more diverse set of potential workers. As the numbers show, RCBC employs more women than men, indicating the opportunity that the Bank actively promotes diversity and equality at work.

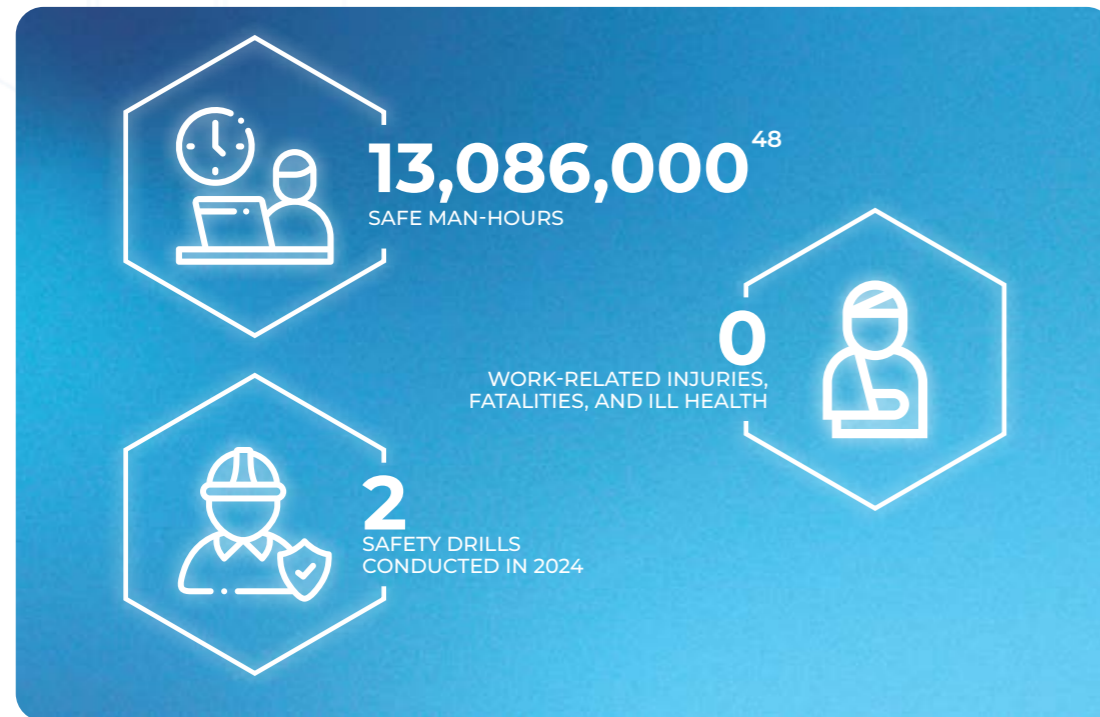
RCBC gives equal opportunity for all, not only in hiring, but also in advancement and attaining positions of senior leadership. Promotion is based on performance, as accomplishments are measured through predefined KRAs, including the Sustainability KRA.



# Social Impact

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety



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

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

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

- **Substance Abuse and Health & Safety Policies:** Employees who work while under the influence of drugs or alcohol present a safety and operational hazard to themselves and their colleagues as well as pose a risk to the trustworthy and professional image of the Bank. The Bank also promotes the health and safety of its employees and their families, thus, the enactment of the following policies:
  - RCBC's Drug-Free Workplace Policy & Programs
  - Policy Against Alcohol Abuse
  - Policy on Off-Duty Substance Abuse
  - Family Welfare Policy
  - TB Workplace Program
  - HIV/AIDS Workplace Program

- **Inspection & Search Procedures:** Employees are mandated to notify security personnel if they see anything suspicious, including the presence of strangers and unattended bags or packages on the premises. Employees are likewise mandated to subject themselves, their personal belongings and the Bank assets under Bank custody to intensive inspection and search procedures by security personnel, upon entering, while within and upon leaving Bank premises. Bank premises include parking lots, whether owned or leased by the Bank. Personal belongings shall mean pockets, bags, storage media, cars and any other personal property that may be used as repository of cash, jewelry, documents, keys, data and other valuable items.
- **Employee Welfare and Well-Being:** In 2024, 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: 2,457 availments for employees and 1,365 availments for dependents
    - Executive Check-Up for employees: total cost of Php18.6 million
    - Outpatient consultation services for employees: 17,764 availments

### 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.

The implementation of the Sustainability Attestation Compliance for Vendors is part of the accreditation requirements which covers the above attributes. This initiative makes possible the profiling of the key vendors efforts, to measure, set goals and to improve visibility on sustainability compliance that will facilitate follow-up of improvement in actions.

The aim is to achieve a better assessment of the current sustainability-related performance of YGC's key vendors through data gathering and baselining using the Vendor Sustainability Attestation Form, to check the compliance and current initiatives of the vendors on the sustainability attributes as to Economic, Environmental, Social and Ethical/legal. Vendors are assessed for a range of criteria, including risk incidents (such as bribery, coercion, and corruption).

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

In 2024, the Bank enhanced and implemented the following policies and procedures:

- **Vendor Accreditation:** This is to ensure that accredited vendors are capable of providing products and services to satisfy the minimum acceptable quality and reliability requirements of the Bank and that all accredited suppliers have proven track record, viable financial position and promoting sound and ethical business practices
- **Vendor Performance Evaluation:** This is to establish an efficient and effective mechanism to measure, analyze, and manage YGC vendor's performance in an effort to optimize costs, minimize risks, and drive continuous improvement

- In partnership with Sunlife Grepa Financial Inc., the Bank provides free clinic check-up and consultation services at the RCBC Plaza (more than 437 availments in 2024) and at the A. T. Yuchengco Centre in Bonifacio Global City (more than 1,103 employees availed).
- 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
- Flu vaccination for employees
- Maintenance of operational breastfeeding stations for nursing associates
- Precautionary measures: Management recognizes the precarious situation of employees in areas affected by natural calamities and man-made adversities. It has always been keen to immediately issue work suspension orders in such perilous areas during fortuitous events.
- All associates are covered with a life insurance policy inclusive of accidental death, total and permanent disability and burial assistance benefits.

The Bank spent more than Php217 million in 2024 for health benefits of employees and their dependents.

### Labor Laws and Human Rights

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

RCBC has the following labor policies in place:

- **Forced Labor:** All newly hired employees sign a contract stating that they agree to the terms and conditions of their employment. The Bank does not employ forced labor.
- **Child Labor:** RCBC's Recruitment Policy requires that we hire college graduates, at the minimum. The Bank does not employ child labor.
- **Human Rights:** Existing Philippine laws set expectations and standards that disallow violations of and promote human rights. RCBC abides by these laws.

