

# Our Sustainability Report



2023  
Financial  
Year



**PSBank**

PHILIPPINE SAVINGS BANK  
Metrobank Group

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# ABOUT PSBANK

Philippine Savings Bank (hereafter referred to as “PSBank” or the “Bank”), a subsidiary of the Metropolitan Bank and Trust Company (Metrobank), is headquartered in Makati City. To date, its physical channel footprint is composed of 250 branches and 556 onsite and offsite ATMs strategically located nationwide. It offers a wide range of banking products and services: deposits, loans, treasury products, digital banking services, bancassurance, credit card, and trust. PSBank has for its core customers those in the consumer and retail markets.

Throughout its more than 60 years of operation, the Bank’s service philosophy is to always be responsive to the needs of clients and deliver them exceptionally and consistently across all touch points. As the Bank gears towards being more sustainable and attain its commitments for Sustainable Finance, it continuously improves its products, service channels and overall customer service experience to provide more positive social and environmental impact. PSBank takes advantage of available and emerging technologies, not just to introduce innovative product offerings but also to improve on systems and processes for better operational efficiency and lower operating costs.

With its customers in mind, the Bank strives to consistently make its banking processes simpler, thus allowing customers to perform their banking needs the fastest, simplest and safest way possible. Through its Online and Mobile Banking facilities, existing and new clients can, among others, open and maintain their accounts, send money and pay bills conveniently anytime and anywhere from the comfort of their homes thus allowing them to save time and lower their carbon footprint.

The Bank provides affordable and competitive loan products which are easily accessible to the market thru various channels including its online platform. It makes banking convenient by means of swift transactions and seamless processing and documentation across its loan products. Its processing for auto loan applications remains to be the benchmark of the industry with its 24-hour approval TAT consistently executed, about 30% of which were completed within 3 hours. Its home loan processing time is the fastest at 1 day loan decision for brand new condominium units and properties from accredited developers and 5 days or less for other facilities. Personal loan processing time is the shortest in the market within 24 hours from loan application to decision, and 1 day for booking of approved loan application.

The Bank increasingly considers the economic, environmental and social impacts of its banking operations cognizant of the inherent risks and strategic opportunities it may bring. Through continuing education, engagement, community partnerships, and financial inclusion measures, it aims to address and mitigate more complex risks and issues associated with financial assets and investments. It recognizes the need to manage investments based on local and global norms to prevent reputational harm, brand damage, or even taxes and lawsuits. It continues to intensify the protection of data privacy and security. It aims to improve energy efficiency and tap alternative sources to reduce reliance on purchased electricity. With these efforts, the Bank can, directly or indirectly, reduce the likelihood of extraordinary expenses, improve market share, or even decrease liabilities.



# INTRODUCTION

## THE BANK'S CONTINUING JOURNEY TOWARDS SUSTAINABILITY

As a leading consumer bank in the Philippines, PSBank recognizes the economic, environmental, and social impacts of its banking operations, products, and services.

Its Board of Directors firmly believes it has a role in promoting sustainable development. In pursuit of this commitment, the Bank started reporting its environmental, social, and governance (ESG) impacts beginning in 2019.

In compliance with BSP Circular 1085, its Board of Directors approved a Transition Plan in October 2020, marking a pivotal step towards integrating sustainability into its corporate principles. This comprehensive plan delineated the roadmap for adopting a Sustainable Finance Framework, with emphasis on incorporation of environmental and social (E&S) risk considerations into its governance and risk management frameworks. The embedding of sustainability principles and roles within its Corporate Governance Committee, Audit Committee, and Risk Oversight Committee Charters in December 2020 underscored its commitment to align its strategic objectives with sustainability imperatives.

The appointment of the Chief Risk and Sustainability Officer in March 2021 reinforced its dedication to navigating PSBank's sustainable finance journey. Together with the Senior Management, the sustainability principles are integrated into its day-to-day business operations and strategic objectives. Subsequently, in September 2021, the Board approved the Bank's Sustainable Finance Framework which delineated its guiding principles on environmental sustainability, social sustainability, and good governance. These principles support the Philippines Development Plan and UN Sustainable Development Goals by (1) increasing the Bank's capabilities and adhering to local and international standards on limiting adverse effects on E&S and thus transition to a low-carbon economy; and (2) funding loans and projects that support economic growth and provide a lasting benefit for both clients and society while reducing pressures on the environment. The framework serves as a basis for defining the Bank's targets and metrics for sustainable operations and financing to deliver on its commitment to support sustainable economic growth and the transition to a low-carbon economy through the Bank's three focus Sustainable Development Goal (SDG). These are: (1) SDG 8 – Decent Work and Economic Growth, (2) SDG 9 – Industry, Innovation and Infrastructure, and (3) SDG 13 – Climate Action.

In July 2022, its Board approved the Sustainable Finance Framework's supplement, the Environmental and Social Risk Management (ESRM) Policy Manual. It provides the guidelines for addressing environmental and social risks in its operations and credit business. The ESRM system adopts a five-point cycle that includes Risk Identification & Assessment, Risk Measurement, Risk Mitigation & Control, Monitoring and Reporting of E&S risks. These points enable robust policies, processes, and controls to meet the Bank's low appetite for E&S risks and strengthen its capability to withstand disruptions, quickly resume operations, and continue to provide financial services to its clients.

The Bank introduced assessments of physical risks involving its assets, loans with collateral, and third-party service providers. In 2023, these were refined to consider climate hazards' severity and frequency, enabling the Bank to mitigate and further reduce residual risk exposure. The Bank developed tools that allow measurement and management of its E&S risk and physical risk exposures based on industry-acceptable parameters. Further, its Internal Capital Adequacy Assessment Process (ICAAP) exercise was expanded to include an assessment of its resilience against transition risk arising from aggressive government push on environmental, social and governance initiatives and a geopolitical crisis. The results are reported regularly to the Bank's Risk Oversight Committee.

As of May 2023, the Bank successfully served and delivered on its Board-approved Transition Plan to comply with the BSP Circular 1085 on Sustainable Finance Framework.



## CAPACITY BUILDING

To ensure organization-wide acceptance and understanding of the Bank's transition plan and frameworks, sustainable finance training and awareness campaigns were initiated in February 2022. These were expanded in 2023 to provide comprehensive insights into each employee's role in achieving our sustainable finance goals. Among these efforts were the Thought Leadership Series and Corporate Governance trainings conducted by GT Capital that provided the Bank's senior management and Directors with invaluable insights into climate change and sustainability strategies.

The Bank's collaboration with key suppliers for Sustainability Knowledge Sharing Forums, in coordination with Meralco's Sustainability team, exemplified its commitment to engage stakeholders across the spectrum. This forum facilitated in-depth discussions on value creation, strategic target setting, and plausible sustainability initiatives, paving the way for actionable solutions aligned with the Bank's sustainability aspirations.

In tandem with these efforts, select risk officers underwent formal courses and certification trainings to enhance their capacity and understanding of E&S-related risks. Participation in courses such as the GARP Sustainability and Climate Risk certificate, Applied Sustainability Management in Asia Pacific, ISO training on Quantification and Verification of Carbon Footprint (ISO 14064-1:2018 / 2019), Quantifying the Carbon Footprint of Products (ISO 14067:2018), GRI Professional Certification Program and various BSP-conducted trainings equipped its teams with the requisite knowledge to navigate the evolving sustainable finance landscape effectively.

## REDUCING CARBON FOOTPRINT

Gaining exposure in sustainable practices, the Bank aspires to go beyond compliance and continue to implement meaningful and impactful initiatives for carbon footprint reduction. It recognizes that these can be achieved on three fronts: adoption of circularity in operations, use of renewable energy and management of materials.

### ADOPTION OF CIRCULARITY

The Bank retires its assets (i.e. furniture, fixtures and equipment) after long periods of use, wear and tear, and obsolescence. It recognizes that this provides an opportunity for circularity. In early 2023, it introduced a screening process before asset disposal to determine if such assets could have extended life and purpose through refurbishment, repair, recycling, upcycling, or upgrading. This reduced the Bank's non-hazardous waste and caused savings from unpursued new asset acquisition. The Bank likewise engaged its employees in circularity by launching the Donate a Recyclable campaign during its 63rd Anniversary. This enabled collection of recyclables consisting of aluminum, E-waste (cellphones etc.) paper, and PET bottles.

### USE OF RENEWABLE ENERGY

In alignment with the Philippine Energy Plan, the Bank successfully converted 100% of its Head Office energy to renewable sources as of March 2022. It continued this effort for a branch in Los Banos in September 2023, causing 40% of the Branch's energy requirement to come from solar power.

### MANAGEMENT OF MATERIALS

As a service institution, the Bank uses mostly paper in its operations. However, it uses lesser paper each year because with technology, it continues to convert its paper-based correspondences, deposit statement of accounts and pin mailers to digital formats. These projects not only cause reduction in paper usage, but also reduction in physical delivery trips.

## SCOPE

The scope of the Bank's 2023 ESG Report includes information and progress of the Bank's sustainable finance goals for the period 1 January 2023 to 31 December 2023 in line with common sustainability reporting frameworks and disclosure requirements of the Philippine Stock Exchange (PSE), the Securities and Exchange Commission (SEC), and select sustainability reporting frameworks. The Report should be read together with PSBank Annual Report 2023.

It also discusses the steps the Bank took to incorporate the Sustainable Finance agenda in the Bank's policies, processes, and systems. Additional information included in this report is the computed GHG emission for Scope 1 emission of the Bank covering its mobile and stationary combustion using diesel and fuel emission factor from UK Department for Environment, Food and Rural Affairs (DEFRA) UK Government GHG Conversion Factors for Company Reporting and Scope 2 emission of the Bank in 2022 to 2023 using the latest Department of Energy (DOE) emission factors.

All quantitative and qualitative information for relevant indicators have been disclosed for a minimum of two years where applicable, to the best of the Bank's knowledge and in good faith. These may be amended or revised as necessary without prior notice.

## BOARD STATEMENT



***Believing that we have a role to play in promoting sustainable development, PSBank is committed to driving progress towards achieving the United Nations Sustainable Development Goals (SDGs). Through our products and services and the integration of digital technology, we aim to create added value to our clients, the general public, and the rest of society."***



# **MILESTONES IN SUSTAINABLE FINANCE**



# MILESTONES IN SUSTAINABLE FINANCE

We consider the economic, environmental, and social impacts of our banking operations, products and services, as they provide strategic opportunities and financial risks.

