



UN GLOBAL COMPACT
Communication on Progress

November 2018



Statement of Continued Support

by the Chief Executive Officer

Citizenship, Sustainability and Innovation are central to our Bank's core business and our commitment to the triple bottom line of responsible financial, environmental and socio-economic development.

As an organisation that has existed for more than a century, we are committed to contributing to the growth and sustainability of the communities in which we serve as well as building strong relationships with our employees, customers stakeholders and regulators; an outlook which underpins our sustainability efforts.

To strengthen and reinforce our commitment to the United Nations (UN) Sustainable Development Goals (SDGs), Union Bank of Nigeria Plc (Union Bank) subscribed to the United Nations Global Compact (UNGC) in 2017.

“we are committed to contributing to the growth and sustainability of the communities in which we serve”



In this first Communication on Progress report, we highlight the efforts we have made in the past year to integrate the principles of the UNGC in our business strategy, culture and daily operations. The ten principles of the UNGC under these headings - Human Rights, Environment, Labour and Anti-Corruption - guide our business operations as well as our contribution to community development.

We are proud to be a member of the UNGC and we reaffirm our support and commitment to making the world a better place.

Yours sincerely,

Emeka Emuwa
Chief Executive Officer
Union Bank of Nigeria PLC,
Stallion Plaza 36, Marina
P.M.B 2027 Lagos, Nigeria
COP for 2017



Human Rights



Rights and the International Covenant on Economic, Social and Cultural Rights) as well as all International treaties that Nigeria has acceded to and the principles concerning fundamental rights set out in the Central Bank of Nigeria's Sustainable Banking Principles of 2012. These include, the right to life; right to legal recognition as a person; freedom of thought, conscience and religion; freedom of opinion and expression; freedom from torture; freedom from cruel, inhumane or degrading treatment; freedom from slavery and servitude, and freedom from retroactive penal legislation.

- Union Bank is compliant with all relevant international and local legal obligations which support the fundamental principles of human rights across all our lines of business in Nigeria and the United Kingdom which are the countries where we operate. Our relationships with our employees, customers, clients and suppliers, and with the countries and communities in which we operate, are intended to reflect the principles and policies referred to in this Human Rights Statement.

- Union Bank's human rights policy aligns with the United Nations Universal Declaration of Human Rights; the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, where applicable to business; and other applicable international principles.

- Our human rights policy, which guides all Union Bank's operations and activities on the subject of human rights, prohibit use of child & forced labour, and discrimination on grounds of race, religion, age, gender or economic background. It helps enhance our ability to identify and manage human rights issues in areas relevant to our business, to elaborate on our commitment to support human rights, build increased trust with our stakeholders and to demonstrate good business practices, amongst others.

Assessment, Policy and Goals

- Union Bank is an active supporter of the Universal Declaration of Human Rights. We believe that respect for human rights is central to our sustainable value creation which is at the core of what we do. This underpins our commitment to the triple bottom line of responsible financial, environmental and socio-economic development. Our commitment to upholding the rights of humans is reflected in our internal processes, from our Human Resources (HR) policy to our environmental and social risk policy as well as our Core Values Framework.

- Our Human Rights Policy aligns with the 1948 United Nations Universal Declaration of Human Rights (UDHR), the Nigerian Constitution, various Nigerian State and Federal laws, International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political

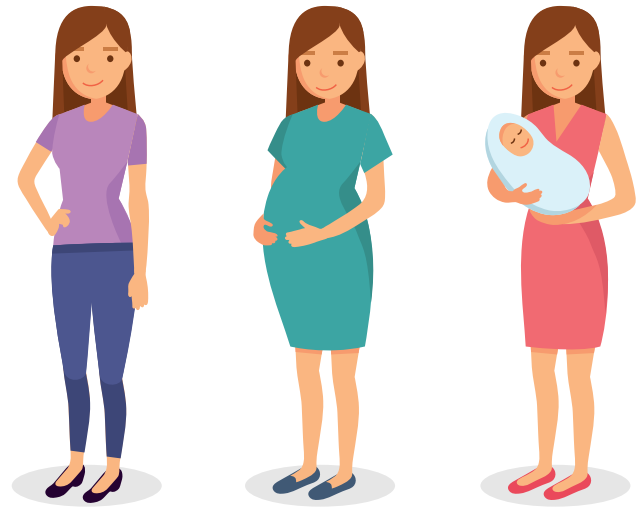


Implementation

- We have a Code of Conduct form, which all employees sign-off to document their acceptance of the bank's standard of behaviour for its employees. Any form of harassment or bullying is intolerable as Union Bank is committed to ensuring its employees are treated fairly and with respect.