In 2024, there were no legal actions or employee grievances involving forced or child labor filed against the Bank.

<sup>48</sup> Estimated at 6,543 employees working 8 hours per day over 250 working days

# Social Impact



RCBC initiates due diligence as early as possible in the development of a new relationship with a supplier. Impacts may be prevented or mitigated at the stage of structuring contracts or other agreements, as well as via on-going collaboration with suppliers. Employees are also bound by the Bank's Code of Conduct and Conflict of Interest Policy to lay out acceptable behaviors in dealing with stakeholders. Copy of the Code of Conduct and information on certain policies may be accessed at the RCBC website<sup>49</sup>.

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

1. 100% compliance with Sustainability Vendor Attestation for Primary/Active Vendors for 2024. This improved visibility on vendor's sustainability compliance and performance for easy follow-up of improvement actions and collaboration on sustainability initiatives to facilitate identification of priority areas.
2. Enhanced and implemented the Vendor Accreditation Policy. The new policy will ensure that all accredited suppliers have proven track record, viable financial position and promote sound and ethical business practices. The policy will cover the different stages of accreditation as to: (1) Vendor Sourcing; (2) Vendor Registration & Pre-screening; (3) Vendor Pre-Qualification; (4) Vendor Technical Assessment; (5) Facilities Inspection; and (6) Final Recommendation.
3. Enhanced and implemented the Blacklisting Policy. The enhancement will address promptly instances of unsatisfactory performance, illegal practices and violations committed during any vendor business engagements, while providing a comprehensive and balance blacklisting policy and guidelines
4. Enhanced and implemented the Vendor Performance Evaluation Policy to ensure that accredited vendors are capable of providing products and services that will satisfy the minimum acceptable quality and reliability requirements of the company

5. Enhanced Facilities Inspection parameters for applicable categories. This covers the actual inspection and checking of Vendor's general facilities, equipment availability, tools and machinery, safety and protection, availability of workforce, regulatory compliance and permitting, sustainability programs, risks identification and mitigation plans as applicable to contractors depending on the criticality and complexity of the service or as required by the Business Units. This may not be applicable to all vendor service offerings.
6. Inclusion of RCBC's and other YGC companies' plans and strategies pertaining to sustainability to ensure that suppliers are compliant with RCBC's sustainable practices.
7. Expansion of the scope of third-party risk assessment process for 2025 to cover the evaluation of cybersecurity and supply chain disruption risks through the following programs:
  - a. Cyber Risk assessment will be part of the vendor management process starting on vendor data collection through Cyber Security Assessment questionnaire. This is applicable to Vendors who have access to the critical assets of the Company and those Vendors who provide critical IT services to the Company.
  - b. Establishment of a centralized supplier risk monitoring dashboard for vendors involved in the critical areas of the supply chain. This will also facilitate the recording and continuous monitoring of risks associated with vendors.
  - c. Enhancement of the Vendor Performance Evaluation process by incorporating the results of supplier risk monitoring and defining the comprehensive metrics for each vendor assessment criteria to facilitate a more effective and objective evaluation.

## Social Contributions

### Relationship with Community

Operations with significant (positive or negative) impacts on local communities	Location	Vulnerable groups (if applicable) <sup>50</sup>	Does the particular operation have impacts on indigenous people?	Mitigating measures (if negative) or enhancement measures (if positive)
RMB Micro & Small Business Loans & Savings Products	Available in key areas in Luzon, Visayas and Mindanao with a total of 16 branches and 12 branch-lite units.	RMB is RCBC's thrift bank	Yes. RMB serves the unbanked and underserved markets in the Philippines, including the unbanked agricultural communities and low-income sectors	<ul style="list-style-type: none"> <li>• A partnership with Franklin Baker Philippines enables RMB to finance the supply chain of coconut farmers and traders so they can recover their capital faster and deliver more goods to Franklin Baker. In 2024, RMB disbursed Php726.7 million in loans to at least 30 borrowers.</li> <li>• RMB continues to offer the BDA<sup>51</sup> 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. From these agents, RMB was able to disburse more than Php 50 million in loans to micro enterprises.</li> <li>• Other products offered by RMB include AgriBiz Loan (for agri value chain players such as producers and growers), the Small Biz Lite (for micro and small business entrepreneurs).</li> </ul> <p><i>Refer to details under Economic Performance.</i></p>
DiskarTech: a financial inclusion mobile-based application	Mobile-based	An inclusion application that mainly targets class C, D, and the unbanked sector	Yes. DiskarTech is an inclusion application that targets the unbanked and underserved Filipinos nationwide, especially those who live in grassroot communities.	<p>DiskarTech also offers the BDA deposit product.</p> <p><i>Refer to details under Economic Performance.</i></p>
ATM Go	Handheld ATM Terminals in 82 provinces nationwide	An inclusion application that mainly targets class C, D, and the unbanked sector. This was instrumental to the government's distribution of funding assistance.	Yes. ATM Go is an Inclusion application that targets the unbanked and underserved sector.	Expanded coverage nationwide and is available through sari-sari stores, pharmacies, rural banks, grocery stores, bakeries, and pawnshops.
Credit Risk Database (CRD) project of the BSP for SMEs.	Created out of a collaboration between the BSP and Japan International Cooperation Agency (JICA) to establish a Credit Risk Database (CRD) for SMEs in the Philippines	The CRD project aims to improve the access of SMEs to bank financing and support a post-COVID recovery scenario, especially since more than 70% of MSMEs in the Philippines were forced to close a month after the outbreak.	Yes, the CRD project is an inclusion application for the underserved sector. The CRD project gives long-term support to MSMEs to reduce their dependence of financial institutions on collateral when granting loans	The CRD is an ongoing risk-based lending project which uses a statistical scoring model that assesses the capacity of SMEs to repay their loan.

<sup>49</sup> RCBC. Corporate Governance. <https://www.rcbc.com/corporate-governance>

<sup>50</sup> 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)  
<sup>51</sup> The Basic Deposit Account is a financial inclusion deposit product of the BSP which meets the need of the unbanked and low-income sector for an affordable and easy-to-open account. It has a low-opening amount of Php100.00 or less, no maintaining balance, no dormancy charges and simple identification requirements.

## Social Impact

In 2024, there were no Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational.

RCBC empowers communities and families towards financial inclusion. RCBC's presence in communities facilitates access to capital in the local economy, spurring economic growth and employment generation.

### Initiatives in Local Communities in 2024

#### • YGC Earth Care Project: A 100-Hectare Reforestation Project in Sierra Madre

The Yuchengco Group of Companies (YGC) seeks innovative solutions that are not only meaningful, but sustainable. It is for this reason that the YGC Earth Care project was born — a reforestation and watershed protection program in partnership with the DENR and the Indigenous People (IP) of Tanay, Rizal. It covers a sprawling 100 hectares of denigrated forest land at Mt. Bangkaan, right in the heart of Sierra Madre.