HIGHLIGHTS	PERFORMANCE UP TO 2022	PERFORMANCE IN 2023
<b>Sustainability Principles</b>	<ul style="list-style-type: none"> <li>Board-approved transition plan and ESRMS action items</li> <li>Sustainability principles embedded in Corporate Governance and Risk Management Committee Charters</li> <li>Board-approved Sustainable Finance Framework (SFF) and Environmental and Social Risk Policy Manual</li> <li>Appointed Chief Risk and Sustainability Officer</li> <li>SFF Training and awareness campaigns with ESRM</li> <li>Integrated ESRM in policies, processes, manuals, and forms</li> </ul>	<ul style="list-style-type: none"> <li>Board-approved Sustainability Reporting Policy Manual</li> <li>Improved SFF Training and awareness, highlighting the roles and responsibilities of each employee and business unit</li> <li>Expanded loan review for E&amp;S risks</li> <li>Refined Physical Risk Mapping to consider hazard incidents and severity</li> <li>Engaged Senior Management and the Board of Directors in GT Capital's Thought Leadership Series and Corporate Governance trainings on sustainability</li> </ul>
<b>ESG Materiality Matrix</b>	<ul style="list-style-type: none"> <li>21 high material topics</li> <li>Formalized the Management Approach in the SR</li> <li>Updated Materiality Process and Management Approach</li> </ul>	<ul style="list-style-type: none"> <li>21 high material topics retained</li> <li>Streamlined the Materiality Process and Management Approach</li> </ul>
<b>ECONOMIC IMPACT</b>		
<b>Financial Inclusion and Literacy</b>	<ul style="list-style-type: none"> <li>Continued the Be Aware! Campaign, and released 290 materials (2021), 308 materials (2022)</li> <li>Nine (9) active communication platforms</li> <li>3.52 million reached in 2021 and 2022</li> </ul>	<ul style="list-style-type: none"> <li>Continued the Be Aware! Campaign, and released 322 materials</li> <li>Nine (9) active communication platforms</li> <li>3.2 million reached in 2023</li> </ul>
<b>ENVIRONMENTAL IMPACT</b>		
<b>Operational Greenhouse Gas Emission</b>	<ul style="list-style-type: none"> <li>Scope 2 absolute emission computed using DOE published emission factor for purchased energy</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 absolute emission which includes the Bank's mobile combustion and fugitive emissions calculated using DEFRA emission factor</li> <li>Scope 2 absolute emission computed using the same DOE published emission factor for purchased energy</li> </ul>
<b>Energy Consumption</b>	<ul style="list-style-type: none"> <li>Furniture, Fixtures and Equipment: Introduced inverter appliances, converted to LED lights, and decommissioned old servers beginning in 2021. 34.38% Head Office lights converted to LED lights in 2022</li> <li>Head office energy: Lower consumption due to skeletal workforce onsite and partly renewable energy in 2021, 100% renewable energy in 2022.</li> <li>Appointment and certification of Energy Manager in 2022</li> <li>Outsourced third-party service provider for energy audit in 2022</li> </ul>	<ul style="list-style-type: none"> <li>66.65 % of Head Office lights converted to LED lights</li> <li>Energized 1st solar-powered branch</li> <li>Head office continues to be powered by green energy</li> </ul>
<b>Fuel Consumption</b>	<ul style="list-style-type: none"> <li>Continued decrease in fuel consumption</li> </ul>	<ul style="list-style-type: none"> <li>Fuel consumption of generators in Head Office increased due to the isolated extended (2 weeks) use of 2 head office generators</li> </ul>
<b>Water Consumption</b>	<ul style="list-style-type: none"> <li>Continued decrease in water consumption in 2021 due to skeletal workforce on site. The opposite trend was observed in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Increased water consumption due to isolated preventive maintenance of the chillers for the air-conditioning of the Head Office</li> <li>Observed decrease in the water consumption of branches caused an overall decrease in the Bank's water consumption</li> </ul>
<b>Waste Disposal and Management</b>	<ul style="list-style-type: none"> <li>Documented guide on waste disposal</li> <li>Implemented waste segregation in Head Office in 2022</li> <li>Continued decrease in waste</li> <li>Replaced plastic utensils and cups with biodegradable or plastic alternates in its Head office canteen in 2022</li> </ul>	<ul style="list-style-type: none"> <li>1st step in circularity through the redeployment of furniture, fixtures, and equipment after successful refurbishment and repair</li> <li>Introduced recycling through the Donate-A-Recyclable campaign during the Bank's 63rd Anniversary</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>Hybrid work arrangement continued</li> <li>Issued corporate tablets and laptops for business continuity during the pandemic beginning in 2020</li> <li>Various process enhancements and automation</li> <li>Continued adoption of DevOps methodologies for systems and projects for improved collaboration, performance, and delivery</li> <li>Decreased paper consumption. Saved 328 reams of 8x13 paper and 450 reams of account opening forms in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Continued agile, lean work arrangement and DevOps methodologies</li> <li>Converted paper-based statements of account for current accounts to electronic SOA, resulting to a reduction by 110 reams of 8x13 paper or savings of Php2.3Mn</li> <li>Implemented phase 1 of Green Pin to replace paper-based pin mailers for Flexi loans and Online On-Boarding clients</li> <li>Reduced motorized delivery for more than 69,000 current accounts due to eSOA conversion and 2,451 delivery trips due to Green Pin implementation</li> </ul>

HIGHLIGHTS	PERFORMANCE UP TO 2022	PERFORMANCE IN 2023
<b>SOCIAL IMPACT</b>		
<b>Workplace Diversity</b>	<p>As of December 2022: Employee population: 2,766</p> <ul style="list-style-type: none"> <li>64% female, 36% male</li> <li>70.79% age 30 to 50 y.o.</li> <li>21.69%: &lt;30 y.o.</li> <li>7.52 %: &gt;50 y.o.</li> </ul> <p>Board of Directors mix: 2 female, 7 male</p>	<p>As of December 2023: Employee population: 2,834</p> <ul style="list-style-type: none"> <li>63% female, 37% male</li> <li>69.00% age 30 to 50 y.o.</li> <li>23.00%: &lt;30 y.o.</li> <li>8.00 %: &gt;50 y.o.</li> </ul> <p>Board of Directors mix: 2 female, 7 male</p>
<b>Workplace Safety and Labor Practices</b>	<ul style="list-style-type: none"> <li>Increased employee wellness programs with #Weekday-Wellness Yoga and Zumba Sessions for Head Office and Branches, PSBank basketball Elite team</li> <li>Constantly issued health, safety, and mental wellness advisories</li> <li>Continued bank-wide trainings on Occupational Health and Safety (OHS), including 4 Mental Health Webinars</li> <li>Delegation and Certification of Additional Health and Safety Officers</li> <li>Launched Mobile Annual Physical Examination (APE)</li> <li>Relaunched Blood Donation drive in partnership with Manila Doctors Hospital</li> <li>Reinforced the Bank's Emergency Response team through the Appointment of a new Chief Emergency Brigade Officer (CEBO) and Assistant Chief Emergency Brigade Officer (ACEBO)</li> <li>TRIR is 22.86% in 2021 and 20.16% in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Improved employee wellness programs based on data from the Annual Physical Exam (APE) results;</li> <li>Continued programs for overall wellness and wellbeing</li> <li>Reinforced the Bank's pool of 160 newly-certified First Aiders and 51 newly-certified Safety Officers.</li> <li>Introduced a spiritual break program to promote spiritual well-being.</li> <li>TRIR increased to 35.07% due to better monitoring and reporting process implemented in the PSBank Clinic</li> <li>TRIR is the Total Recordable Incident Rate.</li> </ul>
<b>Employee Training and Development</b>	<ul style="list-style-type: none"> <li>Better trainings (i.e. increased frequency of existing courses and ladderized training programs, new training courses for specific jobs, added virtual methods)</li> <li>Reinforced comprehensive Succession training program</li> <li>Completed employee development programs for 57 employees in 2021, 163 employees in 2022.</li> <li>Conducted 655 trainings in 2021 and 587 in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Introduced IT Officership Program (ITOP) for adequate and effective IT Development and Operations team, with 11 graduates</li> <li>Localized SPEED AX-L program, bringing the Bank's Branch Officership program to different provinces, with 60 graduates</li> <li>Conducted Branch Operations Upgrade Training (BOUT) in 2023.</li> <li>Completed employee development programs for 200 employees</li> <li>Increased trainings conducted to 1,053 due to the introduction of new training courses.</li> </ul>
<b>GOVERNANCE</b>		
<b>Data Security Framework</b>	<ul style="list-style-type: none"> <li>Enhanced Data Security Framework</li> <li>Internal policies and guidelines provide the minimum-security measures required</li> <li>Tightened cybersecurity risk measures for remote work setup</li> <li>Regular data security awareness campaigns and information security risk assessments</li> <li>Continued to strengthen data security tools and improved metrics.</li> <li>Continued Anti-Phishing campaigns and exercises, achieving a click rate below the industry average.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained the highest level of security controls, awareness and adherence to the Bank's security processes.</li> <li>Re-launched the security awareness training for third-party service providers</li> <li>Deployed system enhancements for the Bank's customer due diligence, fraud screening and warning processes.</li> <li>Continued data security awareness campaigns and information security risk assessments</li> <li>Continued Anti-Phishing campaigns and exercises, achieving a click rate below the industry average.</li> </ul>
<b>Data Privacy</b>	<ul style="list-style-type: none"> <li>Appointed Deputy Data Protection Officer in 2021</li> <li>Data protection policies in place</li> <li>Regular data privacy trainings bankwide</li> <li>Maintained 0 data privacy breach</li> </ul>	<ul style="list-style-type: none"> <li>Continued annual Data Privacy refresher training course for all Bank employees and relevant service providers with entailing online assessment exams</li> <li>Renewed the Bank's registration with the National Privacy Commission (NPC) as a Personal Information Controller (PIC) in its new National Privacy Commission Registration System (NPCRS)</li> <li>Re-registered the Bank's Data Processing Systems (DPS) in the NPC's new NPCRS</li> <li>Completed the Privacy Impact Assessments (PIAs) for all of the Bank's client-facing DPS</li> <li>No data privacy breach required to be reported to the NPC</li> </ul>
<b>ICAAP</b>	<ul style="list-style-type: none"> <li>Semi-annual ICAAP Exercise</li> <li>Expanded capital planning with environmental risks</li> <li>Expanded stress scenarios with The Big One: Major Earthquake in the West Valley Fault Line</li> </ul>	<ul style="list-style-type: none"> <li>Expanded stress scenarios to include aggressive government push on environmental, social and governance initiatives and geopolitical crisis.</li> </ul>
<b>Business Ethics</b>	<ul style="list-style-type: none"> <li>Strong compliance with anti-money laundering laws</li> <li>Anti-money laundering policies in place</li> <li>Whistleblower protection policies in place</li> <li>Anti-corruption policies in place</li> </ul>	<ul style="list-style-type: none"> <li>Performed annual review and updating of the Bank's Money Laundering and Terrorism Financing Prevention Program (MTPPP)</li> <li>Continued annual Anti-Money Laundering/Combating Terrorism Financing and Targeted Financial Sanctions refresher training courses for all bank employees with entailing online assessment exams</li> <li>Maintained strong compliance</li> </ul>

# ESG MATERIALITY AND MANAGEMENT APPROACH

## MATERIALITY PROCESS

The concept of materiality is central to sustainable business practices as it helps in determining the critical ESG issues to address and report on. The Bank follows an internal process review to define issues that are significant to environmental, social, governance and economic priorities and their impacts to both our business and stakeholders.

The Bank adopted the process initially endorsed by a third party service provider to identify material topics relevant to its business. In the recent years, the Bank included research, trends and gap analysis as benchmarking activities for its material topic identification. The gaps are now part of the assessment of the material topics. Exhibit 1 shows the Board-approved internal practices performed by the Bank to identify and assess high materiality topics.

EXHIBIT 1. MATERIALITY PROCESS



**Stakeholder Analysis:** Using the mission, vision and results of embedded feedback mechanisms, the Bank analyzes issues and concerns raised by its customers, employees and other stakeholders that directly affect the Bank's operations and business decision-making.

**Research and Trends:** The Bank may conduct ad hoc material issue research, peer benchmarking, trends or best practice analysis to enhance the materiality assessment.

**Analysis:** The Bank ranks and prioritizes topics considering a range of internal and external perspectives through cross functional meetings, alignment with enterprise risk management, and relevance checking versus sustainability reporting frameworks.

**Prioritization:** The prioritization of topics is based on the significant impact on the Bank's business success or those which would substantively influence the assessments and decisions of stakeholders.

The material ESG issues are identified under four categories: Material to both sector and organization, Material to sector, Material to organization, and Immaterial. The following 21 issues are material to the Bank on sectoral and organizational level.

### Economic (6)

1. Financial Performance
2. Market Presence
3. Geographical Positioning and Management
4. Brand Positioning and Management
5. Innovation and Digitization
6. Customer Experience

### Environment (1)

1. Environmental Compliance

### Social (6)

1. Customer Health and Safety
2. Diversity and Equal Opportunity
3. Non-discrimination
4. Workplace Health and Safety
5. Labor Relations
6. Talent Acquisition and Retention

### Governance (8)

1. Anti-Fraud and Anti-Bribery
2. Data Management and Security Practices
3. Customer Privacy
4. Anti-Corruption /Whistleblower Protection
5. Ethics and Integrity
6. Human Rights Protection
7. Financial Risk Management
8. Regulations and Compliance Management



## MANAGEMENT APPROACH

True to its mission and vision to be the country's consumer and retail bank of choice, the Bank continuously works to provide its clients competitive products and services while ensuring safe and positive banking experience as it strives to adhere to sustainable finance principles and standards.

With its Board of Directors, senior management and employees, the Bank strategizes to ensure that material topics with high impact on business and customers are managed well. This section describes how the Bank manages its identified material topics to deliver its commitment to the banking public and actively participate in the Philippine banking industry's goal to accomplish its sustainable finance initiatives and help the Philippine Government with its own Nationally Determined Targets.

## ECONOMIC ASPECT



### FINANCIAL PERFORMANCE

PSBank's Finance Group, guided by approved policies and practices, is responsible for monitoring the Bank's financial performance. The Bank undertakes Internal Capital Adequacy Assessment Planning (ICAAP) exercise which helps in the proactive determination of whether the Bank's qualifying capital can support its mid-term risk asset growth based on various economic and regulatory factors, both domestic and international.

Financial projections are generated based on the Bank's outlook over a 5-year period, under normal economic growth indicators. The Bank uses various scenarios or simulations to stress the base case with minimal or no management intervention to obtain a "black swan" environment, if possible, to test the Bank's capital strength and resilience against adverse conditions.



