



UN GLOBAL COMPACT
Communication on Progress

November 2019



Statement of Continued Support

by the Chief Executive Officer

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.

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.

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

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



In this our second 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 contributions 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



Human Rights



Assessment, Policy and Goals

- At Union Bank, we believe that respect for human rights is central to our sustainability journey and we are an active supporter of the Universal Declaration of Human Rights. 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 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.

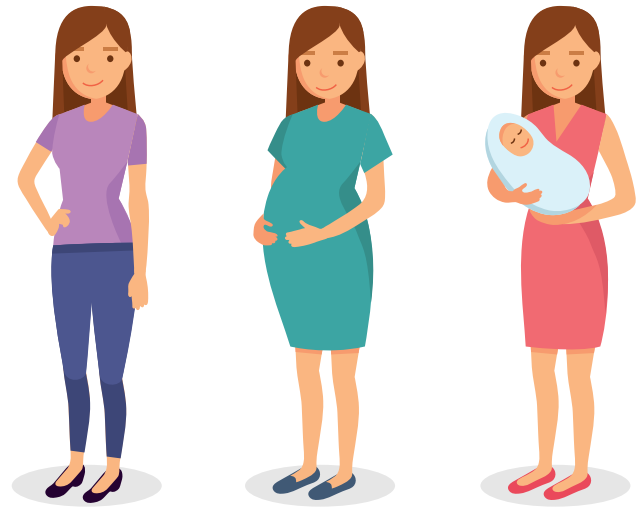
- Union Bank is compliant with all relevant international and local legal obligations which support the fundamental principles of human rights across all our lines of business in Nigeria and the United Kingdom which are the countries where we operate. Our relationships with our employees, customers, 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.



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 human resource management 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 which includes free health plans and other benefits. Currently, over 10,000 retired employees and their spouses are granted access to free health care.
- Current employees enjoy health care, pension contributions, leave pay, feeding, transportation and housing and education allowances. They also benefit from performance bonuses based on the Bank's annual profit and employee performance.

“Currently, over 10,000 retired employees and their spouses are granted access to free health care.”



- Our female employees are permitted to embark on fully paid maternity leave whether or not they are confirmed. Maternity leave 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 6 months from the end of the 12-week 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 embark on a thorough prequalification process (by an external consultant) 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, internal stakeholders are involved in the screening process.



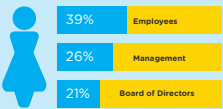
Measurement of Outcomes



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 Customer Satisfaction Score (CSAT) and 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.



39% of our employees are women; proportion of female employees in management positions rose to 26% in 2019 from 22% in 2018, and our Board of Directors comprises of 21% women.



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

60

60 vendors went through the vendor prequalification process this year.



All our credit transactions are assessed for human rights risks.

zero

We recorded zero incidents of human rights violation.



Labour



innovation and collaborative effort and to position the Management Trainees for future leadership roles 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 four 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 initiatives.

“We have a retention framework to ensure that we retain key talent to sustain our business and build a leadership pipeline for the future.”

Implementation

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. We strive to enable the success of our employees and 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, our success is hinged on delivering against six strategic pillars, one of which is the quality of our talent. We strongly believe that the talent we groom is a reflection of who we are and the results we achieve.
- Our Management Trainee (MT) program is a comprehensive training program designed to prepare high-performing young talents to flourish in a diverse working environment that drives

- 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 endeavours 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 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



recognises 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.

- 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, finance and risk management, among others.

- **Employee Value Proposition** - Our employees' success is of utmost importance to us and we are committed to creating an environment that addresses the rights of humans and allows for both professional and personal development.

We refined our Employee Value Proposition (EVP), which is hinged on five critical pillars: learning, career opportunities, entrepreneurship, leadership and the work environment, and strengthened our EVP to drive talent attraction and retention. 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.