The first three phases in 2011 to 2014 covered 58 hectares, where native tree saplings including narra, acacia, kupang, and molave were planted. Nearly 14 years later, Mt. Bangkaan is now teeming with life, as most of the trees that were planted have now grown as high as 30 feet, providing the much-needed forest cover to promote biodiversity in the area.

In 2022, Phase 4 was undertaken to cover the remaining 42 hectares, and complete the 100-hectare commitment. YGC adopted the agro-forestry model to address both environmental and socio-economic objectives. A total of 6,000 high grade saplings, including Guimaras mango, RCF avocado, Haitian star-apple, Bangkok santol, and R5 rambutan.

Today, most of the fruit trees are now 7 to 9 feet tall. In the next three to five years, these trees will start to bear fruits, and from thereon, the IPs will start to have a sustainable cash income stream from the various fruit harvests of the trees that were planted and nurtured by each IP partner.

#### • YGC Christmas Fund Drive

The Alfonso Yuchengco Foundation (AYF) organized a donation drive encouraging all YGC employees to donate. The funds collected will be used for grocery gift certificates to the communities who need it most in Metro Manila. AYF received total donations of over Php12 million in the 2024 YGC Christmas Fund Drive.

### Customer Management

#### Customer Satisfaction

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

In compliance with BSP Circular Nos. 857 1048, 1160 (BSP Regulations on Financial Consumer Protection), and BSP Circular No. 1114 (Guidelines on Reputational Risk Management), the consumer protection standards and practices as defined in the Bank's FCP Framework are duly observed and embedded in the conduct of its business operations, creating a stronger corporate culture and commitment towards upholding fair treatment of customers at all stages of their business relationship with the Bank.

The FCP Framework revolves around the core principles of consumer protection, namely: 1. Disclosure and transparency; 2. Protection of client information; 3. Fair treatment; 4. Effective recourse; and 5. Protection of Consumer Assets against Fraud and Misuse. The FCP Framework is generally composed of the following:

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

The RRM Framework is set out to address prudential requirements in managing reputational risk of the Bank.

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

RCBC also provides its financial customers with accessible means for resolving complaints with their financial transactions. Guided by the Bank's complaints handling and escalation procedure, Consumer Assistance Officers (CAOs) are designated to handle customer complaints in various units, offices and business centers, including its subsidiaries.

RCBC has further strengthened its Consumer Assistance Mechanism with a 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 Reputational Risk Department (RRD), formerly Consumer Protection Unit, on a monthly basis. RRD ensures that customer complaints received from various channels are consolidated and analyzed to ensure that material risks are subjected to root cause analysis to determine systematic complaints requiring immediate resolution by the 1st line business

centers and/or business units. A management report on customer complaints is submitted to the ROC on a regular basis and discussed with targeted groups through monthly or quarterly forums (i.e. Branch Services Operational Risk Forum (BSSORF), Digital Enterprise & Innovations Group (DEIG) Forum, Transaction Banking Group (TBG) Forum, Consumer Lending Group (CLG) Forum, Deputy Operational Risk Officer (DORO) Forum).

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

RCBC has an established feedback mechanisms via the following:

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

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

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a self-paced certification that sets the global standard for Certified CX Qualifications. CX is one of the newest and fastest growing disciplines in the corporate world and is proven to help companies like RCBC grow their business by retaining customers, increasing new business sales and reducing the cost of serving customers.

#### Product Health and Safety

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

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

The ESMS Policy of RCBC subscribes to IFC's Performance Standards which include the evaluation of the borrower's practices to promote health and safety (Performance Standard 2 Labor and Working Conditions). Under Performance Standard number 2, the borrower's operations are assessed in terms of effective promotion of safe and healthy working conditions.

In 2024, 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
- Disclosure of the fact that the Bank is a regulated entity and that the name and contact details of the regulator are indicated.

# Social Impact

Regular updates on communication materials, including website, point-of-sale materials, and social media materials are made. For product updates that will impact fees, rates and other features, a minimum 60-day notice is given to customers prior to implementation. Other promotional updates and offers are delivered to clients who subscribe to receiving marketing communication from the Bank on a regular basis through Electronic Direct Mailers (EDM).

Business units that develop products and provide services coordinate with the Bank's Learning and Development Department on the design and execution of product/service programs. Bank staff, specifically those who interact directly with customers, receive adequate training suitable for the complexity of the products or services they sell. All Bank personnel that interact with customers are equipped with the knowledge on the structure and implementation of the Bank's complaints handling mechanism. A Customer Experience or CX Council also meets on a monthly basis to help address customer pain points and find solutions to make customers' transactions with the Bank an excellent customer experience.

No complaints attributed to marketing and labeling were recorded in 2024.

## 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 communicates any changes in data protection policies or measures to customers directly.

Under the supervision of the Chief Compliance Officer (CCO), the Bank's Data Protection Officer (DPO) is accountable for ensuring compliance with applicable laws and regulations for personal data protection. The DPO develops, maintains, and promotes the effective implementation of the Bank's Data Privacy Policy. The DPO regularly reports to the Audit and Compliance Committee (ACC) of the Board of Directors. The ACC performs oversight functions over the Compliance Office, and consequently, over the DPO. The Data Privacy Policy and its subsequent revisions are approved by the ACC and confirmed by the Board. The Bank is committed to collect user data through lawful and transparent means, with explicit consent to the data subject where required.

The Bank is committed to implement leading data protection standards in order to take care of the employees' personal data. Data Privacy is discussed upon onboarding of all employees of the Bank. E-Learning modules are also provided to ensure all employees are updated of changes in the regulations, as applicable. Privacy bulletins are also regularly issued to provide tips and reminders on best practices. The policy and e-learning materials is reviewed at least every two years, or earlier as applicable. Under the Bank's

Privacy Notice, the Bank values its customer's privacy and believes that each customer is entitled to know the ways the Bank processes their personal information. The Bank informs in substantial detail exactly how, what, and why personal data are being collected, used, retained, shared, disposed, accessed, and corrected, through the Bank's privacy notice. The notice is stated in clear and simple terms to ensure it is highly readable and usable to the greatest extent possible. It is posted not only in the Bank's website but in all of the Bank's branches, lending centers, and other areas where personal data of customers are being processed.

RCBC ensures that privacy policies are updated and cascaded, and privacy notices are posted where appropriate (i.e., RCBC website, Branches). The Bank continuously conducts regular trainings and seminars to equip employees (from senior management to rank and file) and those with direct contracts with RCBC and educate them about the importance of customer privacy. Awareness campaigns are implemented regularly through the issuance of data privacy bulletins.