### MARKET PRESENCE

The Bank is able to improve on its strong presence with respect to loan products by providing competitive interest rates, flexible repayment options, and the maintenance of good relationships with its partner providers (like auto dealers and real estate developers). Its delivery and distribution channels include physical branches, ATM network and digital banking platforms. Its thematic and tactical marketing campaigns focus on the promotion of financial products and services as well as information on how clients can maximize them. By virtue of changing market behavior, the Bank utilizes digital platforms and thereby minimize the use of paper marketing materials.



### GEOGRAPHICAL POSITIONING AND MANAGEMENT

The Bank strategically places its physical branches and ATMs nationwide in locations within communities that are easily accessible by clients.

Leveraging on digital innovation and technology, the Bank continues to improve its online and mobile banking facilities to enable its clients to perform their banking needs in a safe and more convenient way.



## BRAND POSITIONING AND MANAGEMENT

True to its tagline, “Simple lang. Maasahan”, the Bank ensures that the delivery of products and services are made simple and easy to use while providing features that help its retail, SME, and corporate clients meet their requirements and improve their financial welfare.



## INNOVATION AND DIGITIZATION

The Information Technology (IT) Group of the Bank together with its Marketing and Information Security groups work together to ensure that all systems are user-friendly, fast and secure for the customers. Systems are regularly reviewed and monitored for possible improvements and upgrades using the latest in available technologies.

The Bank also continues to rationalize existing systems infrastructure, pursue needed investments in technology, and perform continuous research to substantially improve IT operations, reduce system incidences and energy consumption and most of all, improve customer experience.



## CUSTOMER SERVICE

The Bank continuously strives to be the country's consumer and retail bank of choice, by conforming to the highest standards of integrity, professionalism and teamwork. The Bank commits to provide its customers superior products and reliable services that contribute to social and environmental sustainability.

# ENVIRONMENTAL ASPECT



## ENVIRONMENTAL COMPLIANCE

PSBank continues to manage the environmental impacts of its owned buildings and operations. Its policies and processes are reviewed at least annually to ensure that they remain in accordance with existing and new laws and regulations. In 2021, the Bank appointed Pollution Control Officers and Managing Heads for the head office and branch clusters across the country. In 2022, the Energy Manager was likewise appointed and certified.

# SOCIAL ASPECT



## CUSTOMER HEALTH AND SAFETY

To ensure that both customers and employees are able to engage with each other comfortably and safely amidst any rise of health issues and concerns, the Bank maintains strong and effective health and safety protocols. It has measures to ensure that these are strictly followed by employees, customers and visitors. The Bank's IT Group and business units deliver enhanced online banking and digital products and services to ensure that identified environmental and social risks do not disrupt the Bank's services to its banking public.



## DIVERSITY AND EQUAL OPPORTUNITY

The Bank believes in the importance of diversity in promoting innovation, inclusive growth, and maintaining a collaborative working environment. The Bank employs and promotes competent individuals regardless of gender, age, socioeconomic status, religion and cultural ethnicity.



## NON-DISCRIMINATION AND LABOR RELATIONS

The Bank ensures strict implementation of its Code of Conduct and maintains a strong partnership with its Employee Union. Through CXHRG – People and Labor Relations Department, the Bank closely monitors the compliance of its branches and head office units with all necessary DOLE certification and requirements. This contributes to the Bank's satisfactory rating in all the DOLE audit exercises.



## WORKPLACE HEALTH AND SAFETY

The Bank treats with high importance its employees' wellness and well-being on all fronts – physically, mentally, emotionally, socially, and spiritually. It has programs consisting of knowledge bits issued via the Bank's intra network, webinars, in person trainings, and employee engagement activities. Among these is the Mandatory Employee Safety and Health (MESH) training conducted annually. The Bank intensifies its employee awareness and educational drive with hybrid symposiums facilitated by external medical experts and in-house psychologists.

The Bank complies with the required city health clearance certificates for head office-based employees.



## TALENT ACQUISITION AND RETENTION

The Bank believes that each employee should be given equal opportunity to improve oneself and attain one's highest potential. It uses a Competency Framework to ensure that all employees' skill sets are considered, and matched with existing and future talent requirements of the business. The said framework helps strengthen the Bank's succession planning initiatives to identify, grow and retain internal talents while ensuring a sustainable manpower pool for business continuity.



## HUMAN RIGHTS PROTECTION

PSBank, governed by its policies and code of conduct, upholds the human rights of its stakeholders, customers and employees.

# GOVERNANCE ASPECT



## ANTI-FRAUD AND ANTI-BRIBERY; GOVERNANCE ASPECT / ANTI-CORRUPTION / WHISTLEBLOWER PROTECTION

The Bank's Code of Conduct and Whistleblowing policies are in place to guide employees in reporting impropriety or malpractice committed by co-employee(s) or third party(ies). The whistleblower is protected from any form of harassment or retaliation as a result of any disclosure done in good faith. The Bank's Fraud Management Group uses several tools and industry best practices for early detection, prevention, and management of internal and external fraud.





## DATA MANAGEMENT AND SECURITY PRACTICES

The Bank's Data Privacy policies support the Data Security Framework. They ensure that all personal data and information are properly protected throughout their lifetime in the Bank – from the encrypted collection of data to storage and processing, and secured sharing and disposal should the need or requirement arise. These apply to its customers, third parties, employees and other stakeholders.



## CUSTOMER PRIVACY

The Bank protects customer data through multiple layers of security, as well as policies that are closely intertwined with its business processes. The Data Protection Officer (DPO) is responsible for ensuring compliance with the guidelines and directives of the country's strict data privacy and confidentiality laws.



## ETHICS AND INTEGRITY

The Bank subscribes to and adopts the country's laws to protect the: (1) integrity and confidentiality of accounts and ensure that they shall not be used as a money laundering/terrorism financing site and/or conduit for the proceeds of unlawful activities; and (2) life, liberty and property from acts of terrorism by condemning such acts and those who support and finance them as a crime against the Filipino people, against humanity, and against the law of nations.



## FINANCIAL RISK MANAGEMENT

In managing its stakeholder value, the Bank ensures its enterprise risk management remains effective, robust and relevant through the major risk areas of credit, market and operational risks. The risk management activities cover: regular review and updating of risk management policies, risk limits and triggers, and tools, exposures identification, measurement and assessment, monitoring, control and reporting and promoting operational efficiency, compliance, risk awareness and management. These help the Bank maintain risk levels within low or zero appetite.

The Bank employs Sustainable Finance Framework (SFF) and Environmental and Social Risk Management (ESRM) policies to ensure integration of environmental, social, and governance criteria into its day-to-day business operations and its financial products and services.

On a regular basis, the Bank's Board reviews and ensures that the Bank's capital is strong, adequate and resilient to deliver its strategic plan and protect shareholder value within its risk appetite and tolerance.

For a complete discussion, please refer to the Annual Report disclosures on Risk Management.



## REGULATIONS AND COMPLIANCE MANAGEMENT

The Bank continually strives to maintain a strong compliance culture in the midst of an ever-dynamic banking regulatory landscape. It proactively identifies, monitors, assesses, and addresses emerging compliance issues. It vigorously promotes continuing education through formal and informal trainings, compliance awareness programs, compliance testing, and advisory services through clear and open communication lines. The Bank also fosters a good corporate governance culture by benchmarking against industry best practices and standards.

# ECONOMIC IMPACT

## ECONOMIC PERFORMANCE

### Direct Economic Value Generated and Distributed

The country's economy continues to manifest signs of recovery from the disruptive changes brought about by the pandemic. Amongst the industry players that turn learnings to bring forth new strategies to help the economy build-back better, the Bank boosts its portfolios and ensures its risk mitigating measures remain robust to handle present and evolving risks, including environmental and social risks. The Bank meets its commitments to internal and external stakeholders through continuous rationalization such as for adequate and effective manpower complement, efficient operations, and adoptive strategies. These enabled the Bank to maintain its direct economic value at Php13.85 billion in 2023.

Shareholders and other capital payments amounted to Php1.28 billion or same level as the previous year. Employees' wages and benefits amounted to Php3.81 billion, or slightly higher by 4.70% than the cost incurred last 2022.

The Bank's operating cost for 2023 was Php3.37 billion which is lower by 5.86% compared to the Php3.58 billion in 2022.

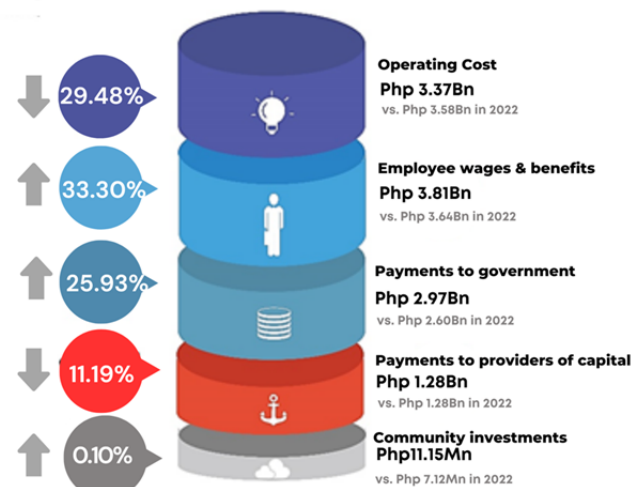
Contributions to the government through tax payments and licenses amounted to Php2.97 billion, while contributions to the community through donations was Php0.01 billion.

### EXHIBIT 2. ECONOMIC VALUE, December 2022 VS December 2023

ECONOMIC METRICS*	2022 DEC 31	2023 DEC 31	CHANGE	% CHANGE
Economic value generated	13.85	13.85	(0.003)	(0.02%)
Operating cost	3.58	3.37	(0.210)	(5.86%)
Employee wages and benefits	3.64	3.81	0.171	4.70%
Payments to providers of capital	1.28	1.28	0.000	0.00%
Payments to government	2.60	2.97	0.365	14.02%
Community investments	0.01	0.01	0.004	56.52%

\* In PhP billion, except for Community investments

### Economic Distribution 2023 Php13.85Bn Economic Value Generated



## PROCUREMENT PRACTICES

The Bank has internal procurement policies for submission, canvassing, approval, awarding, notification and recording of product or service requirements. It maintains its pool of accredited service providers or vendors based on sound criteria. The Bank may engage Metrobank-accredited partners whenever warranted. Purchase requests that are categorized for canvassing shall require price quotations from at least three service providers or vendors on the accredited list. The purchase shall be awarded based on economic cost and business benefits. Internal policies and regulatory requirements on Related Party Transactions are strictly enforced. The Bank ensures that it prioritizes its pool of local suppliers in every purchase and engages international suppliers as its last resort. In 2023, 79% of total spending or Php 3.4 billion was paid to its local suppliers. This share is higher by 7% compared to 2022 spending, and by 12% versus 2021 spending.

## SUPPLY CHAIN MANAGEMENT

The Bank maintains a pool of more than 1500 active accredited local (98%) and international (2%) suppliers and service providers for operational needs. Prior engagement, suppliers are subjected to appropriate review process depending on the type of service if local or international, and whether the service falls under simple accreditation or qualifies as outsourcing. For continuing engagement, the Bank conducts annual performance evaluation of all its outsourced service providers.

The Bank enhances its review process based on evolving regulatory requirements and risk environment. In 2023, it added the Environmental and Social (E&S) Risk Assessment to the risk scoring of the outsourced service providers during initial approval and annual review for continuing engagement. In the next few years, the Bank shall help its suppliers and service providers to measure their environmental impact using tools that are widely accepted, and incorporate the results in their risk scoring.

## ANTI-CORRUPTION

The Bank's anti-corruption programs and procedures are documented in the Bank's policies and procedures re: Reporting of Impropropriety or Malpractice and Code of Conduct which include policies against Bribery and Corruption and provisions on (1) Disciplinary process; (2) General policies to establish a professional working environment and secure a favorable reputation for the Bank; (3) Corrective measures for unacceptable behavior or failure to comply with rules, such as on Financial Consumer Protection and on Anti-Money Laundering/Terrorism Financing/Proliferation Financing policies and procedures; (4) Schedule of penalties for attendance and punctuality, required corporate attire, conduct and behavior, dishonesty, health, safety and security, reporting of violations, and information security; and; (5) Provisions on management of personal finances, conflict of interest, bribery and corruption, anti-sexual harassment, non-disclosure of information, data privacy and information, and insider information.

## GRIEVANCE MECHANISM FOR WHISTLEBLOWERS

The Bank believes that to be a successful financial institution, all its employee should conduct themselves with the highest level of integrity, honesty and professionalism.

