



UN GLOBAL COMPACT
Communication on Progress

November 2020

STATEMENT OF CONTINUED SUPPORT

by the Chief Executive Officer



In 2017, Union Bank became a signatory to the United Nations Global Compact (UNGC) to further demonstrate our commitment to achievement of the United Nations Sustainable Development Goals. We have since then made significant efforts to integrate the principles of the UNGC in our business strategy, culture and daily operations.

In this Communication on Progress report, we illustrate our journey of improving our communities and society at large in 2020. This report highlights select efforts to make lives better in the areas of integrating the principles of the UNGC under the headings - Human Rights, Environment, Labour and Anti-Corruption in the business. Our Citizenship, Sustainability & Innovation (CSI) report provides a thorough disclosure of our activities for this reporting period.

We are incredibly proud to be a member of the UNGC and we will continue to contribute our quota to making the world a better place for us and the next generation.



Emeka Emuwa
Chief Executive Officer

OUR PRINCIPLES-BASED APPROACH

For over a century, we have consistently demonstrated our commitment to the growth and sustainability of the ecosystem and the communities we work in. We have also demonstrated our commitment to building a strong relationship with our customers, employees, stakeholders and regulators. This is evident in our sustainability efforts that consistently aim to champion innovative and sustainable solutions to social, economic and environmental challenges.

In 2017, we subscribed to the United Nations Global Compact (UNGC) to further reinforce and strengthen our commitment to the United Nations Sustainable Development Goals. We have since then made significant efforts 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.



In this Communication on Progress report, we highlight our strides and achievements in the past year.



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HUMAN RIGHTS



Assessment, Policies and Goals



- At Union Bank, we believe that respect for human rights is central to our sustainability journey and we are actively committed to the principles guiding the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights, the Nigerian constitution as well as the Central Bank of Nigeria's Sustainable Banking Principles of 2012.
- Our commitment to upholding the rights of humans is reflected in our internal processes, from our human rights policy to our environmental and social risk policy as well as our Core Values Framework. We prohibit in its entirety all forms of discrimination on grounds of race, religion, colour, age, gender or economic background. We are committed to creating a work environment where honest and open communications among employees are valued and respected. We are also committed to maintaining workplaces that are free from harassment, violence of all forms and intimidation.
- Our policy prohibits the use of child & forced labour, and engagement in human trafficking. We are aware that ensuring human rights extends to our partners and supply chain, therefore, we mandate them to abide by human rights standards and procedures. This includes a prohibition on both forced and child labour, freedom of association and an obligation to non-discriminating practices.
- As a response to COVID-19 in the workplace, through our workplace safety measures we ensured that all our branches adhered to all COVID-19 guidelines by installing hand washing stations, enforcing social distancing, providing employees with masks and sanitizers thereby protecting the health and wellbeing of our employees and customers.





Implementation

- We have a Code of Conduct form, which all employees sign 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 whistleblowing platform (a dedicated email, phone line and website) where employees can state their grievances and support prompt resolution of identified grievances. In 2020, 40 employees utilised the grievance mechanisms.
- Our retired employees are entitled to benefits for their service with the Bank which includes free health plans and other benefits. The Bank's health care policy ensures that 13,284 retired employees and their families have access to free health care.
- Current employees enjoy health care, pension contributions, leave pay, feeding, transportation, housing and education allowances. They also benefit from performance bonuses based on the Bank's annual profit and employee performance.
- 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. females 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 and 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 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 Outcome



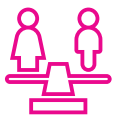
We regularly carry out an Internal Customer Satisfaction Survey (ICSS) to obtain necessary feedback and identify areas with gaps, to ensure continuous growth and promote stronger relationships across different units and teams within the Bank.



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



40% of our employees are women; 25% of female employees in management positions and our Board of Directors comprises 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



32% of total capacity building expenditure was spent on female employees and 11% of total retail loan portfolio was on lending to women.



We recorded zero incidents of human rights violations.

LABOUR



Assessment, Policies and Goals



- Our success as an organisation 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.
- We ensure that all our dealings with employees, suppliers, and third-party contractors are in line with Nigerian and International Labour Laws.
- We strive to ensure that our business is done with fairness and without discrimination and endeavor to demonstrate our commitment by creating an environment that allows for both their professional and personal development.
- We ensure that our employees receive competitive total compensation as well as health and welfare benefits, paid maternity leave, pension plans, flexible work arrangements and employee volunteering opportunities. We are also committed to recognising and rewarding individual and team performances which reflect our core values.