- We have an effective grievance mechanism process which includes an independent whistle blowing platform (a dedicated email, phone line and website) where employees can state their grievances and support prompt resolution of identified grievances. Our HR structure helps to facilitate effective interaction between HR business partners and employees across the bank's network.

- Our retired employees are entitled to benefits for their service with the bank. We provide free health plans and other benefits to our retired employees. Currently, over 13,000 retired employees and their spouses are granted access to free health care. Current employees are not exempt from receiving benefits of their service. Employees enjoy health care, pension contributions, leave pay, feeding, transportation and housing and education allowances. They also benefit from performance bonus based on the bank's annual profit and employee performance.



- Our women are allowed to embark on fully paid maternity leave whether or not they are permanent employees. Maternity leave (12-weeks) is not annual leave consuming i.e. female staff are allowed to take their annual leave and maternity leave in the same year. Female employees who adopt young babies (3 months and below) are also allowed to take a maximum of 6 weeks to cater for/bond with their new babies; subject to providing required documentation from relevant government agencies for adoption. In addition, for a period of six (6) months from the end of the maternity Leave period, a nursing mother is entitled to two periods of half an hour daily off work for the purpose of nursing her child.

Alternatively, nursing mothers may elect to finish at work one hour earlier than normal closing time, or start at work one hour later than the normal starting time.

- Our suppliers, contractors and third-party service providers are made to embark on a thorough prequalification process (by an external consultant) in order to determine and mitigate against possible Environmental & Social and human rights risks. In addition, services and contracts are awarded to Union Bank's contractors without discrimination.

A comprehensive screening process is carried out to determine who will be awarded the contract for service. To avoid bias, a couple of internal stakeholders are involved un the screening process.

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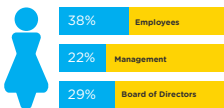
Measurement of Outcomes



We regularly carry out an Internal Customer Satisfaction Survey (ICSS) to obtain necessary feedback and identify areas with gaps, to ensure continuous growth and promote stronger relationships across different units and teams within the bank.



We calculate our Net Promoter Score (NPS) to know our customers' experience of the Union Bank brand and help us to improve our customer experience in order to deliver the best service every time.



38% of our employees are women; 22% of employees in senior management position are women, our board of directors comprises of 29% women.



All our policies are gender inclusive and non-discriminatory. Union Bank is an equal opportunity employer and encourages very strongly, female participation in our recruitment processes.



75 vendors went through the prequalification process this year. This reflects a 27% increase in our 2017 numbers.



We recorded zero incidents of human rights violation.



Labour



in the bank. It encompasses three main phases, which include: training school, job rotation and final posting. Since the commencement of this program, we have had three successful streams who have gone on to become high-flying employees in their various departments. In addition to our MT program, all employees are allowed to embark on training programmes. In the past year, over 90% of our employees participated in the bank's training scheme.

“The talent we groom is a reflection of who we are and the results we achieve.”

Assessment, Policy and Goals

- Union Bank respects the Nigerian and International Labour Laws in its dealings with employees, suppliers and third-party contractors by ensuring that business is done with fairness and without discrimination. Our employees' success is our success and we endeavour to demonstrate our commitment by creating an environment that allows for both their professional and personal development.
- As Nigeria's most reliable and trusted banking partner, we focus on quality in all that we do. The talent we groom is a reflection of who we are and the results we achieve. Our Management Trainee (MT) program is a strategic leadership pipeline model designed to acquire and train individuals with abilities to flourish in a diverse working environment that drives innovation and collaborative effort and to position the Management Trainees for future leadership roles

Implementation

- Non-Discriminatory Policy - We operate a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. Our policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Bank is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development.
- Robust Retention Framework - We have a robust retention framework to ensure that we retain key talent to sustain our business and build a leadership pipeline for the future. Our talent management system provides a unique competitive advantage as our employees are exposed to training, projects and stretch assignments, with a strong reward system that



recognizes high performers. This is supported by a result driven performance management system. We also have leadership development and management trainee programmes to develop the next generation of leaders. All these initiatives make our employees stand out when compared with their peers.

- **Health and Safety Policy** - The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense. Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises. The Bank operates a Group Personal Accident Insurance Scheme in accordance with the provisions of the Employee Compensation Act for the benefit of its employees and also operates a contributory pension plan for the benefit of its employees in line with the Pension Reform Act 2014 as amended.