The Whistleblowing policies require its employees to report any form of dishonesty, fraud, impropriety or malpractice committed by co-employee/s or third party or parties to the Group Heads or to the Customer Experience and Human Resources Group Head, the Fraud Management Group Head/Division Heads, or the Chief Audit Executive/Internal Audit Group Head, for evaluation if the case would warrant an investigation. Under the Code of Conduct, concealment or non-reporting is considered as an impropriety or malpractice in itself.



A whistleblowing report must be made in good faith, believing it is true and not made maliciously or for personal gain. The whistleblower's identity and right to privacy is protected by the Bank to ensure that he/she is protected from any form of harassment or retaliation. The policies consider any attempt to determine the whistleblower's identity as a breach of confidentiality which is subject to disciplinary sanctions.

For 2023, there were no legal and regulatory fines and settlements associated with financial industry regulation that resulted from whistleblowing actions.

## FINANCIAL INCLUSION AND LITERACY

The Bank continues to provide financial literacy to the country's banking public through its flagship campaigns – “Be Aware” and “Good to Know”.

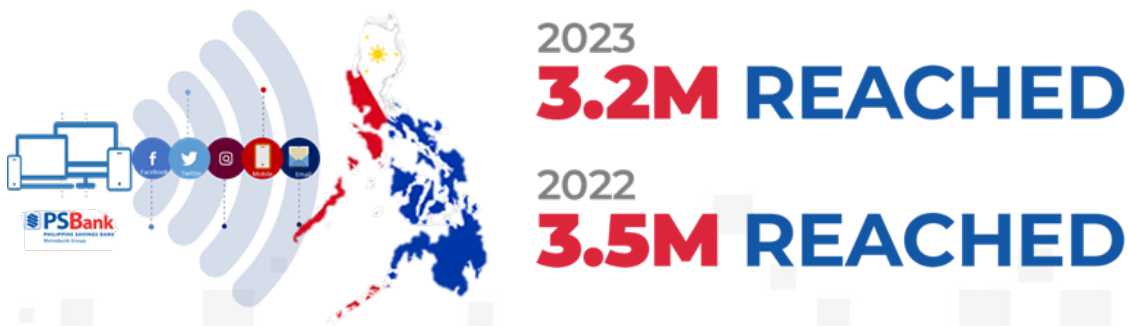
The Be Aware campaign aims to educate, update and increase the awareness on the latest scams and modus operandi that try to victimize unsuspecting clients as they perform their financial transactions. In 2023, the Bank released 322 materials through its Be Aware campaign on phishing, pharming, vishing, skimming, SMSing, email scam, social media scam, identity theft, check fraud, clickbaits, shopping scam, travel scam, unwanted loans and obligations, employment scam, and ransomware.

The Good to Know Campaign, on the other hand, aims to cultivate the value of saving and investing. It provides financial tips and trends to provide customers with comprehensive understanding of both existing and new bank products and services. This enables them to make informed decisions regarding saving and investment strategies. There are three (3) social media initiatives under the Good-to Know campaign. These are: (1) PSBankabulary which defines banking and financial concepts in a more “down-to-earth” language; (2) Simpleng Tanong (translates to Simple Questions) features actual frequently-asked questions raised by customers as a reaction to the ads posted on the Bank's social media pages; and (3) How To which guides users on how to access PSBank services/facilities and perform transactions like PaSend, mobile check deposit, mobile TD placements, and paying bills, among others.

The campaigns are presented in a consumer-relatable format that makes use of witty anecdotes and catchy phrases to ensure that the information can be understood and remembered by the banking public from all walks of life. These show how banking can be accessible, convenient and “simple lang” for everyone. The materials are released using 9 different channels to ensure wider reach: (a) PSBank Website “What's New” Section, (b) PSBank Social Media (Facebook, Twitter, Instagram), (c) PSBank Mobile app advisories/reminders (d) PSBank Online (Inbox) (e) Email blast to clients' personal email; (f) Press Releases; (g) SMS blast; (h) PSBank newsletters; (i) PSBank branch Q monitors.

In total, the Financial Inclusion and Literacy programs of the Bank reached 3.2 million in 2023 – excluding press releases issued in media for the general public.

EXHIBIT 3. FINANCIAL INCLUSION AND LITERACY REACH. FY 2022 VS FY 2023



The Bank actively promotes financial literacy training within its workforce. In 2023, the Bank conducted 26 in-person targeted programs and deployed resources to better equip its manpower with the knowledge and skills necessary to make informed personal financial decisions. These were participated by 375 new employees and 80 existing personnel.

EXHIBIT 4. FINANCIAL LITERACY TRAINING. FY 2023

Name of Training / Seminar	Number of Runs	Target Participants	Total Participants
Financial Literacy for New Employees	23	New Employees	375
Financial Wellness	3	Branch and Head Office personnel	80

## RESPONSIBLE INVESTMENT

The Bank's contribution to SDG 8 – Decent Work and Economic Growth as defined in its Sustainable Finance Framework is to promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all by increasing its non-retail portfolio specially its Small and Medium Enterprise (SME) loan portfolio. The Bank offers term loans, credit lines, letters of credit and trust receipts, bills purchase, and discounting lines which are integral to support SME capital requirements, acquisition of fixed assets, and funding for day-to-day operations. By financing the requirements of the country's SME sector, the Bank indirectly supports employment growth and boosts production of goods and services which in part contributes to the Philippine's National Development Goals to lower the country's unemployment rate by 2030.

Along with the country's continued economic expansion in 2023, consumer demand, supply chain and financial facilities opened up for the SME businesses. In support, the Bank increased grant of SME loans, ending at Php4.70 billion as of December 2023, or 14.17% higher than the Php4.12 billion from previous year. This covered several sectors, with the largest exposure attributable to Wholesale and Retail Trade & Repair of Motor Vehicles and Motorcycles at 23%, followed by Financial and Insurance Activities at 22.5%, and outperformed the Electricity, Gas, Steam and Air Conditioning Supply sector at 21.99%. In addition, the Bank's outstanding investment for community development stood at Php11.58 million and for ESG themed projects at Php498.42 million.

Total SME loans extended by the Bank to new clients reached Php2.23Bn in 2023, or representing a 76.50% increase over the previous year. This achieved 228.90% of the Bank's target contribution to SDG 8 – Decent Work and Economic Growth, and benefited the sectors of Non-Life Insurance, Services, Real Estate Buying, Selling, Leasing, Public Transportation and Construction.

The Bank anticipates further growth of SMEs throughout 2024, driven by factors such as a slowdown in inflation, expected easing of interest rates by BSP in the latter part of the year, ongoing government infrastructure spending and a vibrant economy.

## EXHIBIT 5. CREDIT LENDING FOR COMMUNITY AND SMEs, FY2022 VS FY2023

CREDIT LENDING	2022	2023
<b>Credit Lending for Community</b>		
Total amount of loans outstanding qualified to promote community development (Php)	24.02 million	11.58 million
Total number of loans outstanding qualified to promote community development	13	11
<b>Credit Lending for SMEs</b>		
Total amount of loans outstanding qualified to promote small business (Php)	4.12 billion	4.70 billion
Total number of loans outstanding qualified to promote small business	1,251	1,248

The Bank supports the Philippine government's move towards a greener mobility by financing hybrid and electric vehicles (EV) through its Auto loan facility. With the combined effort of its sales team from its branches and partner dealers, the Bank grew its hybrid and EV loan portfolio by more than 20% in 2023.

The Bank's approach to address climate change risks in its lending business continues to evolve. Diligent review of its existing processes, policies, and tools is carried out with the collaboration of the Bank's Credit, Risk Management and business units to ensure continued relevance, comprehensiveness and effectiveness.

## EXHIBIT 6. SECTOR WISE CREDIT LENDING (COMMERCIAL &amp; INDUSTRIAL CREDIT). FY 2022 VS FY 2023

UN SUSTAINABLE DEVELOPMENT GOAL CONTRIBUTIONS	INDUSTRY	2022		2023	
		Amount (in billion PhP)	% Share	Amount (in billion PhP)	% Share
1 – No Poverty	Loans to Individual for household and personal consumption	0.010	0.16%	0.010	0.14%
2 – Zero Hunger	Agriculture, Forestry and Fishing	0.071	1.09%	0.073	1.07%
	Human Health and Social Activities	0.061	0.94%	0.046	0.67%
4 – Quality Education	Education	0.015	0.23%	0.011	0.16%
6 – Clean Water and Sanitation	Water Supply, Sewerage, Waste Management and Remediation Activities	0.006	0.09%	0.013	0.19%
7 – Affordable and Clean Energy	Electricity, Gas, Steam and Air Conditioning Supply	1.336	20.61%	1.010	14.87%
8 – Decent Work and Economic Growth	Accommodation and Food Services Activities	0.049	0.76%	0.055	0.80%
	Activities of Households as Employers and Undifferentiated Goods-and-Services-Producing Activities of Households for Own Use	0.225	3.47%	0.155	2.29%
	Administrative and Support Service Activities	0.046	0.71%	0.074	1.08%
	Arts, Entertainment and Recreation	-	0.00%	0.016	0.24%
	Financial and Insurance Activities	1.263	19.49%	1.467	21.61%
	Manufacturing	0.311	4.80%	0.298	4.39%
	Other Service Activities	0.366	5.64%	0.560	8.25%
	Professional, Scientific and Technical Services	0.098	1.51%	0.106	1.56%
	Real Estate Activities	0.587	9.06%	0.652	9.60%
	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1.251	19.31%	1.494	21.99%
9 – Industry, Innovation and Infrastructure	Construction	0.383	5.92%	0.390	5.74%
	Information and Communication	0.026	0.40%	0.023	0.34%
	Mining and Quarrying	0.001	0.02%	0.001	0.02%
11 – Sustainable Cities and Communities	Transportation and Storage	0.373	5.76%	0.338	4.98%
	<b>TOTAL</b>	<b>6.479</b>	<b>100%</b>	<b>6.791</b>	<b>100%</b>

The Bank has identified three sustainable development goals as its areas of focus up to 2030 and plans to expand on its capabilities for the inclusive growth of the Philippines' Social and Environmental areas in the coming years.



### 8 DECENT WORK & ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable growth, full and productive employment and decent work for all.

**2.23Bn new SME loans granted** in 2023, or 220.89% achievement vs target



### 9 INDUSTRY, INNOVATION & INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

**16 Sustainable Technology solutions** deployed in 2023 or 320% achievement vs. target



### 13 CLIMATE ACTION

The urgent action to combat climate change and its impact.

**100% renewable energy** for head office, **3.85% decrease in energy use**, or 123.20% achievement vs. target.

## ENVIRONMENTAL IMPACT

### ENVIRONMENTAL COMPLIANCE

The Bank continues to manage the environmental impacts of its owned buildings and operations. Indirectly, it manages for its leased buildings through the lessors. Its certified Pollution Control Officers (PCOs) and Managing Heads (MH) for the head office and branch clusters across the country help monitor and report the Bank's compliance to environmental laws. It engages service providers as needed, to assist in meeting the various requirements for different environmental laws like RA 8749 known as the Philippine Clean Air Act of 1999, RA 6969 known as the Toxic and Hazardous Substances and Nuclear Wastes Control Act of 1990 and RA 9275 known as The Philippine Clean Water Act of 2004. In 2023, the Bank complied with the Environmental Compliance Certificate (ECC) requirement for cited one leased property and settled the applicable charges.

The Bank also complies to energy laws like RA 11285 or Energy Efficiency and Conservation Act. Its milestones include the migration to renewable energy source of its head office and one provincial branch. In 2023, it engaged a third party to perform level one (1) Energy Audit. Beginning 2024, the Bank will formalize its energy management plan and further rationalize its energy consumption. It will ensure the training and certification of select personnel as Energy Conservation Officers who shall assist the certified Energy Manager in the delivery of the energy management plan.



## EXHIBIT 7: ENVIRONMENTAL COMPLIANCE. FY 2022 VS FY 2023

	2022	2023
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	Php20,000.00	Php10,000.00
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	None
No. of cases resolved through dispute resolution mechanism	1	2

## ECOSYSTEMS AND BIODIVERSITY

The Bank is conscious of the impact of its products, services and operations to the environment. For lending and investment, it implements limitations and exemptions on specific industries, such as those that may pose significant harm to the environment. This is complemented by the Bank's ongoing commitment to improve its capabilities in facilitating more sustainable finance practices.

Given available means and tools to reduce Green House Gas Emission (GHG), the Bank shall be more active in deploying its programs for improved energy consumption, such as regular energy audit, energy management plan, energy-efficient technologies, renewable energy, and modified procurement logistics.