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



## 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
- To provide an end-to-end guidance on how to manage information security risks, beyond purely technical control measures;

- To establish a risk profile to better understand the Bank's full exposure, and better utilize its resources
- To integrate the management of information security risk into the overall enterprise risk management of the Bank
- To implement and continuously improve a sound framework for the identification, measurement, control, monitoring, and reporting of key risks faced by the Bank

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

The Bank acknowledges and upholds the rights of data subjects, as stipulated in the Philippines' Data Privacy Act (R.A. 10173). To facilitate the exercise of these rights, the Bank provides an Online Privacy Contact Us Form, which is readily available in its Data Privacy Notice on the website. This form serves as a convenient means for data subjects to assert their rights and communicate any concerns to the Bank's Data Privacy Office.

The Bank's Data Privacy Office, which operates within the Compliance Operations Division of the Regulatory Affairs Group, provides the Audit and Compliance Committee (ACC), a Board-level Committee, with updates on regulatory matters concerning Data Privacy. This includes information on policy changes, modifications to the risk management framework, outcomes from Privacy Impact Assessments, and any privacy incidents that may require escalation, particularly those that could significantly affect the Bank due to the damages incurred from privacy-related risks.

RCBC has zero tolerance for information security/cyber security breaches. In 2024, there were no recorded data breaches, including leaks, thefts and losses of data.

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

- Multi-layer IT defenses including threat intelligence/assessment, prevention, detection and remediation
- Identification of information assets including both hardware and software that are considered essential to the Bank
- Assistance to business units in identifying risks in information assets being handled
- Implementation of risk assessment to determine current information security risks and threats present in the information assets, determine acceptable risk levels, and implement preventive measures to mitigate potential high risks
- Constant information security awareness campaigns across the Bank that will strengthen the level of appreciation of its associates in protecting information assets
- Close monitoring of information security related incidents through accessible and timely reporting processes

The Bank's Data Privacy Policy mandates the conduct of training sessions or seminars aimed at ensuring that employees and personnel remain informed about developments in data privacy and security. As part of RCBC's employee onboarding process, all newly hired employees are required to complete data protection training prior to employment. The Bank continuously conducts regular trainings and seminars to equip employees (from senior management to rank and file) and those with direct contracts with RCBC on the importance of data security.

The Bank's Information Security Governance Division (ISGD) has an Information Security Strategic Plan (ISSP) and Information Security Program (ISPr) aligned with the business objectives of the Bank. ISGD also establishes governance-specific policies, standards, and procedures for information security risk management, conducts trainings and issues advisories to increase information security awareness, and performs the Information Security Risk Assessment (ISRA) and Information Security Annual Certification (ISAC) for the whole Group to manage, identify, and address information security risks.

To address incidents when they occur, RCBC has an extensive cybersecurity incident response plan and a business continuity plan that considers the business impact analysis of each critical system and process. These are regularly tested through tabletop exercises and transfer of operations to the disaster recovery site.

RCBC's information security management system is based on the National Institute of Standards and Technology (NIST), ISO27001 and Payment Card Industry Data Security Standard (PCI DSS). The Bank's cyber security personnel have obtained the following qualifications: CISM (Certified Information Security Manager), CDPSE (Certified Data Privacy Solutions Engineer) and CPISI (Certified Payment Industry Security Implementer).

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

The Bank has established a procedure for managing Personal Data Breaches and for reporting such incidents to the National Privacy Commission (NPC). This procedure complements the Bank's Information Security Reporting Process and ensures that personal data breaches (e.g., unauthorized access, use, disclosure, creation, modification, or destruction of personal data) are reported promptly to facilitate timely corrective measures.

Should notification be warranted, the Data Protection Officer (DPO) will notify both the NPC and the affected data subjects. This notification will provide the needed information and will be sent within 72 hours upon knowledge of, or when there is a reasonable belief by the Bank that, a personal data breach requiring notification occurred.

# Social Impact

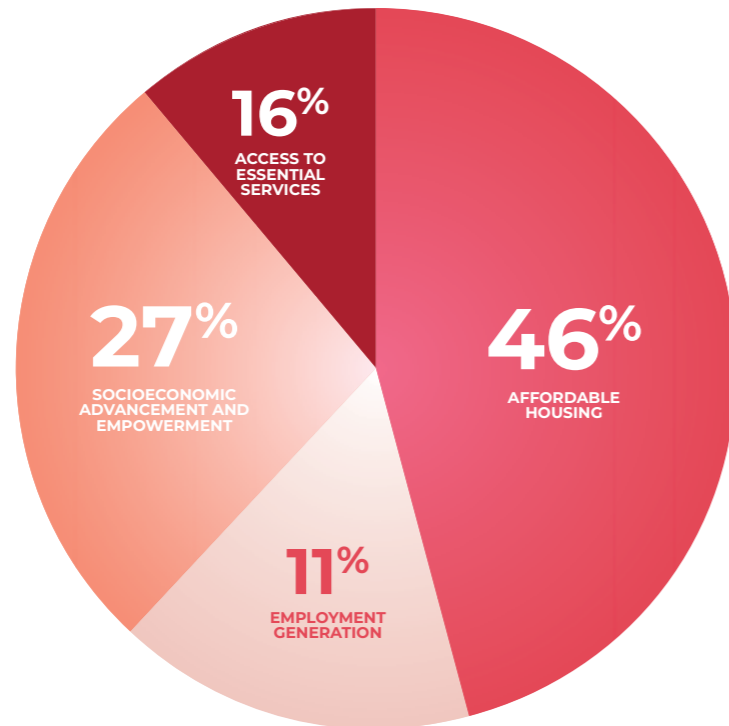


## Social Impact of RCBC Portfolio

### Eligible Social Portfolio

RCBC has 19,042 projects in its Eligible Social investment portfolio as of December 31, 2024, amounting to Php42.8 billion. Affordable Housing and Socioeconomic Advancement and Empowerment accounted for 46% and 27% of the portfolio, respectively. Access to Essential Services comprised 16% while Employment Generation had an 11% share.

Eligible Social Portfolio Distribution



### Affordable Housing

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Affordable Houses Financed	Total No. of Affordable/Economic Housing units constructed
Economic/Socialized Housing Loans	18,334	19,398	15.4%	18,334	-
Affordable Housing Development	1	350	0.3%	-	1,559
<b>Total Affordable Housing</b>	<b>18,335</b>	<b>19,748</b>	<b>16%</b>	<b>18,334</b>	<b>1,559</b>

Eligible accounts refer to loans for the development or purchase of “Socialized Housing” and “Economic Housing,” as defined by the Department of Human Settlements and Urban Development (DHSUD) of the Philippines.