- **Training** - As a policy, all employees of the bank are required to undergo a minimum of 60 hours of training for ongoing development and career planning. This usually will comprise of e-learning and classroom training tailored to help all employees realize their full potential.

- To support the learning needs and development of select employees, we partnered with PricewaterhouseCoopers (PwC) to develop a leadership development programme. This programme is introduced to instil the Union Bank brand of leadership in our present and emerging leaders; equipping them (over a period of 11 months) with the competencies required to help them achieve business objectives. In line with our objective of building an entrepreneurial mind-set in our employees, we equip our employees with learnings that are applicable beyond the immediate workplace and can be applied in their work and life beyond Union Bank. These cut

across Leadership trainings, soft skill trainings, business appreciation, finance and risk management, among others.

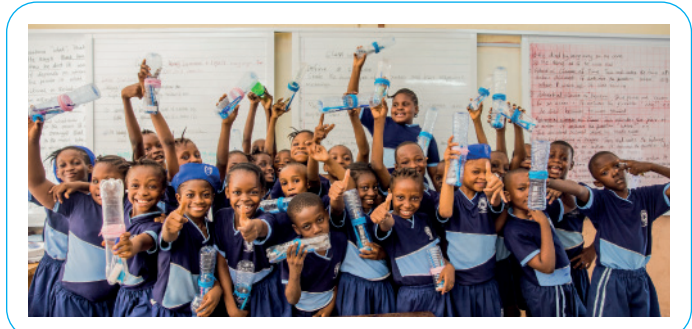
- **Employee Value Proposition** - For us, our employees' success is our success and we endeavour to demonstrate our commitment by creating an environment that addresses the rights of humans and allows for both professional and personal development. We reviewed our existing value proposition and aligned it to our strategy and values so that we can build a workforce of self-fulfilled, highly motivated and productive people, who win together. We developed a refined Union Bank Employee Value Proposition (EVP), based on the outcome of our discussions across the network, which is hinged on five critical levers: learning, career opportunities, entrepreneurship, leadership and the work environment. This helps to provide broad career opportunities, groom ethical leaders, give room for entrepreneurship development, create a continuous learning environment and foster a work community that excels in diversity and thrives on mutual respect.

“We reviewed our existing value proposition and aligned it to our strategy and values so that we can build a workforce of self-fulfilled, highly motivated and productive people, who win together.”



- Based on our refined value proposition, we expanded our work policy to include flexible work locations and examination leave. Our employees can work from home or a branch one day per work week and take days off to study and take exams. This shows our commitment to the needs of our employees and reflects our commitment to support their personal and professional aspirations.

- FitFeb - In February of each year, we promote the culture of health and fitness - healthy diet habits and maintaining a healthy work/ life balance through our flagship employee health awareness programme, FitFeb. In 2017, our FitFeb event was themed "Recession and Wellness: Maintaining Balance in Stressful Times". In February 2018, our FitFeb campaign was themed "Fit for Productivity". This is in line with the bank's theme for the year. So far, this event has helped to promote financially friendly ways of maintaining a health-conscious lifestyle. In addition, it reinforces our commitment to supporting our employees' good health and wellbeing.



Excited students of St. Mary's Private School after our 2018 World Environment Day 'Upcycling Project'



Union Bank 2018 Management Trainees on a visit to Little Saints Orphanage



Excited students of Fatimah School after our World Savings Day activity



Emeka Emuwa, CEO, Union Bank speaking to students of African Church Grammar School during our 2018 Financial Literacy Day activity



A Union Bank employee teaching students on financial literacy



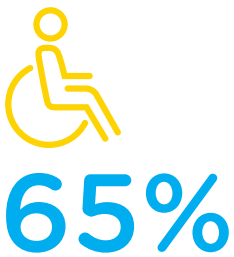
Employees of Union Bank, helping in the construction of modern toilets in a government-owned school



Measurement of Outcomes



Inclusion of volunteering in assessment – over 4500 hours were spent by our employees in voluntary activities to support students and communities. Our key volunteering activities in 2018 were Financial Literacy Day 2018, World Environment Day, Upcycling Project, Union Leadership Initiative, Union Cares Valentine Project, Management Trainee Volunteering Project as well as the Financial Literacy and Mentoring Programme, etc.



Union bank does not discriminate against employees and/or customers with disabilities. Our branches are built in such a way as to allow physically challenged individuals access to transact their banking activities in the bank. 65% of our branches are friendly to physically challenged individuals – they are fitted with key access points to enable easy entrance and exit (elevators, wheel chair ramps, etc.).