- Based on our refined value proposition, we improved our work environment, introduced flexible work hours, examination leave allowance, and an enhanced health management plan amongst others. This shows our commitment to the needs of our employees and support of their personal and professional aspirations.

- **FitFeb** - In February of each year, we promote the culture of health and fitness through our flagship employee health awareness programme, FitFeb. In 2019, our FitFeb event, themed "Productivity Boost", featured a

“Based on our refined value proposition, we improved our work environment, introduced flexible work hours, examination leave allowance, and an enhanced health management plan amongst others.”



number of physical and non-physical stress relieving activities at our locations. This event has helped to promote a health-conscious lifestyle amongst our employees.

- **Union Bank Employee Assistance Programme (UBEAP):** The UBEAP was launched in 2019 as a free and confidential counselling service for employees who need support in dealing with the challenges of everyday living, work and health related issues. Under this programme, employees have access to free virtual and physical sessions with professional counsellors.

- **WeHub:** The WeHub is an internal community for Union Bank women created to engage our communities through participation in women-focused initiatives such as International Women’s Day, health and wellness programs, mentoring and personal development sessions.



Excited students from our adopted schools at our Head Office during the 2019 Financial Literacy Day



Union Bank staff with students during our Financial Literacy and Mentoring Programme outreach



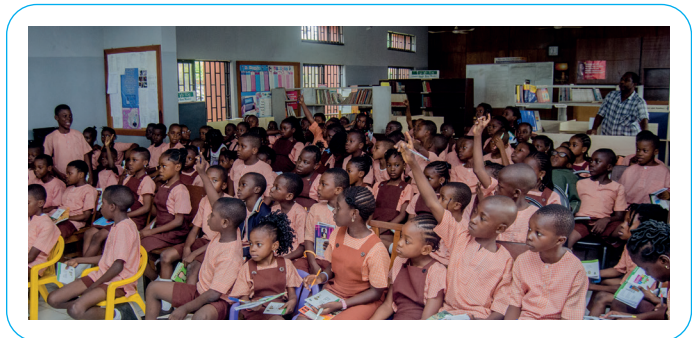
Students of Community Secondary Commercial School, Ikot Okubo, Uyo with staff of Union Bank during our 2019 Financial Literacy Day



Excited students of All Saints Church School, Ibadan, after our World Savings Day activity



Cross section of students who visited our Head Office during the 2019 Financial Literacy Day



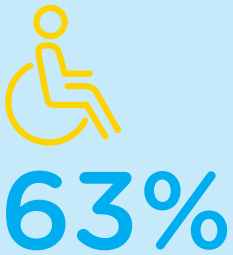
Students of All Saints Church School participating in the class activity during our visit to the school to commemorate World Savings Day



Measurement of Outcomes



Inclusion of volunteering in assessment - over 4800 hours were spent by our employees in voluntary activities to support students and communities. Our key volunteering activities in 2019 were Financial Literacy Day 2019, Employee Volunteer Day, UnionCares, World Environment Day, 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. 63% 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 two major stress management programmes for our employees - UBEAP and FitFeb. In addition, we organise a number of employee engagement activities including various sports tournaments and onsite fitness classes which act as stress relievers.



In 2019, we held a series of wehub masterclasses and hangouts for our female employees across three locations - Lagos, Abuja and Delta states.



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 recognise that our operations result in some impact on the environment and we continuously aim to reduce the environmental impact 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 minimise our environmental footprint, 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 organisation.



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. 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 - 120 Union Bank ATMs and 95 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. 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 organisation, 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. We have successfully expanded our recycling activities to cover five states in Nigeria – Lagos, Abuja, Ogun, Edo and Kwara states with a total of 92 branches currently recycling in the Bank's network. Our annual in-house recycling competition, Recyclemania is ongoing and total recyclable weight recorded so far for all branches is about 28,600 kg in 2019.

- In keeping with our improved consciousness on efficient water usage, we installed self-closing push button taps, single flush urinals and water closets as well as water meters to measure and control our water use. In H1 2019, we have experienced a 37% reduction in water consumption per employee.