The Bank has policies for selection of locations of its branches, off-site ATMs and warehouses. The standards include environmental and social risk assessment and mitigation.

In 2022, the Bank opened Rooftop 777 or the Bank's old rooftop that was transformed into a garden by its employees. The 306 sqm garden remained well kept and maintained in 2023, causing the Bank's People Experience Division to recognize and award employee groups that manifested exemplary plant upkeep, and greatest engagement of employees while using sustainable materials. The awarding is held quarterly and included the sharing by environmental practitioners on sustainability topics like urban farming and biking as an alternative transportation.

The Bank supports community initiatives, such as clean up drives and planting events. Five (5) Eco-Warrior club members participated in the Marikina River Clean-Up Drive on June 17, 2023. The clean-up drive removed trashes and litters along the walkways of Marikina River. In addition, four (4) eco-warriors participants joined the annual International Coastal Clean-Up Day on September 16, 2023, at SM by the Bay, Pasay City. The activity is one of the largest volunteer efforts for marine environment - gathering thousands of volunteers who helped in removing wastes and marine debris at the coasts of Manila Bay. Total of 5.7kg worth of trash was collected during the activity. Moreover, 6 eco-warriors club volunteers, participated in the Earth Day celebration by re-bagging 1,985 saplings at Million Trees Nursery and Eco-Learning Center, La Mesa Watershed, Quezon City. This is part of a bigger drive to plant 10 million trees by 2030 to save critical watersheds in the country.

## OPERATIONAL GREENHOUSE GAS EMISSIONS

The Bank began measuring its GHG emission in 2019 with the help of an external service provider. It has since improved the data collection for energy, fuel and water consumption. This enabled the Bank to accurately measure the consumption based on actual data in its branch network, head office and warehouses. Automated teller machines (ATM) network continued to be measured in terms of averages.

It improved its internal capability to compute GHG emission with 2 risk officers trained in 2023 on technical GHG verification and calculation. It likewise maintained its bankwide GHG inventory to measure air pollutants in its premises.

## EXHIBIT 8: SCOPE 1 GHG CALCULATION. FY2022 VS FY 2023

Scope 1	2022	2023
Absolute emission (tCO <sub>2</sub> e)	85.98	68.30
Emission Intensity (tCO <sub>2</sub> e per million Php Revenue)	0.02	0.02
Emission Intensity (tCO <sub>2</sub> e per Full Time Employee)	0.03	0.02
Emission Intensity (tCO <sub>2</sub> e per Square Meter of Premises)	0.001	0.0005

The Bank used emission factor for diesel and petrol from UK Government GHG Conversion Factors for Company Reporting version 2023 and 2022 for applicable reporting years.

## EXHIBIT 9: SCOPE 2 GHG CALCULATION. FY2022 VS FY 2023

Scope 2	2022	2023
Absolute emission (tCO <sub>2</sub> e)	3,777	3,643
Emission Intensity (tCO <sub>2</sub> e per million Php Revenue)	1.03	0.80
Emission Intensity (tCO <sub>2</sub> e per Full Time Employee)	1.37	1.29
Emission Intensity (tCO <sub>2</sub> e per Square Meter of Premises)	0.03	0.02

The Bank used 0.507 (t-CO<sub>2</sub>/MWh) emission factor for coal powered source as published by DOE for 2015 to 2017 power statistics.

## ELECTRICITY CONSUMPTION

Majority of the Bank's energy consumption are attributed to the 250 branches (57.65%), followed by its head office (34.60%). Its ATM network consumed 6.97%, while warehouses at 0.78%. In 2023, the Bank's total renewable energy (RE) consumption is 5,939,515.07 KWH.

All of the Bank's renewable energy consumption in 2023 was for its head office. This registered a decrease of 3.76% (equivalent to 231,960.18 KWH) from the 6,171,475.25 KWH consumed last 2022. On the other hand, energy consumption from its branches in 2023 totaled to 9,895,898.15 KWH registering a 4.06% (418,844.41 KWH) decrease from the 10,314,742.56 KWH consumed in 2022.

The decrease in the energy consumption is attributed to the 100% conversion to LED light fixtures and signages in head office. There is also conscious energy saving efforts through the turning off of lights during lunch breaks from different head office units. In the branches, LED light fixtures and signages were installed to replace busted lights. Seven (7) branches that were relocated in 2023 used 100% LED in their light fixtures facilities.

In alignment with the Philippine Energy Plan, the Bank successfully powered its head office with 100% renewable energy source since March 2022. It continued its efforts on this front and energized its 1<sup>st</sup> solar branch in Los Banos, Laguna in September 2023, causing 40% of the Branch's energy requirement to come from solar power. This reduced the Branch's energy cost by P17,000.00 each month. The Bank will assess other branches that are qualified for conversion to solar power energy.



## FUEL CONSUMPTION

The Bank consumes fuel for both mobile and stationary combustion. In 2023, mobile combustion from bank owned vehicles used for collections, general services operations and other bank car services accounted for 87.30% at 110,666 liters. On the other hand, stationary combustion accounted for 12.70% or 16,094 liters for generator sets (genset) servicing the head office, branches and warehouses nationwide.

The absolute fuel consumption of the Bank stood at 126,760 liters for 2023, registering a reduction of 16.80% from its 2022 level (152,363 liters). This improvement is observed in its mobile combustion (lower by 20.32%). This can be attributed to improved bank vehicle trip itinerary planning, discontinuance of bank-owned armored vehicles effective June 2023 and is now outsourced to Metrobank Cash Center.

Fuel consumption of generators in Head Office increased by 36.29%, as compared to 2022. This is partly due to an isolated issue encountered on automatic transfer switch control panel that caused extended use of the 2 generators for 2 weeks. Branch fuel consumption for its generators likewise increased by 17.51% as compared to 2022. Fuel consumption for branch generator set was computed based on the total price of fuel bought divided by average price of diesel fuel for 2022 as published in doe.gov.ph.

EXHIBIT 10. FUEL CONSUMPTION. FY2022 VS FY2023 (in liters)

Fuel Consumption	2022	2023	% Change
Generator set – Head Office	1,400	1,908	36.29%
Generator set - Branches	12,072	14,186	17.51%
Transportation	138,891	110,666	(20.32%)
<b>Total Consumption</b>	<b>152,363</b>	<b>126,760</b>	<b>(16.80%)</b>

## WATER USE

Water for the head office is supplied by a local water utility provider, while only a majority of the leased and owned facilities are supplied by local water utility providers.

For 2023, total water consumed at the head office was 29,791 cubic meters (m<sup>3</sup>), which is 1.90% higher compared to 2022 level. This can be attributed to an isolated preventive maintenance of the chillers for the air-conditioning of the head office. An additional 404.12 m<sup>3</sup> of purified drinking water supplied by a service provider was also consumed in the Head Office for 2023. This compares to 320.10 m<sup>3</sup> consumed in 2022.

In total, water consumed by the Bank was 63,179 m<sup>3</sup>, which is 20.13% lower compared to the updated 2022 level inclusive of HO mineral water (79,100 m<sup>3</sup>). The branch network accounted for higher share in water consumption at 49.34% (31,935 m<sup>3</sup>). Head office registered 47.79% share at 30,195 m<sup>3</sup> while the leased warehouses' share stood at 1.66% (1,048 m<sup>3</sup>).

There are 2 owned properties and 5 leased properties that used extracted water from natural resources (deep well). Their consumption was minimal at 765 m<sup>3</sup> and higher by 51.13% versus 506 m<sup>3</sup> level in 2022. Consumed water is discharged through the Bank's drainage system.

The Bank shall endeavor and explore efficient ways on how it can reuse or recycle its consumed water.

EXHIBIT 11. WATER CONSUMPTION. FY2022 VS FY2023, (in m<sup>3</sup>)

SOURCE	2022	2023	% CHANGE
Water Supplied	78,594	62,415	(20.59%)
Water Extracted	506	765	51.13%
<b>Total</b>	<b>79,100</b>	<b>63,179</b>	<b>(20.13%)</b>

Water use intensity normalized by square meter of floor area, employee and revenue were 0.414m<sup>3</sup>/m<sup>2</sup>, 22.02 m<sup>3</sup>/full time employee and 13.77 m<sup>3</sup>/mPHP revenue, respectively.

## WASTE MANAGEMENT

The Bank continues to observe the proper disposal and segregation of physical wastes both in Head Office and its branches. This is enforced and monitored through the Greenhouse Keeping Program where departments are enjoined to participate and get evaluated based on their compliance. Non-hazardous and hazardous wastes continue to be disposed through city-accredited garbage collectors. In 2023, the Bank worked with its third-party service providers, requiring them to provide certification of proper disposal and handling of hauled wastes from its head office.

Total waste generated in 2023 was 247.92 tonnes, consisting of 99.59% non-hazardous waste and 0.41% hazardous waste. Non-hazardous wastes increased by 1.38% while hazardous wastes decreased by 94.08%.

As a service institution, the Bank's non-hazardous wastes come from paper, plastics, and scraps from its furniture, fixtures, equipment. Several initiatives came about to reduce these non-hazardous wastes. Single use plastic containers were banned from the Bank's canteen. Paper-based correspondences were converted to digital forms. Likewise, paper-based Statement of Account (SOA) and pin mailers were converted to electronic SOA and Green Pin. The Green Pin enabled clients to activate their PSBank ATM cards and change their PIN online through the PSBank corporate website, mobile and online banking channels. The projects caused a reduction in paper usage of 110 reams for e-SOA conversion and 2,451 Green PIN cards without PIN mailers, which also led to a reduction of 14,940 trips from the removal of physical statement deliveries for e-SOA and PIN mailers. With the Online account opening gaining traction, the Bank was able to conserve around 31,428 sheets of paper relative to the online opening of 10,476 new deposit accounts.

Wastes from scraps come from retired assets (i.e. furniture, fixtures and equipment) after long periods of use, wear and tear, and obsolescence. The Bank recognizes that this provides an opportunity for circularity. In early 2023, the Bank introduced a screening process before asset disposal to determine if such assets could have extended life and purpose through refurbishment, repair, recycling, upcycling, or upgrading. This resulted in a total of 68 office furniture and equipment with a weight of 1,878kg to become useful again and available for bank users. This reduced the Bank's non-hazardous waste and caused a P1.5Mn savings from unpursued new asset acquisition. In total, non-hazardous wastes consisted of 2.2% recycled by the service providers and 1.81% reused by the Bank.





The Bank engaged its employees in circularity by launching the Donate a Recyclable campaign during its 63rd Anniversary. This was participated by seven (7) Head Office groups and generated 90.79kg of recyclables consisting of aluminum, E-waste (cellphones etc.) paper, and PET bottles.



EXHIBIT 12. WASTE DISPOSAL. FY2022 VS FY2023, (in tonnes)

TYPE	2022	2023	Total % CHANGE	Total % RECYCLED
Non-Hazardous Waste	243.53	246.90	1.38%	2.20%
Hazardous Waste	17.20	1.02	(94.08%)	0.00%
<b>Total Wastes</b>	<b>260.73</b>	<b>247.92</b>	<b>(4.91%)</b>	<b>2.20%</b>

## SOCIAL IMPACT

PSBank has always been mindful of its social impact relative to providing financial products and services and its overall operations.

### WORKFORCE DIVERSITY

The Bank believes in the value of diversity to promote innovation, inclusive growth, and a collaborative organizational environment.

It has 2,834 employees – 63.27% are female employees, and 36.73% are male. In terms of age, 68.81% are between ages 30 to 50 y.o., followed by the ones below 30 y.o. at 22.97% and those over age 50 y.o. at 8.22%.

The Bank's Board of Directors has 9 members, 2 of which are female or 22.22% of the board make-up.

EXHIBIT 13. PERMANENT/FULL TIME EMPLOYEES. December 2023

JOB LEVEL	AGE	GENDER		GRAND TOTAL
		Female	Male	
Rank and File	Under 30 y.o.	334	203	537
	30 to 50 y.o.	669	342	1,011
	Above 50 y.o.	66	27	93
	Subtotal	1,069	572	1,641
Junior Management	Under 30 y.o.	57	52	109
	30 to 50 y.o.	299	180	479
	Above 50 y.o.	12	9	21
	Subtotal	368	241	609
Middle Management	Under 30 y.o.	4	1	5
	30 to 50 y.o.	255	171	426
	Above 50 y.o.	70	24	94
	Subtotal	329	196	525
Senior Management	Under 30 y.o.	0	0	0
	30 to 50 y.o.	16	18	24
	Above 50 y.o.	11	14	25
	Subtotal	27	32	59
<b>Grand Total</b>		<b>1,793</b>	<b>1,041</b>	<b>2,834</b>

## WORKPLACE SAFETY AND LABOR PRACTICES

The Bank regularly launches programs to protect and sustain its workforce. Its spectrum covers mental health, physical fitness, workplace wellness, social connection, spiritual consciousness, and environmental stewardship. Proper health and sanitation protocols continued to ensure the safety of PSBankers.