In the course of the year, we organised over 40 stress management programmes for our employees. In addition, we have a fully functional sports club, open to our employees and their families. Employees are encouraged to utilize the services available in the sports centre for their gymnastic and recreational needs.



Environment

Assessment, Policy and Goals

- At Union Bank, we are committed to contributing towards the sustainable development of our host communities, creating long-term value, competitive advantage and sustainability leadership. We recognize that, though minimal, our operations result in some impact on the environment. We continuously aim to reduce the environmental impacts of our business and operate in an environmentally responsible manner.

- The global increase in greenhouse emissions and its consequences has galvanised a multi-stakeholder approach to ensure its reduction. As part of efforts to minimize our environmental footprints, we have made significant progress in the following areas:

1. Energy/ Fuel Consumption
2. Paper Use
3. Water Use
4. Solid waste Production
5. Company Fleet
6. Air travel

- Our objective is to continuously increase our sustainable activities until all aspects of our business operations are fully covered. This will in turn, reduce our environmental footprint in order to fulfil our environmental obligations and commitments toward being a responsible corporate organization.



Implementation

- All lending products and services are underpinned by the Board approved Environmental and Social (E&S) Risk policy which has brought about a cultural shift towards our E&S responsibility. As a result, our E&S risk assessment reviews the borrower activities and their possible effects on the environment - 100% of our loans are screened for possible E&S risks. In addition, we have increased our lending for environmentally beneficial purposes by 25% to over three billion naira (NGN 3bn). We have also deployed innovative financial products to promote financial inclusion and the empowerment of all Nigerians especially the financially excluded and SMEs (Small and Medium scale Enterprises).

- To date, 95% of our branches are sustainable. We are constantly reducing energy consumption by monitoring energy usage and reducing our dependence on fuel. As a promoter of clean energy, we deployed alternative energy solutions to our branches and ATMS - 79 Union Bank ATMs and 21 branches are powered by solar energy. We are committed to this sustainable



clean energy source and intend to increase the number of branches and ATMs using solar in the coming years. In addition, we have commenced plans to take advantage of the natural gas pipeline that runs the length of Marina, where our head office is located, to power our head office. This would ensure we cement our brand as a supporter of affordable & clean energy. We employ sustainable building materials (container buildings) in designing a number of our new infrastructural facilities. We also promote further energy efficiency with the installation of various energy saving equipment – heat sensor lighting, energy efficient air-conditioning systems and generators, heat sensor escalators.

- In adherence to the environmental laws that govern our organization, we obtain the necessary Environmental Impact Assessment licence as well as environmental protection permits. We conduct regular Health and Safety training for select employees and our Head of Security & Safety as well as our Head of Occupational Risk who serves as our Environmental, Health and Safety manager.

- In a bid to reduce our paper consumption, we are developing a platform to automate the processes that consume paper. We encourage the use of emails and electronic documentation and double-sided printing in order to reduce our paper consumption. We also introduced the use of recycled envelopes.

- As part of Union Bank's commitment to effective waste management, we have adopted the "3-R" (reduce, reuse and recycle) approach towards prevention of pollution and disposal of waste, in line with best practices in environmental sustainability. To extend our efforts in this regard, we launched our first in-house recycling competition tagged "Recyclemania". The competition ran from September to November 2017 in the twenty-one (21) recycling Union Bank branches. At the close-out ceremony organised to conclude the competition, the Union Bank Surulere branch emerged the winner and was

conferred the 2017 Recyclemania Champions. This year, in line with our plans and budgetary allowances, we expanded our recycling activities to four other states in Nigeria – Abuja, Ogun, Edo and Kwara state. As a result of this expansion, 80 branches will participate in the 2018 Recyclemania competition.

- In keeping with our improved consciousness on efficient water usage, our Bank instigated a water efficiency project at the head office. This strategy involved a complete overhaul of existing pipes in the building and the installation of new piping systems. Installation of a metering tank to keep track of our water consumption, introduction of water treatment plans, self-closing push button taps, single flush urinals and water closets. In addition to the water efficiency project going on at our head office, our branches have equally been fitted with water meters to measure and control our water use. We are pleased by the results of this project as we have experienced a 2.7% reduction in water consumption per employee.

- We reduced vehicular CO2 emissions by scheduling movements to reduce mileage. Employee air travel has also reduced as we encourage video conferencing for meetings instead of travels.

“...in line with our plans and budgetary allowances, we expanded our recycling activities to four other states in Nigeria.”