According to UN-Habitat Philippines Country Report 2023, the housing backlog in the Philippines is projected to increase to 22 million by 2040 from 6.5 million in 2022.<sup>52</sup> To address the housing deficit, the national government launched a flagship housing program in 2022, the Pambansang Pabahay para sa Pilipino (National Housing Program for Filipinos) or 4PH Program, that aims to build one million houses annually for until 2028.<sup>53</sup> The DHSUD has started awarding the housing units to the beneficiaries of the program in 2024 and is expected to release more in 2025.<sup>54</sup> In March 2025, a 30-story residential building that will provide 1,029 units has also broken ground in a city in Metro Manila.<sup>55</sup>

Heeding to the call to help provide affordable housing to help address the country’s housing backlog, RCBC extended affordable loans of Php19.7 billion to support the purchase of 18,334 houses and the construction of 1,559 affordable housing units as of end-2024.

<sup>52</sup> UN Habitat Philippines. (2023). UN-Habitat Philippines Country Report 2023. [unhabitat.org/sites/default/files/2023/06/5\\_un-habitat\\_philippines\\_country\\_report\\_2023\\_final\\_compressed.pdf](https://unhabitat.org/sites/default/files/2023/06/5_un-habitat_philippines_country_report_2023_final_compressed.pdf)  
<sup>53</sup> Reganit, J. C. (2023, July 24). Gov't to further expand Pambansang Pabahay program. [Philippine News Agency. www.pna.gov.ph/articles/1206270](https://www.pna.gov.ph/articles/1206270)  
<sup>54</sup> Philippine Star. (2025, January 2). DHSUD to turn over more housing units in 2025. [www.philstar.com/headlines/2025/01/02/2411286/dhsud-turn-over-more-housing-units-2025](https://www.philstar.com/headlines/2025/01/02/2411286/dhsud-turn-over-more-housing-units-2025)  
<sup>55</sup> Doctolera, J. (2025, March 24). 30-story 4PH housing project to rise in San Juan. [Philippine Information Agency. https://pia.gov.ph/30-storey-4ph-housing-project-to-rise-in-san-juan/](https://pia.gov.ph/30-storey-4ph-housing-project-to-rise-in-san-juan/)

# Social Impact



## Employment Generation

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of loans extended to qualified MSMEs	Total No. of MSMEs with majority women in senior management / ownership positions	Total No. of MSMEs with majority women in workforce / supply chain	Total No. of Small-scale Food Producers
Employment Generation	660	4,613	4%	660	177	103	9

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

According to the 2023 List of Establishments (LE) of the Philippine Statistics Authority (PSA),<sup>56</sup> there were 1,241,733 MSMEs in the country, accounting for 99.63% of all registered businesses. Collectively, these MSMEs generated more than six million jobs or 66.97% of the country's total employment. Despite their vital role in the economy, access to financing remains a persistent challenge for many MSMEs.<sup>57</sup>

To address this gap and promote financial inclusion, the BSP launched the second phase of its Credit Risk Database (CRD) Project in December 2024. The initiative aims to strengthen credit access for small and medium enterprises by improving credit risk assessment tools available to lenders.<sup>58</sup> (Please refer to the Relationship with Community - Significant Impacts on Local Communities section, for details on RCBC's participation in this CRD Project.)

Affirming its commitment to support MSME growth, RCBC provided 660 loans amounting to Php4.6billion as of December 31, 2024. These included loans to 177 women-led MSMEs, 103 MSMEs whose majority of workforce are women, and nine small-scale food producers.

<sup>56</sup> 2023 Philippine MSME Statistics. Department of Trade and Industry. <https://www.dti.gov.ph/resources/msme-statistics/>  
<sup>57</sup> Laguna, B. (2024, February 9). Responding to the access to finance concerns of SMEs. <https://finex.org.ph/2024/02/08/responding-to-the-access-to-finance-concerns-of-smes/#:~:text=The%20banking%20sector%20has%20been,banking%20industry%20have%20been%20encouraging.>  
<sup>58</sup> Central bank launches second phase of SME credit risk database project. (2024, December 12). [Businessworld. https://www.bworldonline.com/banking-finance/2024/12/12/640992/central-bank-launches-second-phase-of-sme-credit-risk-database-project/](https://www.bworldonline.com/banking-finance/2024/12/12/640992/central-bank-launches-second-phase-of-sme-credit-risk-database-project/)



## Access to Essential Services – Healthcare

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Hospital Beds	Total No. of Children Vaccinated per year	Total No. of Patients Treated per year	Total No. of Live Births in the Hospital per year
Hospitals	11	2,634	2%	5,693	30,217	5,316,322	26,691

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

According to the Department of Health, only 0.5 hospital beds are available for every 1,000 people on average in the Philippines, while the World Health Organization (WHO) recommends 2 beds per 1,000 people.<sup>59</sup> The bed density in several provinces was even below the national average of 0.5 beds per 1,000 people based on a 2022 report from Philippine Institute for Development Studies (PIDS).<sup>60</sup>

The Philippine healthcare system is shared between the public sector and the private sector. The private health sector has a significant role, accounting for 772 of 1,195 total hospitals in the country, according to data from the Philippine Statistics Authority in 2022.<sup>61</sup> However, access to finance by the private health sector has been consistently listed as a challenge to growth. To stay accredited with PhilHealth, private providers need to make upgrades to their services and facilities which will require access to capital.<sup>62</sup>

In support of the healthcare system in the Philippines, RCBC provided Php2.6 billion in loans to hospitals. The loans to these hospitals helped finance 5,693 hospital beds, benefiting more than five million patients, including 30,217 children vaccinated and 26,691 live births.

<sup>59</sup> Philippine Institute for Development Studies. (2025, January 16). Philippines needs to triple hospital bed capacity — DOH. [www.pids.gov.ph/details/news/in-the-news/philippines-needs-to-triple-hospital-bed-capacity-doh](http://www.pids.gov.ph/details/news/in-the-news/philippines-needs-to-triple-hospital-bed-capacity-doh)  
<sup>60</sup> Ibid.  
<sup>61</sup> Alibudbud, R. (2023, March 20). Addressing the Challenges of Private Hospitals in the Philippines. <https://pmc.ncbi.nlm.nih.gov/articles/PMC10956146/>  
<sup>62</sup> SHOP Plus. (2020). Philippines Private Health Sector Assessment. <https://banyanglobal.com/wp-content/uploads/2021/02/Philippines-Private-Health-Sector-Assessment.pdf>

# Social Impact



## Access to Essential Services – Education

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total No. of Students per year	Total No. of Vulnerable Students per year
Schools	19	4,040	3%	164,841	1,926

These are loans to public and private educational institutions. Those for private institutions include enterprises that serve vulnerable populations and charge a nominal fee that is affordable to all in the local context.