In 2023, the total recorded incident rate (TRIR) ended at 35.07%, higher by 14.91% due to increase in medical consultation by employees. Near Miss Frequency Rate (NMFR) recorded at 0%. There was no incident of work-related death in the reporting year.

EXHIBIT 14. WORKPLACE SAFETY. FY2022 VS. FY2023

WORKPLACE SAFETY	2022	2023	% CHANGE
Total recordable incident rate (TRIR)	20.16%	35.07%	14.91%
Near miss frequency rate (NMFR)	0.00%	0.00%	0.00%

The Bank ensures it provides a competitive compensation and benefit package for its employees based on remuneration policies approved by the Board. In addition, it recognizes employees that meet and exceed performance standards. This is determined by measuring output versus committed plans which include activities for the Bank's sustainable operations, products and services.

As a unionized organization, the Bank maintains an agreement with the PSBank Employee's Union (PSBEU) with the intent and purpose of promoting and improving the economic and social relationship between the Bank and the Union through the Collective Bargaining Agreement (CBA) held every three years. The CBA covers 58.93% of the Bank's workforce covering all rank and file employees including probationary employees. It establishes a better understanding relative to the rates of pay, hours of work and other terms and conditions of employment, providing expeditious means for the amicable adjustment of all industrial disputes, and to otherwise mutually confirm industrial peace and harmony. It also highlights the commitment of both management and union to help combat climate change. Section 21, Article XIV of the CBA Handbook stipulates this: *"The BANK and the UNION jointly agree to actively discuss the challenges of Global Climate Change in the regular dialogues set forth by both parties. Climate Change awareness shall be discussed during the Labor-Management Council and/or disseminated through BANK media channels."*

Section 17 of the CBA Handbook also states that, *"The BANK and the UNION agree to cooperate in promoting and developing measures to eliminate gender-based violence, harassment, and discrimination in the workplace. The Bank and UNION shall ensure that the laws, rules, and regulation protecting and recognizing the rights of the employee based on gender, including but not limited to, Republic Act No. 9262 or the Anti-Violence Against Women and their Children Act of 2004, and Republic Act No. 6725, or the 'Act Strengthening the Prohibition on Discrimination Against Women with Respect to Terms and Conditions of Employment', are observed at all times"*.

EXHIBIT 15. COLLECTIVE BARGAINING AGREEMENT. FY2022 VS FY2023

Collective Bargaining Agreement	Unit of Measurement	2022	2023
Coverage	# of Employees covered (members and non-members)	1,593	1,571
Union Members	# of Employees	1,593	1,571
Total Population of Eligible Rank-and-File	# of Employees	1,593	1,571

The Bank and PSBEU continue to align regularly through the Labor Management Council (LMC) appropriately called Talks on Employee Affairs and other Matters or TEAM. The Council is composed of three representatives each from management and union and meets once a month to discuss any or all matters affecting the employees of the Bank.

Employee discipline management under People and Labor Relations Department registered faster average turnaround time for employee case handling from 9.37 days in 2022 to 7.5 days in 2023.

There were no legal actions nor employee grievances involving forced or child labour, gender-based violence, harassment and discrimination during the year.

## EMPLOYEE BENEFITS

The Bank has always been committed to provide several government-mandated and voluntary benefits to its employees such as leaves, salary loans, several loans options, medical benefits, and other benefits. Many of the benefits administration activities are done via the Bank system for greater efficiency of service delivery to employees and their dependents. Exhibit below shows the benefits availed by its employees for 2023.

EXHIBIT 16. EMPLOYEE BENEFITS AVAILMENT. FY2023

EMPLOYEE BENEFITS	TYPE	Female	% to Total	Male	% to Total
Statutory: SSS	Salary / Emergency Loan	392	18%	179	7%
	Sickness Benefit	28		17	
	SSS Maternity Benefit	87		0	
Statutory: PhilHealth	HMO In Patient Report	109	4%	36	1%
Statutory: Pag-IBIG	MPL / Calamity Loan	189	7%	70	2%
PSBank Medical Benefit	Medical Subsidy	1809	64%	1032	36%
PSBank Loan	Home Equity Loan	50	1%	30	1%
	Salary Loan	29		27	
	Car Loan	2		0	
PSBank Teller's Incentive (Entitlement based on internal policies)	Teller's Incentive Allowance	559	74%	200	26%
PSBank Burial Assistance	Burial Assistance	103	4%	59	2%
PSBank Board Passer's Incentive	Board Passer's Incentive	1	0%	2	0%
PSBank Group Life Insurance	Death Benefit	3	0%	3	0%
Company stock options		N/A	N/A	N/A	N/A
Telecommuting		N/A	N/A	N/A	N/A
Flexible work arrangement		1,793	63%	1,041	37%

## EXHIBIT 17. LABOR PRACTICES. FY2023

LABOR PRACTICES	2022	2023
Voluntary turnover rate for employees	10.27%	10.07%
Involuntary turnover rate for employees	0.93%	0.83%
Total amount of monetary losses as a result of legal proceedings associated with labor law violations and /or employment discrimination	None	None
Percentage of employees earning minimum wage	0.00%. The Bank provides wages above minimum rate.	

The compulsory retirement age for regular employees (officers and staff) is at 55 years old based on the Bank's Retirement and Gratuity Plan duly approved by the Bureau of Internal Revenue. To aid in workforce planning, HR reviews the roster of employees and prepares for these expected employee movements for a smooth transition for both the retiring employee and affected business unit. The Bank accords deferential treatment and provides off-boarding kit containing send-off tokens and mementos to retired employees.

Voluntary turn-over rate in 2023 was lower at 10.07% alongside a lower involuntary turnover rate for employees at 0.83%. The decrease was caused by many factors, such as improved employee satisfaction and better employee engagement based on WES 60 survey results.

## EXHIBIT 18. BASIC REMUNERATION. FY2022 VS. FY2023

RATIO OF BASIC SALARY AND RENUMERATION OF MEN TO WOMEN	UNIT OF MEASUREMENT	2022	2023
Rank-and-File	Ratio	Approx. 1:1	Approx. 1:1
Junior Management	Ratio	Approx. 1:1	Approx. 1:1
Middle Management	Ratio	Approx. 1:1	Approx. 1:1
Senior Management	Ratio	Approx. 1:1	Approx. 1:1

## EXHIBIT 19. EMPLOYEE TURN OVER-RATES. FY2022 VS. FY2023

DEMOGRAPHY	UNIT OF MEASUREMENT	VOLUNTARY TURN OVER				INVOLUNTARY TURN OVER			
		2022		2023		2022		2023	
		Female	Male	Female	Male	Female	Male	Female	Male
BY RANK									
Rank-and-File	Rate	4.29%	3.33%	5.19%	6.53%	0.45%	0.70%	0.28%	0.38%
Junior Management	Rate	2.26%	4.13%	2.45%	2.02%	0.06%	0.10%	0.11%	0.29%
Middle Management	Rate	1.86%	3.12%	1.78%	1.83%	0.34%	0.30%	0.28%	0.58%
Senior Management	Rate	0.00%	0.20%	0.06%	0.38%	0.06%	0.00%	0.06%	0.00%
BY AGE									
Under 30 y.o	Rate	1.66%	1.45%	2.22%	1.62%	0.11%	0.04%	0.14%	0.11%
30 to 50 y.o	Rate	3.25%	2.75%	3.56%	2.19%	0.04%	0.25%	0.28%	0.32%
Over 50 y.o	Rate	0.47%	0.61%	0.21%	0.14%	0.43%	0.11%	0.04%	0.04%

## EMPLOYEE WELL-BEING AND ENGAGEMENT

### Physical Well-being

The over-all employee well-being and workforce wellness remain in the Bank's top priorities. In 2023, the Bank organized campaigns for wellness based on the results of the annual physical exam of its employees. These include the following programs:

- Funwalk for head office and Metro Manila-based employees in Quezon Memorial Circle
- Localized sportsfests (1 for Cebu-based employees, 1 for South Luzon - Batangas, Cavite, Quezon, and Laguna branches, 1 for North and Central Luzon-based employees, 1 for Davao and Mindanao-based employees). The activities included Zumba, nature walk, cheerdance, basketball, beach volleyball, badminton, and other fun indoor games.
- Basketball tournament for men with 2 seasons in 2023 and consisted of 12 to 14 teams. This compares to 0 tournament during pandemic.
- Volleyball tournament for women which consisted of 4 teams.

Access to medical assistance and services are always readily available to the Bank's employees.

- Health insurance plan renewed annually for its employees and enrolled dependents
- Annual Physical Exams. Availment through the mobile APE increased to 247 employees in 2023 from 101 in 2022.
- Vaccinations such as for flu, pneumococcal and cervical vaccines. Availment for flu vaccine increased to 418 in 2023 from 246 in 2022, while pneumococcal vaccine increased to 89 from 85 in 2022. Cervical vaccines were availed by 47 female employees in 2023.

Other programs facilitated by the Bank for its employees are the following:

- Wellness forums. Total 299 employees participated.
- Blood donation drive. Total donated bags increased to 101 bags in 2023 from 31 bags in 2022.
- Bike ride activities. 18 members of PSBikers' Klub joined for wellness, while 2 joined the Pedal for People and Planet campaign in Quezon City in 2023.

### Mental and Spiritual Well-Being

The Bank continues its mental and emotional support initiatives:

- Wellness infographics and video series. 35 infographics and 4 video materials were released in 2023.
- Psychological consultations and voluntary mental and well-being check-up with the Bank's resident psychologists
- Online and hybrid forums on mental health. There were 4 sessions attended by over 100 participants.
- Celebration of mass and religious fellowships





## EXHIBIT 20. MENTAL HEALTH FORUM ATTENDANCE. FY2023

DEMOGRAPHY OF PARTICIPANTS		FEB-IBIG MENTAL HEALTH FORUM		BE KIND TO YOUR MIND: A TALK ON STRESS		EMOTIONAL RESILIENCE: MANAGING LIFE'S UPS AND DOWN	
		Count	% to Total	Count	% to Total	Count	% to Total
<b>Non-Executive (Rank and File)</b>							
Gender	Male	8	22%	17	25%	4	9%
	Female	28	78%	50	75%	41	91%
Age	Under 30 y.o.	13	36%	30	45%	8	18%
	30-50 y.o.	19	53%	35	52%	32	71%
	Above 50 y.o.	4	11%	2	3%	5	11%
Location	Branch	21	58%	28	42%	23	51%
	Head Office	15	42%	39	58%	22	59%
Subtotal		36		67		45	
<b>Executive (Officers)</b>							
Gender	Male	4	13%	13	22%	8	13%
	Female	27	87%	46	78%	53	87%
Age	Under 30 y.o.	3	10%	7	12%	4	6%
	30-50 y.o.	24	77%	46	78%	54	89%
	Above 50 y.o.	4	13%	6	10%	3	5%
Location	Branch	12	39%	30	51%	26	43%
	Head Office	19	61%	29	49%	35	57%
Subtotal		31		59		61	

## Occupational Safety and Health

The Bank ensures it has adequate pool of first aiders and safety officers. In 2023, there were 160 newly certified First Aiders and 51 newly-certified Safety Officers after completing trainings on Occupational First Aid and Basic Occupational Safety and Health.

The Bank ensures preparedness for emergency situations with continuous awareness through virtual training, mandatory exam, media releases, general assemblies, and huddles across the Bank. Emergency drills are carried out to reinforce the learning. In all the drills, the employees are expected to bring their grab bags which contain the minimum emergency supplies such as water, bandage, flashlight, biscuit, among others. The basic earthquake drill exercise was conducted for all head office units on November 17, 2023. All Branches, on the other hand, held their drill from October 20 to November 15, 2023. Fire safety drills were likewise conducted during the drill.

## Employee Engagement

The Bank continues to commit to better employee engagement and sound employee experience. A combination of in-person and virtual platforms is used to connect with colleagues across the Bank.

To know, understand and take action on the voice of the employees, the Bank issues the internally-developed annual survey on Workforce Engagement (WE) consisting of 60 items. The methodology uses a 5-point scale "Strongly disagree, Disagree, Neutral, Agree, Strongly Agree" to generate a WE-Score or WES-60 and the universal employee-Net Promoter Score (e-NPS).