Janitors of Surulere Branch with the 2017 Recyclemania Trophy



Kandolo Kasongo, Executive Director Risk Management, Union Bank; Lola Cardoso, Chief Digital Officer, Union Bank with employees and janitors of Surulere Branch, our 2017 Recyclemania Challenge Winners



LASU Branch (Construction in progress)



LASU Branch (Completed)



QIT Branch (Construction in progress)



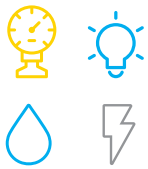
QIT Branch (Completed)



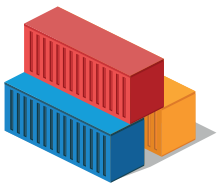
Measurement of Outcomes



Appropriately labelled bins have been placed in the kitchenettes and other strategic locations on each floor. Our janitorial teams have been trained on how to handle recyclable waste. In addition, we regularly release internal communications on the bank's activities in ensuring a reduced waste production and sustainable waste disposal.



95% branches of our branches are sustainability enabled with different tools to ensure water conservation, energy efficiency and sustainable waste disposal.



We employ sustainable building materials (container buildings) in designing a number of our new infrastructural facilities. We have five container buildings at various stages of completion



We have expanded our recycling activities to five states in Nigeria - Abuja, Ogun, Edo, Kwara and Lagos states. This makes it a total of 92 branches that are currently recycling in the UBN network.



Since the inception of our recycling program, we have recycled a total of 70,928.7kg across the three main areas- paper, plastic, and metal.



30% ↓

With our increased recycling efforts, we have reduced waste to landfills by 30% in recycling locations.



We installed water meters in our bank locations to keep track of our water consumption. We also installed self-closing push button taps, single flush urinals and water closets to control water consumptions.

2.7% ↓

Overall, there has been a 2.7% reduction in water consumption per employee.



79 ATMs
21 Branches

We deployed alternative energy solutions to our branches and ATMs - 79 Union Bank ATMs and 21 branches are powered by solar energy. Following the shift to solar energy in select branches, Union bank has saved over N4 million in 14 months with a 20% reduction in power usage.

30% ↓

We recorded a 30% reduction in the number of business trips taken in 2018 which resulted in a reduction in mileage and CO2 emissions.



Anti-Corruption

Assessment, Policy and Goals

- Union Bank's Code of Conduct prohibits employees from being involved with bribery, corruption and acceptance of gifts.
- Our E&S risk policy also prohibits the bank from working with companies with corrupt practices, as stipulated in our exclusion list.



Implementation

- We carry out extensive KYC (Know Your Customer) on clients before beginning banking relationships. Our relationship management procedure also ensures an ongoing KYC process to ensure our customers are not contravening the law.
- In line with our commitment to instil the best corporate governance practices, we have an anonymous whistle-blowing channel that is independently managed by Deloitte and Touché. This is to uphold our commitment to the highest

standards of openness, integrity, accountability and ethical standards. There is a toll-free hotline, a dedicated e-mail address, web portal and a Mobile App on Android and iOS devices to enable stakeholders, including employees, report all suspected breaches of the Bank's Code of Corporate Governance.

- Our employee disciplinary process is based on principles of integrity, equity and fair hearing. As such, all employees are given fair hearing. We also use our whistle blowing channels which allow staff to report issues discreetly under the cover of anonymity. Our policy emphasizes zero tolerance for bullying and all forms of discrimination.
- We conduct annual internal and external audit reviews to monitor the effectiveness of our E&S governance structures and assess our compliance with sustainable banking principles.

“We also use our whistle blowing channels which allow staff to report issues discreetly under the cover of anonymity.”



Measurement of Outcomes



Union Bank's financial statements follow strict standards and are assured by external auditors. This serves as an avenue to flag off any false transaction which could be related to bribery or corrupt behaviour.



We have a Board Audit Committee and a Statutory Audit Committee that ensure full oversight on the bank's accounting and financial reporting functions, its internal controls and audit processes, the independence of external auditors, review of audited financial statements and overall compliance with necessary legal and regulatory requirements.



Over 90% of our employees are trained on our anti-corruption policies and procedures.

Our plans for the foreseeable future include the continuous development of training needs for employees and increasingly for the external public.

With the use of technology and innovation, we will continue to develop content that is engaging and able to influence diverse audiences and their sustainability behaviours. We are positive that our initiatives and activities position us as a socially responsible financial institution.



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www.unionbankng.com customerservice@unionbankng.com

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Towards a simpler, smarter world.