According to the Department of Education (DepEd), a total of 23.85 million students have enrolled for school year 2024-2025 as of July 29, 2024.<sup>63</sup> These enrollees are from public and private schools, Alternative Learning System (ALS), as well as from State Universities and Colleges (SUCs) and Local Universities and Colleges (LUCs). Meanwhile, the Philippines has a backlog of about 165,000 classrooms nationwide based on DepEd data.<sup>64</sup>

To help the country cope with the challenges in the education sector, RCBC provided more than Php4 billion in funding support to educational institutions, benefiting 164,841 students including 1,926 beneficiaries of scholarships, subsidies and discounts offered by the schools.



## Socioeconomic Advancement and Empowerment

	Number of Projects	Amount (Php M)	% of Total Eligible Sustainable Portfolio	Total number of members served by cooperatives per year	Total number of clients served by rural banks per year	Total Approved Loans to Women via financing projects, rural banks and cooperatives	Total Approved Loans to Low Income Borrowers via financing projects, rural banks and cooperatives	Total Approved Loans to MSMEs via financing projects, rural banks and cooperatives
Access to Finance	17	11,752	9%	539,966	1,918,512	Php 44 billion	Php 23.7 billion	Php 6.8 billion

According to the Philippine Statistics Authority (PSA), poverty incidence has decreased to 15.5% in 2023 from 18.1% in 2021<sup>65</sup>. The World Bank projects a further decrease, estimating poverty incidence to reach 11.3% by 2026.<sup>66</sup> While these trends are encouraging, they still represent approximately 17.5 million Filipinos, or 3.0 million families, whose incomes remain insufficient to meet their minimum basic food and non-food needs.

The World Bank<sup>67</sup> has emphasized the importance of affordable financial products and services in reducing poverty and boosting prosperity. Access to finance allows individuals and businesses to better meet their needs, manage risks, and build wealth over time.

In support of the country's poverty alleviation program and the global call to eradicate poverty, RCBC extended Php11.8 billion worth of loans to rural banks, cooperatives and firms supporting inclusive finance, serving a total of 539,966 cooperative members, 1.9 million rural bank clients, and providing support to affordable credit by supporting entities which loaned a total of Php44 billion to women, Php23.7 billion to low-income borrowers, and Php6.8 billion to MSMEs in 2024.

<sup>63</sup> Ombay, G. (2024, August 5). DepEd: Over 23.8 million have so far enrolled. [www.gmanetwork.com/news/topstories/nation/915988/depd-over-23-8-million-have-so-far-enrolled/story/](http://www.gmanetwork.com/news/topstories/nation/915988/depd-over-23-8-million-have-so-far-enrolled/story/)

<sup>64</sup> Chi, C. (2025, 8 January). DepEd targets 15,000 new classrooms by 2027 via PPP. <https://www.pids.gov.ph/details/news/in-the-news/depd-targets-15-000-new-classrooms-by-2027-via-ppp>

<sup>65</sup> Percentage of Filipino Families Classified as Poor Declined to 10.9 percent in 2023. (2024, July 22). Philippine Statistics Authority. <https://psa.gov.ph/content/percentage-filipino-families-classified-poor-declined-109-percent-2023>

<sup>66</sup> World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. <https://thedocs.worldbank.org/en/doc/c6aceb75bed03729ef4ff9404dd7f125-0500012021/related/mpo-phi.pdf>

<sup>67</sup> Financial Inclusion Overview. World Bank Group. <https://www.worldbank.org/en/topic/financialinclusion/overview>



# Contributions to the United Nations Sustainable Development Goals

## Contributions to the UN Sustainable Development Goals

The RCBC Plaza in Makati City received the LEED Gold certification in May 2018 (recertified in March 2024), 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 or living spaces. These environment-friendly structures are critical parts of addressing climate change, particularly SDGs 7, 11, 12, and 13.


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


RCBC's financial inclusion programs and services, together with RCBC's Sustainable Finance Framework, address **all 17 UN SDGs**. The Bank is committed to safeguarding both people and 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><b>Delivering in the New Normal Through Digital Acceleration:</b></p> <p>[Refer to details under the Economic and Social portions]</p> <ul style="list-style-type: none"> <li>• RCBC Pulz</li> <li>• DiskarTech</li> <li>• ATM Go</li> <li>• MoneyBela</li> <li>• RCBC Boz</li> </ul> <p><b>Potential Negative Impact of Contribution</b></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><b>Management Approach to Negative Impact</b></p> <p>The risk of default and other risks are mitigated by performing additional Know Your Customer (KYC) and credit risk assessment procedures on clients.</p> <p>The bank partners with various organizations and LGUs to reach more Filipinos and educate them about financial services that can grow and protect their income.</p>		<p><b>No Poverty.</b> Both DiskarTech and ATM Go were instrumental in the government's distribution of funding assistance.</p> <ul style="list-style-type: none"> <li>• DiskarTech targets lower economic classes, C and D, and provides all-in-one online financial services needed by the unserved and underserved consumers</li> <li>• 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.</li> </ul> <p><b>Zero Hunger and Good Health and Well Being.</b> Services have been instrumental conduit for government financial aid and assistance for food and nutrition and education of beneficiary children in schools.</p> <p><b>Quality Education.</b> Modules on financial literacy called <i>Aralin sa Madiskarteng Pananalapi</i> and the DiskarTechpreneur Bootcamp are provided as part of digital acceleration.</p> <p><b>Gender Equality.</b> The digital innovations improve the economic lives of women with low or no income, working class women and members of female-led households.</p> <p><b>Decent Work and Economic Growth.</b> Digital acceleration provides and expands access to banking and financial services for all. RCBC Boz is designed for micro-entrepreneurs and business owners for managing budgets, invoicing, and payrolls among others.</p> <p><b>Industry, Innovation and Infrastructure.</b> The banking products increase access to financial services.</p> <p><b>Reduced Inequalities.</b> The pandemic highlighted the challenges of financial inclusion. RCBC responded swiftly through digitization which provided access to unbanked and underserved Filipinos. DiskarTech has processed more than Php 15 billion in transactions as of year-end 2023.</p> <p><b>Sustainable Cities and Communities.</b> Financial capacity building is offered at the barangay level through the ATM Go at geographically isolated, disadvantaged and conflict areas. RCBC also took the lead to fully adopt PalengQR which empowered merchants and market vendors in different pilot cities and provinces' public markets to accept digital payments through the interoperable QRPh code.</p>