Results for 2023 are provided below:

- For WES-60 – All dimensions of workforce engagement were rated very high as follows:
  - Dedication (3.86/4.00)
  - Job Performance (3.81/4.00)
  - Working Relationships (3.82/4.00)
  - Company Support (3.71/4.00); and
  - Company Policies and Goals (3.90/4.00)
  
- For e-NPS, the Bank registered +85, with only 45 detractors bankwide.

#### EXHIBIT 21. EMPLOYEE ENGAGEMENT. FY2022 VS FY2023

EMPLOYEE ENGAGEMENT SURVEY PARTICIPATION	UNIT OF MEASUREMENT	2022	2023
Male Employees	% Participated in survey	99%	99%
Female Employees	% Participated in survey	99%	99%

## Employee Training and Development

The Bank remains cognizant that training and education are critical components of the goal to strengthen employee skills and competencies, aside from professional and personal development. To achieve these, mandatory courses and minimum training hours are defined by job function.

The PSBank Business Campus (PBC) operates as a strategic business hub, deploying accelerated, targeted, and immersive programs for continuous employee learning and development. In 2023, it conducted 1,053 internal training programs, an increase by 79.39% compared to prior year. In terms of training hours, 2023 training hours completed totalled at 99,808 hours or higher by 125.52% versus last year.

#### EXHIBIT 22. EMPLOYEE TRAINING AND DEVELOPMENT. FY 2022 VS FY 2023

EMPLOYEE TRAINING	2022	2023	Change
Total training hours completed	44,256	99,808	125.52%
Total training hours conducted	44,256	45,344	2.46%
Total expenditure on employee training programs (Php)	4,904,393.00	5,510,595.37	12.36%
Total trainings conducted	587	1,053	79.39%
Percentage of employees receiving regular performance and career development reviews	100%	100%	0%

Other milestones include the following:

- 375 new employees attended in-person New Employees Orientation (NEO). They also participated the year-end session for new hires to amplify the Voice of the Employees through sharing of ideas, suggestions and concerns, and improve the employee on-boarding experience /journey.

- 105 graduates participated the Commencement Exercises of the PSBank Business Campus from the following programs:
  - Management Training/Ladderized Programs. A total of 45 management trainees completed the Ladderized Programs for the following teams: Branch Banking (1), Credit and Collections (5), CX Operations (2), Decision Management and Analytics (3), Human Resources (3), Finance (2), Fraud Management (1), Indirect Sales Channel (3), Information Security (3), Information Technology (14), Internal Audit (4), Marketing (2), Support Services (2). As part of the Bank's Succession Planning, these trainees filled vacancies for Junior Officer roles.
  - The Bank's first countryside run of Staff Professional Enhancement and Educational Development – Accelerated Learning Program (SPEED AX-L). A total of 11 branch personnel from Visayas and Mindanao branches completed the program.
  - IT Officership Program. This is the Bank's flagship management program to develop Systems Analysts, Network Specialists, and Systems Engineers. A total of 11 new hires completed the program in 2023.
- 26 faculty members of the PSBank Business Campus attended proficiency building session for improved syllabus design and training plans. This was facilitated by an external provider.
- 53 junior officers assigned in head office joined the leadership summit on June 15, 2023.
- 84 newly-certified CSA-NACs were also produced in the four (4) cycles of NAC Step-Up Program in 2023.
- 439 Branch Banking personnel attended the Branch Operations Upgrade Training (BOUT) to reinforce roles and responsibilities on internal controls, risk management, customer experience, employee engagement and discipline, and operational efficiency.
- 34 participants from Eco-Warriors Club, PSBikers Klub, and Adopt-a-Green Spot leads joined the forum on Green Normal: An EConversation for the People and Planet, to promote alternative mobility measures, and eco-friendly practices.
- 10 Adopt-a-Green Spot leads joined the half-day urban farming workshop on Take a Root Farm Day by Move to Change Foundations Inc last September 16, 2023, and learned farmers' tips on urban farming and circular economy.



EXHIBIT 23. EMPLOYEE TRAINING AND DEVELOPMENT – LEARNER'S DIVERSITY.  
FY2022 VS FY2023

LEARNERS' DIVERSITY	DEMOGRAPHY	2022		2023	
		TRAINING HOURS	% to Total	TRAINING HOURS	% to Total
Age	Under 30 y.o.	9,600	21.69%	29,312	29.37%
	30-50 y.o.	31,328	70.79%	67,088	67.22%
	Above 50 y.o.	3,328	7.52%	3,408	3.41%
Gender	Male	15,888	35.90%	34,867	34.93%
	Female	28,368	64.10%	64,942	65.07%
Rank	Non-officers	26,080	58.93%	51,749	51.85%
	Officers	18,176	41.07%	48,059	48.15%

JOB LEVEL	AGE	2023 TRAINING HOURS BY GENDER		GRAND TOTAL
		Female	Male	
Rank and File	Under 30 y.o.	13,094.50	9,768.00	22,862.50
	30 to 50 y.o.	16,525.00	7,895.50	24,420.50
	Above 50 y.o.	432.00	344.00	776.00
	Subtotal	30,051.50	18,007.50	48,059.00
Junior Management	Under 30 y.o.	4,038.00	2,297.50	6,335.50
	30 to 50 y.o.	22,440.50	10,389.50	32,830.00
	Above 50 y.o.	817.00	140.00	957.00
	Subtotal	27,295.50	12,827.00	40,122.50
Middle Management	Under 30 y.o.	62.50	51.50	114.00
	30 to 50 y.o.	5,871.00	3,390.50	9,261.50
	Above 50 y.o.	1,211.00	218.00	1,429.00
	Subtotal	7,144.50	3,660.00	10,804.50
Senior Management	Under 30 y.o.	0	0	0
	30 to 50 y.o.	242.00	334.00	576.00
	Above 50 y.o.	208.00	38.00	246.00
	Subtotal	450.00	372.00	822.00
GRAND TOTAL		64,941.50	34,866.50	99,808.00

## Customer Management

The Bank's vision and mission are directed towards prioritizing its stakeholder experience. It continues to provide top-quality customer service experience by using the latest technology and robust customer handling processes.

It ensures that its clients can easily raise their concern through its different customer touchpoints. Any inquiry, request, or complaint can be submitted via the 24/7 CX support (available via chat in the Bank's digital platforms and call using the hotline), 2-way SMS, e-mail, official social media accounts or in-person at any branch or in the head office.

A total of 717,305 concerns and requests were received and addressed by the Bank for 2023.

## CHANNELS

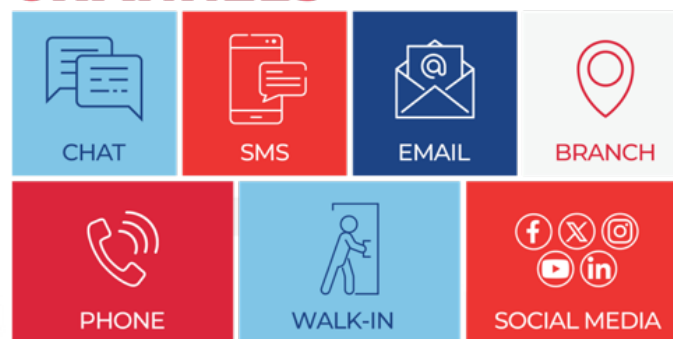


EXHIBIT 24. UTILIZATION PER CHANNEL. FY 2022 VS 2023

CHANNEL	2022	2023
CX Hotline	212,227	224,243
Email	575,525	206,226
CX Email	305,268	115,268
Online Banking	186,640	60,285
Collections	83,617	30,673
Walk-in	10,979	10,307
Live Chat	74,211	81,168
Social Media	214,209	133,439
2-way SMS	2,336	61,922
<b>TOTAL</b>	<b>1,089,487</b>	<b>717,305</b>

### AVERAGE HANDLING TIME



Average handling time is 8 minutes for calls received via PSBank Hotline, 4 minutes for Live Chat, and 10 minutes for walk-in clients. In 2022, Bayanihan 2-related inquiries were received via email and social media. The same nature of inquiries reduced in 2023, causing the drop in total channel utilization. It was observed also that customers utilized the 2-way SMS more in addressing immediate concerns.

Customer concerns are addressed and resolved using the 4 step-customer issues process within established turnaround time standards, in accordance with the regulations of BSP and the policies established by the Bank. Customer Experience Operations Division and the Bank's CX Council manage, escalate and monitor the issues and complaints from the time of receipt until full resolution.

With the adoption and integration of digital technology, coupled with strong data analytics, the Bank is able to generate better customer insights and identify process improvements or system enhancements whenever necessary to live up with the customer expectation.

### 4-STEP CUSTOMER ISSUES PROCESS





# GOVERNANCE

## DATA PRIVACY AND INFORMATION SECURITY

The Bank takes data privacy and information security very seriously. It protects its subjects' (i.e. employees, clients and customers, suppliers, and other stakeholders) data through multiple layers of security in its infrastructure and policies, which are closely intertwined with business processes, such as but not limited to the following:

- Bank applications that collect data from clients use strong network encryption and go through a rigorous and regular application security testing by both internal and 3rd-party security testing teams.
- Critical databases in the Bank are actively monitored for suspicious activities.
- Additional approvals from the Data Protection Officer (DPO) and the Chief Information Security Officer (CISO) are required before any client data can be exported, extracted, processed or shared with other groups in the Bank or with 3rd-party entities.
- Secure disposal of hard drives is in place such that digital data are securely wiped out and the drives physically destroyed beyond recovery.
- Security controls are in place for remote VPN and Bring Your Own Device (BYOD) users where the Bank utilizes Mobile Device Management (MDM) technologies to separate company data from personal data in the personal devices of employees.

These are aligned with the Bank's processes that adhere to the principles of transparency, legitimate purpose, proportionality, quality and security in compliance with Republic Act No. 10173 otherwise known as "The Data Privacy Act of 2012", its Implementing Rules and Regulations and the related issuances of the National Privacy Commission (NPC).

Aside from the Bank's Information Security and Cyber Security policies and procedures, its Board-approved Data Privacy Policy Manual encapsulates the privacy and data protection protocols/security measures that need to be observed and carried out within the Bank for specific circumstances (i.e. from collection to destruction) directed towards the fulfilment and realization of the rights of its data subjects and protection of personal data against natural dangers such as accidental loss or destruction, and human dangers such as unlawful access, fraudulent misuse, unlawful destruction, alteration and contamination.

The Bank's Data Protection Officer (DPO) is responsible for ensuring compliance with the guidelines and directives of the country's strict data privacy laws and is also tasked with creating a culture of heightened awareness in data privacy within the Bank through employee trainings and awareness campaigns. The Information Security Division (ISD) supports this objective with the mandatory information security training for the Bank employees, security awareness campaign for its partners and third-party service providers and the "Be Aware!" fraud awareness program for its customers. Security awareness modules are likewise included in the Bank's ladderized program curricula. The learning collaterals are released every month through the Bank's internal Workplace platform. Phishing email simulations are conducted throughout the year to ensure that all employees and business partners remain vigilant and adhere to the Bank's security processes for a more secured banking. In 2023, simulation victim rate was 1.67%, lower than the industry level of 20%. The Bank's Code of Conduct provides a handling process for repeat victims of the simulation.

As of December 31, 2023, a total of 862,433 individual customer data were maintained by PSBank and, to date, the Bank has not suffered any data security breaches in its systems. There was no incident of data privacy breach required to be reported to the NPC. For more information on PSBank's Data Privacy Policy, you may refer to: <https://www.psbank.com.ph/footer/privacy-policy>.

## SYSTEMIC RISK MANAGEMENT

PSBank undertakes ICAAP exercise which helps in the proactive determination of whether the Bank's qualifying capital can support its mid-term risk asset growth based on various economic and regulatory factors, both domestic and international. Financial projections are generated based on the company's outlook over a 5-year period, under "normal" economic growth indicators. This base case scenario is then subjected to stress indicators, which include assumptions to stress the Bank's Capital Adequacy Ratio (CAR). The Bank uses various scenarios or simulations to stress the base case with minimal or no management intervention to obtain a "black swan" environment, if possible. This includes impact assessment of environment-related events such as earthquake and volcanic eruption. The purpose of these stress scenarios is to test the Bank's capital strength and resilience against adverse conditions.