Implementation

- **Non-Discriminatory Policy:** We are consistent in our non-discriminatory policy of ensuring that our employment process is done fairly irrespective of gender, ethnicity, religion, disability etc.
- **Health and Safety Policy:** The health and safety of our employees and customers are our topmost priority. Through our workplace safety measures the bank ensured that branches nation-wide adhere to COVID-19 guidelines to guide business operations and protect the health of each employee. 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.
- **Robust Retention Framework:** Our drive each day is to continually deliver quality service to our customers, which is why our robust retention framework ensures that we retain quality talent to sustain our mission and goals. Our Management Trainee program helps attract top talents and prepares them to flourish in diverse working environments. Through our capacity building training programmes, we have been able to train 83% of our employees.
- Based on the COVID-19 pandemic outbreak, we introduced a remote working policy to protect our employees health and safety, we improved our workplace environment in compliance to NCDC COVID-19 guidelines, introduced flexible working locations, enhanced health management plans etc to support our employee needs and concerns.
- **Fitfeb** - Every year we encourage the health and fitness of our employees through the Fitfeb health awareness programme. In February 2020, we challenged our employees through healthy lifestyle initiatives such as The Move Challenge, yoga and meditation classes, The Biggest Loser Challenge, breathing and stretch exercises, as well as dance and aerobics classes.



Measurement of Outcome



Union Bank does not discriminate against employees and/or customers with disabilities. Our branches are built to enable physically challenged individuals access to transact their banking activities in the bank. 42% of our branches are friendly to physically challenged individuals - they are fitted with key access points to enable easy entrance and exit (elevators, wheelchair ramps, etc.).



In the course of the year, we organised a number of virtual programmes and hangouts to keep our employees connected and engaged.

ENVIRONMENT



Assessment, Policies and Goals



- As an environmentally-aware organisation, we consider more than our profits - we consider our impact on both the environment and the societies we work in.
- We recognise that our operations result in some impact on the environment and therefore continuously aim to reduce the environmental impact of our business and operate in an environmentally-responsible manner.



- Our objective is to continuously increase our sustainable activities until all aspects of our business operations are fully covered.
- As part of efforts to minimise our environmental footprints, we have made significant progress in energy/fuel consumption, water consumption, paper use and air travel.



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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).
- 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 – 407 Union Bank ATMs and 111 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.
- As part of Union Bank's commitment to effective waste management, using 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 currently recycle plastic, glass, paper and metal items in 87 recycling locations.



Measurement of Outcome



Our recycling activities cover 87 locations nation-wide.

ANTI-BRIBERY AND CORRUPTION



Assessment, Policies and Goals



- At Union Bank, we are committed to conducting business activities in a fair, honest, ethical and transparent manner. We take a zero-tolerance approach to bribery and corruption and strive to apply the highest standards of corporate ethics and professionalism in the conduct of our business.
- This means that as an organisation, we have implemented systems and processes to deter and mitigate corrupt practices as well as aid the detection of bribery, corruption, and other unethical practice. We expect all employees, vendors, third parties, business partners, and other stakeholders to comply with the provisions of the Bank's anti-bribery and corruption policy.
- We have an anonymous whistle-blowing channel that is independently managed to enable stakeholders, including employees, report all suspected breaches of the Bank's Code of Corporate Governance and anti-bribery and corruption policy. We also ensure that people who report unethical practices are secured - are not threatened or retaliated against.



Implementation

- We carry out comprehensive inspections on clients before beginning banking relationships. Our relationship management procedure also ensures an ongoing process to ensure our customers are law abiding.
- Our internal employee correctional process is based on principles of integrity, equity and fair hearing. As such, in the case of a disciplinary panel, all employees are given fair hearing.
- We conduct annual internal and external audit reviews to monitor the efficacy of our E&S governance structures and assess our compliance with the Nigerian Sustainable Banking Principles (NSBPs)

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We take a **zero-tolerance approach** to bribery and corruption and strive to apply the highest standards of corporate ethics and professionalism in the conduct of our business



Measurement of Outcome



As a transparent banking institution, our financial statements follow strict standards and are assured by external auditors. This ensures that we can easily flag any false transaction that could potentially constitute bribery or corruption behaviour.



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



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