Key Products and Services	SDGs	Societal Value / Contribution to UN SDGs
		<p><b>Climate Action.</b> Bridging the gap through digital engagements among and between government and non-government organizations promote reduction in carbon footprint.</p> <p><b>Partnerships for the Goals.</b> Boosting financial inclusion in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), RCBC signed a landmark agreement with the Ministry of Social Services and Development (MSSD) to expand digital literacy and deliver digital financing solutions to the region.</p>
<p><b>Deposits</b></p> <ul style="list-style-type: none"> <li>• Savings Accounts                             <ul style="list-style-type: none"> <li>◦ OneAccount</li> <li>◦ iSave</li> <li>◦ GoSavers</li> </ul> </li> </ul> <p><b>Potential Negative Impact of Contribution</b> 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><b>Management Approach to Negative Impact</b> 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><b>No Poverty.</b> RCBC offers inexpensive, easy to open and customizable deposit accounts.</p> <p><b>Good Health and Well Being.</b> RCBC offers account types that come with free personal accident insurance, free hospitalization benefit, and free life insurance.</p> <p><b>Gender Equality.</b> RCBC offers eWoman Savings and eWoman Checking accounts especially designed for women. These come with free life insurance coverage.</p> <p><b>Affordable and Clean Energy.</b> 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><b>Reduced Inequalities.</b> 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><b>Peace, Justice and Strong Institutions.</b> RCBC supports the government's efforts through the Presidential Office for Child Protection (POCP) and the strengthening of institutions particularly on the drive against online sexual abuse and exploitation of children. RCBC and RCBC Trust Corporation has established a framework to address the matter of bank account opening for minor victims to facilitate monetary compensation with safeguards aligned with the requirements of national agencies such as the Department of Social Welfare and Development (DSWD).</p> <p><b>Partnership for the Goals.</b> Collaborated with Asian Development Bank (ADB), which allowed RCBC to offer new lending structures and fulfill its commitment to completely divest from its coal exposure by 2031. ADB developed the energy transition mechanism (ETM) concept.</p>

## Contributions to the UN Sustainable Development Goals

Key Products and Services	SDGs	Societal Value / Contribution to UN SDGs
<p><b>Loans</b></p> <ul style="list-style-type: none"> <li>Corporate Loans</li> <li>Home Loans</li> <li>Auto Loans</li> <li>Personal Loans</li> </ul> <p><b>Potential Negative Impact of Contribution</b></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><b>Management Approach to Negative Impact</b></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><b>RCBC's Php382.9-billion UN SDG Loans comprised approximately 49% of the Bank's total loan portfolio in 2024<sup>68</sup>. Of this, around half support UN SDG 9: Industry, Innovation, and Infrastructure.</b></p> <p><b>Affordable and Clean Energy.</b> RCBC participated in the ETM project of ACEN for the early decommissioning of SLTEC's coal-fired power plant by 15 years.</p> <p><b>Decent Work and Economic Growth.</b> 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><b>Industry, Innovation and Infrastructure.</b> RCBC Credit Cards' Personal Loan and Salary loan products increase access to financial services. Moreover, through the credit card's Digital Cash Loan platform, RCBC enables credit cardholders to easily avail of a loan by converting their unused credit limits into cash with real-time loan approval. RCBC Personal Loans leverages on digital innovation to provide efficient and inclusive access to financial services with 95% of disbursed transactions sourced digitally. RCBC also partners with fintech lenders as a means to support financial inclusion.</p> <p><b>Reduced Inequalities.</b> RCBC's loan products empower and promote economic inclusion. RCBC Personal Loans provide access to affordable funding across market segments including the underserved and low-income individuals, promoting socio-economic advancement and empowerment, as evident by new digital loans launched in 2024. RCBC Payday NOW, the bank's product addressing bridge funding needs, continues to provide assistance to customers who may be in need of emergency funding in between paydays. "Pasado", a loan product accessible through RCBC Diskartech, aims to introduce the underserved to a personal loan facility while providing education on responsible credit handling.</p> <p><b>Sustainable Cities and Communities.</b> RCBC's personal loan products increase access to safe and affordable housing and transport. RCBC consumer loan products continue to increase access to safe and affordable housing and transport. RCBC Personal Loans support this initiative through providing financing for home renovation. Furthermore, RCBC is among Tesla's preferred financing partners in the country with electric vehicle manufacturer's entry into the local market. RCBC is rolling out a digital auto loan application processes<sup>69</sup>.</p> <p><b>Climate Action.</b> The Bank's coal exposure will be phased out by 2031. This is aligned with the RCBC President and CEO Eugene S. Acevedo's public commitment in December 2020 to cease funding of the construction of new coal power plants in the Philippines.</p>

Key Products and Services	SDGs	Societal Value / Contribution to UN SDGs
<p><b>Credit Cards</b></p> <p><b>Potential Negative Impact of Contribution</b></p> <p>Engaging in the credit card business exposes us to credit risk and other types of risk which traditional risk tools may ordinarily not be able to adequately manage.</p> <p><b>Management Approach to Negative Impact</b></p> <p>RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.</p>		<p><b>Zero Hunger and Gender Equality.</b> Last October 4, 2024, RCBC, through its credit card arm RCBC Credit Cards, has turned over Php3-million worth of donation to Gawad Kalinga, a Philippine-based poverty alleviation and nation-building movement that focuses on empowering communities through its various social programs. The donation, which demonstrates the Yuchengco-led Bank's commitment to social responsibility, will aid in providing nutritious meals for underprivileged children across the country. RCBC Credit Cards' Diamond Cares Program has been instrumental in sustaining Gawad Kalinga's mission to alleviate hunger and provide better nutrition for Filipino children. For every Php100 spent by cardholders using their RCBC Diamond Platinum Mastercard, Php0.10 is donated to Gawad Kalinga's Kusina ng Kalinga (KnK) program. The KnK program, established through a collaborative effort of Gawad Kalinga, various donors and partners, the Department of Education (DepEd), local government units (LGUs), and volunteers, establishes and operates a central kitchen in public schools, communities, disaster areas, and streets. It serves one nutritious meal a day for children 1-12 years old for at least 120 days, up to 220 days for each school year.</p> <p><b>Good Health and Well-Being and Life on Land.</b> 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. RCBC Credit Cards called on cardholders to assist fellow Filipinos affected by Typhoon Kristine. Cardholders can redeem their available rewards points and use these to donate cash to the victims. A total of Php 559,449 worth of rewards points were redeemed and donated to Gawad Kalinga and the Philippine Red Cross to support their relief operations for those impacted by the typhoon. The contributions from cardholders aided the affected communities in their recovery efforts.</p> <p><b>Quality Education.</b> 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 &amp; facilities to the most vulnerable children and communities using their Rewards Points.</p> <p><b>Responsible Consumption and Production.</b> In 2023, RCBC pioneers the use of recycled materials for the Bank's credit cards indicating a strong commitment to promoting environment-friendly materials reducing the use of virgin plastic in the Bank's operations. As of December 31, 2024, 99% of credit cards issue are rPVC.</p> <p>RCBC Credit Cards has been promoting the use of electronic Statement of Account (SOA) to reduce printing of paper SOA. As of December 31, 2024, 89% of monthly statement of account (SOAs) generated are sent via electronic mail.</p>