In the past 3 years, the stress scenarios used were as follows:

- ❑ COVID-19 Pandemic / Prolonged Pandemic
- ❑ Global Economic Recession
- ❑ Real Estate Bubble
- ❑ Auto Industry Stress from Domestic and/or International Issues
- ❑ The Big One: Major Earthquake in the West Valley Fault Line
- ❑ Aggressive Government Push on Environmental, Social and Governance Initiatives
- ❑ Geopolitical Crisis: China-US Proxy War Breaks Out within Philippine Territory and West Philippine Sea

Embedded in the ICAAP process is the determination of remedial actions to mitigate the effects of financial decay during stress situations that may result in the deterioration of the capital adequacy ratio. These remedial action plans include, among others, reduction of operating and capital expenses, evaluation of investment strategies, sale of non-performing assets and additional capital infusion.

Results of the ICAAP exercise show that the Bank is in a strong capital and liquidity position. Based on each stress scenario, the Bank has an appropriate recovery strategy and is capable of weathering these stresses for the next five years.

## BUSINESS ETHICS

PSBank subscribes to and adopts the State's policy to protect the: (1) integrity and confidentiality of accounts and to ensure that they shall not be used as a vehicle to legitimize the proceeds of unlawful activity, facilitate/finance terrorism, or proliferate/finance the proliferation of weapons of mass destruction; and (2) life, liberty and property from acts of terrorism by condemning such acts and those who support and finance them as a crime against the Filipino people, against humanity and against the law of nations. PSBank ensures that it executes all transactions with its customers in accordance with the Anti-Money Laundering (AML) / Counter Financing of Terrorism (CFT) / Counter Proliferation Financing (CPF) policy guidelines, procedures, tools, and controls set forth in its regularly updated Money Laundering and Terrorism Financing Prevention Program (MTPP). Its MTPP, as posted in its intranet site for the guidance of all implementing personnel, primarily revolves around the basic AML/CFT/CPF controls required under existing AML/CFT/CPF laws, rules and regulations, namely:

1. Know Your Customer (KYC)/Customer Due Diligence (CDD) and Know Your Employee (KYE).
2. Ongoing monitoring of customers and their transactions.
3. Covered and Suspicious Transactions Reporting.
4. Records keeping and retention.
5. Employee training and continuing education.
6. Compliance with Freeze Orders, KYC requests, bank inquiries, Targeted Financial Sanctions and other AML/CFT/CPF rules and regulations of the Anti-Money Laundering Council (AMLC) and the Bangko Sentral ng Pilipinas (BSP).

Compliance with the requirements of this MTPP is continuously monitored by the Board-designated AML Compliance Officer (AMLCO) under the Compliance Office as the lead implementer.

PSBank values all information received from whistle blowers and/or anonymous sources. It encourages all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices and transactions entered by any of its employees and officers. Its whistleblowing policies provide guidelines for reporting and handling of incidents.

The anti-corruption policies of the Bank form part of the Bank's Code of Conduct, particularly under its provisions for anti-bribery and corruption. Violation of this Code merits the imposition of disciplinary sanctions/penalties ranging from reprimand, suspension to dismissal. The anti-corruption programs and procedures such as Reporting of Impropriety or Malpractice are likewise embodied in the Bank's whistleblowing policies.

#### EXHIBIT 25. GOVERNANCE INDICATORS. FY2023

GOVERNING POLICIES	
Total amount of monetary losses as a result of legal proceedings associated with money laundering	None
Anti-money laundering policy in place?	Yes
Whistle-Blower Protection Policy in place?	Yes
Anti-corruption policy in place?	Yes

## STAKEHOLDER MANAGEMENT

PSBank defines "stakeholders" as those individuals and organizations that are affected or affect the Bank's business. It is committed to use its resources and relationships to influence its stakeholders to adopt and integrate sustainable business practices. Its stakeholders are classified into groups based on their interests and needs.

For its **customers**, PSBank provides products and services that are known for being simple and maaasahan (reliable). In addition to having a network of 250 branches and 556 ATMs strategically located nationwide, it offers 24/7 banking services through PSBank Mobile and PSBank Online. The Bank is also accessible to customers through its Customer Experience Hotline, PSBank LiveChat, ISSA Chatbot, PSBank Official accounts on social media and thru 2-way SMS. Its Interactive SMS facility enables loan borrowers to inquire and get loan balances real time. With PSBank QR and a few taps on PSBank Mobile or a few clicks on PSBank Online, client may instantly (a) request or receive funds; (b) send or transfer funds from PSBank account, third party accounts, or other QRPh participating institutions; and (c) pay to QRPh participating merchants.

PSBank also continues to provide financial literacy through its award-winning financial literacy campaigns, "Be Aware!" and "Good to Know". The Bank has adequate information security and data protection policy guidelines, procedures, and control measures pursuant to regulatory and industry standards on data privacy, cyber security and financial consumer protection.

PSBank places high importance on the well-being, diversity, and development of its **employees**. It ensures a workplace that promotes safety, teamwork, and work-life balance, thus, helping them achieve their potentials. The Bank provides comprehensive compensation and benefit packages; and strives for employee retention through talent management and professional development programs. Its Personnel Committee (PERCOM) oversees the evaluation of performance and career advancement of its employees, provides decisions on employee offenses/administrative cases, and reviews personnel policies and procedures, including the Code of Conduct. Its Retirement Committee exclusively administers its Gratuity and Retirement Benefit Plan.

For its **service providers**, PSBank abides by Board-approved policies and regulations on engaging third-party suppliers or service providers covering accreditation, outsourcing, performance monitoring and renewal. These include materiality assessment for outsourced services, covering (1) importance and impact, (2) cost efficiency, (3) exposure to service provider, (4) controls and compliance and (5) data protection. The criteria for Environmental and Social Risks assessment are provided in the outsourcing scorecard.



## MARKETING AND LABELLING

The Bank's Financial Consumer Protection (FCP) policies provide due guidance and direction for implementing the Bank's consumer protection standards and strategies. One way these are adopted is through sound and compliant marketing and labelling practices and materials resulting from defined layers of review and approval from relevant product managers and business units. Third party service providers for marketing undergo accreditation process and are required to comply with the Bank's standards on consumer protection. In 2023, the Bank did not receive any citation of non-compliance concerning product and service information and marketing communications.

## INNOVATION AND TECHNOLOGY

The third focus SDG of the Bank is SDG 9 – Industry, Innovation and Infrastructure. The Bank endeavours to contribute and continue to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Its initiatives aim to benefit its stakeholders through sustainable innovations on people, property and facilities, systems, policies and procedures, and products and services.

In order to support the development of sustainable products and services, and deployment of efficient operations, the Information Technology Group is beefed up with highly skilled personnel who are up to date with latest and more effective technology solutions. They undergo professional development programs relevant to the product or project requirements.

In 2023, the Information Technology Group considered inclusion of the sustainability benefits (and impact) in the documentation and review of system requirements and IT projects. Likewise, 28 technology projects were deployed, with highlights described below.

### 1. People

To improve both employee and client experience and service, in-house system enhancements were deployed during the year. For employees, their training and health data and certificates are recorded and accessible any time through in-house iWORX, the Bank's HR-system. For clients, transaction data retrieval has more ease for faster processing of requests and compliance to regulatory requirements.

### 2. Property, Facilities and Systems

Migration to Confluent Kafka Cloud was completed in 2023, resulting to faster and more stable inward and outward InstaPay processing of the Bank's Payment Gateway.

The Bank's system upgrade projects continue to address risks associated with obsolescence or unsupported application. Its systems keep on improving for better security and performance. Digitization efforts are pursued to further reduce paper consumption for Bank transactions and correspondences. Systematic and efficient means of tracking the Bank's furniture, fixtures and equipment provide useful tool for practicing circularity.

### 3. Products and Services

The Online and Mobile Banking facilities were enhanced to provide clients the facility to request ATM card, activate card, change/nominate pin in place of the existing pin mailer.

The system security controls were strengthened through: (1) application of stricter customer due diligence, (2) implementation of non-reusable One Time Pin (OTP) that is valid for 1 minute only, (3) implementation of 2-way SMS in registering new device, and (4) real-time monitoring and alerts on customer transactions for fraud prevention.

Payment to Biller (P2B) via QR Codes was also introduced for QRPh participating billers. This makes bills payment more convenient for clients.

Migration of twenty-eight (28) major systems to LinuxOne Mainframe and FS9200 Storage was completed, resulting to faster processing and higher availability of the production systems.



## SUSTAINABILITY DATA MAPPING PER SEC GUIDELINES

Below is a mapping of the Bank's Sustainability discussions against the SEC requirements

SEC Standard Disclosure Requirement	PSBank Sustainability Report Section
Contextual Information	About PSBank; Board Statement; Introduction; Management Approach - Geographical Positioning and Management, Brand Positioning and Management; Scope
Materiality Process	ESG Materiality and Management Approach
<b>ECONOMIC</b>	
Economic Performance – Direct Economic Value Generated and Distributed	Economic Impact - Economic Performance
Climate-related risk and opportunities	Economic Impact: Financial Inclusion and Literacy Responsible Investment; Governance – Systemic Risk; Management Approach – Economic Aspect, Market Presence
Procurement Practices – Proportion of spending on local suppliers	Economic Impact - Procurement Practices
Anti-corruption – Training on Anti-Corruption Policies and Procedures, Incidents of corruption	Economic Impact - Anti-Corruption; Governance-Business Ethics; Grievance Mechanism for Whistleblowers; Management Approach – Anti-Fraud and Anti-Bribery; Anti-Corruption / Whistleblower protection
<b>ENVIRONMENT</b>	
Resource Management – Energy consumption within the organization	Environmental Impact - Electricity Consumption, Fuel Consumption; Our Sustainability Performance - Energy Consumption, Fuel Consumption
Resource Management – Reduction of energy consumption	
Resource Management – Water consumption within the organization, Reduction of Consumption	Environmental Impact - Water Use; Our Sustainability Performance – Water Consumption
Resource Management – Materials used by the organization	Environmental Impact - Waste Management; Our Sustainability Performance – Waste Disposal and Management
Resource Management – Ecosystems and Biodiversity	Environmental Impact - Ecosystems and Biodiversity
Environmental Impact Management – Air Emissions - GHG	Environmental Impact - Operational Greenhouse Gas Emissions; Our Sustainability Performance - Operational Greenhouse Gas Emission
Environmental Impact Management – Air Pollutants	
Solid and Hazardous Wastes - Solid Waste	Environmental Impact - Waste Management
Solid and Hazardous Wastes – Hazardous Wastes	
Solid and Hazardous Wastes – Effluents	Environmental Impact - Waste Management; Water Use
Environment: Environmental Compliance - Non-compliance with Environmental Laws and Regulations	Environmental Impact - Environmental Compliance; Management Approach - Environmental Aspect - Environmental Compliance
<b>SOCIAL</b>	
Employee Management – Employee Hiring and Benefits – Employee data	Social Impact - Workforce Diversity; Management Approach - Social Aspect - Diversity and Equal Opportunity
Employee Management – Employee Benefits	Social Impact - Employee Benefits
Employee Management – Employee Training and Development	Social Impact - Employee Training and Development
Employee Management – Labor-Management Relations	Social Impact - Workplace Safety and Labor Practices
Employee Management – Diversity and Equal Opportunity	Social Impact - Workforce Diversity
Employee Management – Workplace Conditions, Labor Standards, and Human Rights – Occupational Health and Safety	Social Impact - Workplace Safety and Labor Practices
Employee Management – Workplace Conditions, Labor Standards, and Human Rights – Labor Laws and Human Rights	Social Impact - Workplace Safety and Labor Practices
Supply Chain Management	Economic Impact - Supply Chain Management; Governance - Stakeholder Management
Relationship with Community- Significant impacts on Local Communities	Economic - Responsible Investment - Credit Lending for Community and SMEs; Ecosystems and Biodiversity; Governance - Stakeholder Management
Customer Management – Customer Satisfaction	Governance - Stakeholder Management; Social Impact - Customer Management
Customer Management – Health and Safety	Governance - Stakeholder Management; Management Approach - Customer Health and Safety
Customer Management – Marketing and Labelling	Governance - Marketing and Labelling
Customer Management – Customer Privacy	Governance - Data Privacy and Information Security; Management Approach - Customer Privacy; Our Sustainability Performance - Data Privacy
Customer Management – Data Security	Governance - Data Privacy and Information Security; Our Sustainability Performance - Data Security
<b>UN SUSTAINABLE DEVELOPMENT GOALS</b>	
UN Sustainable Development Goals - Product of Service Contribution to UN SDGs	Economic Impact - Responsible Investment; Governance - Innovation and Technology; Environmental Impact - Ecosystems and Biodiversity, Electricity Consumption, Fuel Consumption, Water Use, Waste Management

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