- We reduced the number of vehicles in our fleet by 15% in 2019 thereby reducing vehicular CO2 emissions. Employee air travel has also reduced significantly as we encourage video conferencing for meetings instead of travels.

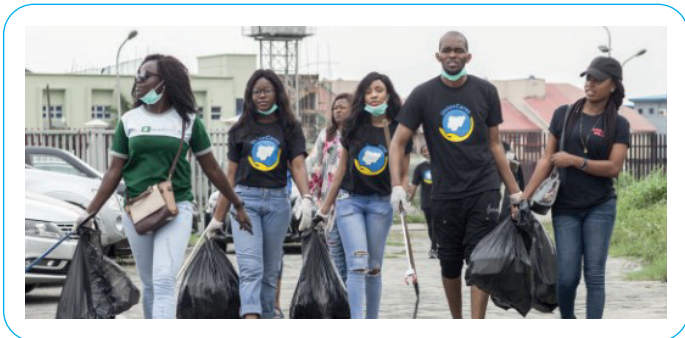
“We have successfully expanded our recycling activities to cover five states in Nigeria – Lagos, Abuja, Ogun, Edo and Kwara states with a total of 92 branches currently recycling in the Bank's network.”



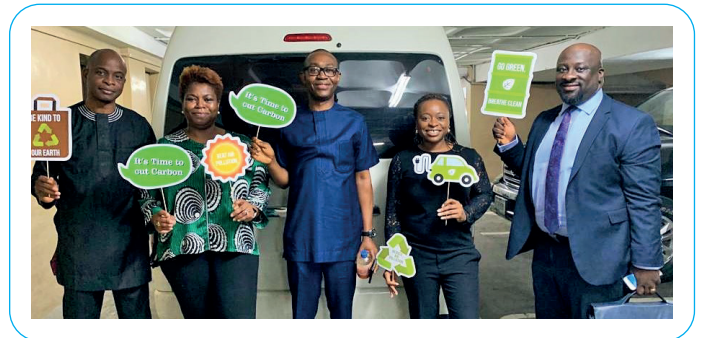
Union Bank employees cleaning the street during our first Employee Volunteer Day



Union Bank staff and janitors of Sabo, Yaba branch, winners of the 2018 Recyclemania Challenge



Employees of Union Bank during the Employee Volunteer Day activity



Kunle Sonola, Head, Commercial Banking; Ogochukwu Ekezie-Ekaidem, Head, Corporate Communications and Marketing; Nath Ude, Head, Service & Technology; Lolade Awogbade, Lead, Citizenship and Sustainability; and Mobolade Ojehere, Head, Transaction Banking during the World Environment Day activity tagged "Beat Air Pollution"



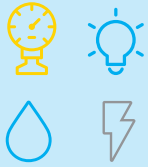
Janitorial staff of Yabo, Saba branch, winners of the 2018 Recyclemania Challenge, with their trophy and prize.



Union Bank employees after sharing a bus ride to work for the 2019 World Environment Day



Measurement of Outcomes



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



Our recycling activities cover five states in Nigeria - Abuja, Ogun, Edo, Kwara and Lagos. This makes it a total of 92 branches that are currently recycling in the Bank's network.



Since the inception of our recycling program, we have recycled a total of 100,913.5kg across the three main areas- paper, plastic, and metal.



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 consumption.

37%



In H1 2019, there has been a 37% reduction in water consumption per employee.



120 ATMs

95 Branches

We deployed alternative energy solutions to our branches and ATMs - 120 Union Bank ATMs and 95 branches are powered by solar energy. Following the shift to solar energy in select branches and energy efficiency drive, electricity purchase reduced by 28% in H1 2019.

39%



We recorded a 39% reduction in the number of business trips taken in H1 2019 compared to the same period 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) checks 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. 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 emphasises 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 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.



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Towards a simpler, smarter world.