<sup>68</sup> RCBC's Sustainable Finance Framework (initially issued April 2019 and amended February 2024) expounds on the alignment of the Green / Social Bond Principles with the UN SDGs and their corresponding target descriptions. Estimates on the UN SDG loans were derived from the Bank's Sustainable Finance Framework and continuing internal cross-checking with other industry practices such as the BSP definition for Small and Medium Enterprises (SMEs), Department of Human Settlements and Urban Development (DHSUD) definition of Economic and Socialized Housing and the Philippine Standard Industrial Classification (PSIC) among others.

<sup>69</sup> <https://www.philstar.com/business/2024/11/24/2402415/tesla-partners-rcbc-financing>

## Contributions to the UN Sustainable Development Goals



Key Products and Services	SDGs	Societal Value / Contribution to UN SDGs
<p><b>Micro &amp; Small Business Loans &amp; Savings Products</b></p> <p><b>Potential Negative Impact of Contribution</b></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><b>Management Approach to Negative Impact</b></p> <p>RCBC mitigates the risk of default and other risks by performing additional KYC and credit risk assessment procedures on clients.</p>		<p><b>No Poverty.</b> 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><b>Decent Work and Economic Growth.</b> 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><b>Industry, Innovation and Infrastructure.</b> RMB's products increase access to financial services, including affordable credit.</p> <p><b>Reduced Inequalities.</b> Regardless of financial status, RMB's loan and savings products cater to underserved individuals not covered by commercial banks.</p>

Key Products and Services	SDGs
<p><b>Sustainable Finance Framework</b></p> <p>The Sustainable Finance Framework strategy is to deploy Sustainable Financing Instruments to fund all types of loans that have clear environmental and/or social benefits which are classified as Eligible Green (and its subset of Eligible Blue) and Eligible Social assets.</p> <p><b>Potential Negative Impact of Contribution</b></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><b>Management Approach to Negative Impact</b></p> <p>The Sustainable Finance Framework has a clear project selection and evaluation process.</p>	<p><i>Download RCBC's Sustainability and Impact Report from <a href="http://www.rcbc.com/sustainability">www.rcbc.com/sustainability</a>. This report presents the Bank's Sustainable Finance Framework's impact and contribution to the UN SDGs.</i></p>

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3	Ensure healthy lives and promote well-being for all at all ages.	• Economic Impact - Continuing Support for Financial Inclusion and Digitalization, Digital Products and Services	23, 31
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4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	• Economic Impact – Continuing Support for Financial Inclusion and Digitalization, Digital Products and Services	23, 31
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6	Ensure availability and sustainable management of water and sanitation for all.	• Eligible Social Portfolio – Employment Generation	78
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7	Ensure access to affordable, reliable, sustainable and modern energy for all.	• Eligible Blue Portfolio – Sustainable Water Management	53
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8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Deposits: Savings Accounts, Loans, Sustainable Finance Framework	84
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9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Micro & Small Business Loans & Savings Products, Sustainable Finance Framework	84
		• RCBC on Sustainability – Employment Generation	17
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		• Contribution to the UN SDGs – Delivering in the New Normal Through Digital Acceleration, Loans, Sustainable Finance Framework	84
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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.	• RCBC on Sustainability – Sustainable Water Management	16
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9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	• Economic Impact – Continuing Support for Financial Inclusion and Digitalization , Digital Products and Services	23, 31
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14	Conserve and sustainably use the oceans, sea and marine resources for sustainable development.	• Economic Impact – Continuing Support for Financial Inclusion and Digitalization, Digital Products and Services	23, 31
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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.	• RCBC on Sustainability – Sustainable Water Management	16
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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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### Notice of Disclaimer

The material information in the Sustainable Finance Impact Reporting portions of the 2024 Sustainability and Impact Report are based on data collected from RCBC-financed projects as of December 31, 2024. 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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## Key Definitions

### 2-Degree Investing Initiative (2DII)

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

### Bangko Sentral ng Pilipinas (BSP)

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

### Basic Occupational, Safety and Health

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

### COVID-19

This is an infectious disease caused by the SARS-CoV-2 virus.

### CX Academy

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

### Cybersecurity

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

### Department of Education

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

### Department of Environment and Natural Resources (DENR)

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

### DENR-Environmental Management Bureau

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

### Department of Finance (DOF)

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

### Department of Health (DOH)

DOH is 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 (DOLE)

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

### Department of Trade and Industry (DTI)

DTI is 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

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

### Economic and Socialized Housing

The Department of Human Settlements and Urban Development (DHSUD) sets the price ceiling for economic housing to Php2,500,000 while a tiered classification is provided for socialized housing.

### Energy Transition Mechanism

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

### Environmental, Social, and Governance (ESG)

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

### Global Warming

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

### GHG Emissions, Scope 1, 2, 3

This refers to 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.

### Greenhouse Gas (GHG)

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

### Independent Electricity Market Operator of the Philippines (IEMOP)

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

### International Finance Corp. (IFC)

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

### Internal Capital Adequacy Assessment (ICAAP)

This is the process for assessing their capital adequacy relative to their risk profile.

### International Capital Market Association (ICMA)

This is a self-regulatory organization and trade association for participants in the capital markets.

### International Labour Organization (ILO)

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

### International Organization for Standardization

This is an international standard development organization composed of representatives from the national standards organizations of member countries.

### Intergovernmental Panel on Climate Change (IPCC)

This is the United Nations' body for assessing the science related to climate change.

### Leadership in Energy and Environmental Design (LEED)

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

### Local Government Unit (LGU)

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

### Micro, Small and Medium Enterprise (MSME)

As defined by the Magna Carta for MSMEs, 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

This refers to 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 (PMAP)

PMAP is 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)

This is 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.

### Philippine Sustainable Finance Taxonomy Guidelines (SFTG)

Developed by the Financial Sector Forum (FSF) composed of the BSP, the Insurance Commission, the Securities and Exchange Commission, and the Philippine Depositary Insurance Commission. The SFTG will serve as a tool to classify whether an economic activity is environmentally and socially sustainable and guide stakeholders in making informed investment or financing decisions.

### 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

Sustainalytics is a 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

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

### World Wide Fund (WWF) for Nature

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

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