

## NON-FINANCIAL ACTIVITIES

### 1. Customer health and safety

Due to the nature of the banking activity conducted, products offered to customers generally have a low negative impact on customers' health and safety.

For FY 2022, there were no reports or complaints of injury to Customers.

For the safety of Customers, security guards at the Bank's premises are regularly reminded of maintaining security. Security cameras are also checked.

COVID-19 precautions continued over FY 2022 and the requirements for face mask, hand sanitizing and social distancing were observed at our branches.

Where an incident occurs, incident reporting is made through the Bank's Operational Incident Reporting mechanism and actions taken in a timely manner and the mechanism is explained in Item 8 below.

### 2. Supplier/ Contractor selection and criteria

uab bank's **Vendor Code of Conduct** describes the uab banks' expectations of how its vendors conduct the business. All the vendors (including subcontractors) who provide products and/or services are expected to act in accordance with the Code. uab bank assesses the prospective Vendors against their compliance with our Codes before they are selected to provision services/products to the Bank. uab bank has circulated the Vendor Code of Conduct to all the vendors.

The Bank's "**Basic Procurement Guidelines**" sets the procedures for vendor selection when a purchase order is required to be issued and it provides the Bank's Management the assurance that due care has been taken for each order made.

Due to the nature of the activity conducted, a major portion of the Bank's sourcing cost is directed towards stationery. We lay emphasis on sourcing locally and encourage small and medium enterprises. Out of 150 vendors (as of 31<sup>st</sup> March 2022), who are currently associated with us, 90% of them are small or medium enterprises. Further, **Anti-Bribery and Corruption Policy, Gift Guidelines** have been formulated and rigorously implemented to ensure transparency during the vendor selection process.

Incidents of non-compliance to Codes and Policies involving vendors and suppliers are reported via the **Operational Incident Reporting mechanism** (*see Item 8*).

### 3. Environmentally- friendly value chain

#### At sourcing level

uab bank relies on a number of vendors to deliver the end services. The services provisioned by vendors may not be visible at the end user level however, services are essential for us in order to ensure we continue to give world class service to our customers. We understand relying on third parties exposes us to certain risks, that might be contrary to our views and beliefs. Thus, to ensure, values and beliefs of the vendors are aligned with our values and belief, uab bank has adopted Vendor Code of Conduct. Vendor Code of Conduct requires vendors to have policies and mitigating measures for negative environmental impacts from their operations, products and services. Vendors are also subject to the Bank's Code of Conduct.

#### At the bank level

uab bank is committed to reduce the use of energy, carbon emissions, waters discharge et al. Reducing paper consumption is a major project and the bank is moving towards optimizing its digital platform to this end.

Our energy, carbon emission and water discharge numbers have been reported in the Non-financial KPIs above.

#### At customer level

Since the Bank is primarily involved in lending activity, we are aware in certain situations customers activities have negative impacts on the environment. For our lending and financing activities, we have established an **EXCLUSION LIST**, which list down sectors that do not fit our beliefs and values and our commitment towards sustainability. The following are the list of sectors that have been listed in **exclusion list**:

- Production, trading and maintenance of weapons and munitions of any kind.
- Trade in or unauthorized catching of wildlife or wildlife products
- Production or trade in any product or activity deemed illegal under Myanmar laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances.
- Hunting marine mammals and shark finning
- Using of dynamite and poison in fishery practices
- Activities involving harmful or exploitative forms of forced labour or harmful child labour
- Activities involving people smuggling of any kind

#### 4. Interaction with communities

Communities are one of the principal stakeholders of our business and in our materiality assessment for sustainability, the views of the community are important. We have adopted four (4) of the seventeen (17) UN Sustainable Development Goals.

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| <p><b>Financial Inclusion (SDG 8)</b></p>                     | <ul style="list-style-type: none"> <li>● <b>Enabling homeownership</b><br/>uab bank provided 292 people with new home ownership in the financial year which ended on 31<sup>st</sup> March 2022 (<i>compared to 208, the previous year</i>).</li> <li>● <b>Providing Digital Solutions</b><br/>We launched mobile banking, uab pay and internet banking to increase financial inclusion.</li> <li>● <b>Financial Literacy</b><br/>We conducted various financial literacy initiatives during the financial year. Despite the COVID-19 and security issues, for FY 2022, we went out to 10 villages and reached out to 300 villagers show how they could receive inward remittance from migrant workers outside Myanmar</li> </ul> |
| <p><b>Job Creation and Enterprise Development (SDG 9)</b></p> | <ul style="list-style-type: none"> <li>● <b>Financing to SME</b><br/>We provided financing to 1,180 SMEs, as of 31<sup>st</sup> March 2022 (<i>compared to 1,077 in previous year</i>) which not only enable enterprises to thrive but also create job opportunities.</li> <li>● <b>Developing products and solutions for cash flow management</b></li> </ul>   |
| <p><b>Employee Development and Training (SDG 4)</b></p>       | <ul style="list-style-type: none"> <li>● <b>Offering motivating working conditions</b></li> </ul>   |

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|                                      | <ul style="list-style-type: none"> <li>● Regular training to employees with 35,800 man-hours in FY 2022 (over six months)</li> <li>● 17 University students were interned in FY 2022 and 16 in the previous year.</li> </ul>            |
| <b>Customer Satisfaction (SDG 3)</b> | <ul style="list-style-type: none"> <li>● Appropriate and suitable products</li> <li>● Transparency</li> <li>● Bancassurance launched covering life insurance and general insurance to be launches in the new financial year.</li> </ul> |

Further, in December of 2017, uab bank launched “Be The Change Myanmar” program and in 2020 set up uab Foundation to launch meaningful CSR activities.

The Bank’s philanthropic contributions have been reported in our section on Non-Financial KPIs and over period 1<sup>st</sup> Oct 2020 to 31<sup>st</sup> March 2022, the Bank ha contributed a sum of MMK216 million to this end.

## 5. Anti-corruption programmes and procedures

uab bank has formulated and implemented Anti-Bribery and Corruption Policy. The policies cover all the activities of the Bank, its subsidiaries and third-party service providers. In line with our belief of **ZERO TOLERANCE** towards corruption we:

- Raised awareness of the matters in various forums and how it could potentially impact the reputation of uab bank
- Circulated Anti-Bribery and Corruption Policy and Gift Guidelines to all employees
- Formulated and implemented Conflict of Interest Policy
- Developed a reporting mechanism (including establishing Whistleblower reporting channel)

Training and awareness on the Anti-Bribery and Corruption Policy is done at Orientation sessions and various training programmes of the Bank.

Reports of incidences are made through the **Operational Incident Reporting mechanism** (see *Item 8*).

## 6. Creditors' rights

The Code of Conduct of uab bank requires that all business dealings must be conducted fairly and equitably.

The Bank operates its business with integrity and implements an honest and transparent information disclosure system treating all creditors equally and without discrimination. With information disclosure (including but not limited) to information on the Bank's annual reports, website, social media sites, agreements, statutory reports and brochures, all creditors are entitled to obtain relevant information according to their needs to make an objective decision.

The protection of creditors rights is contained in the agreements made by both parties with the Bank ensuring contractual compliance and performance of its obligations in a timely manner so as to avoid delays that may result in loss or inconvenience to either party.

The Bank is careful to ensure that creditor's rights are fulfilled, and trust is maintained.

All complaints from Creditors and incidences are reported via the **Operational Incident Reporting mechanism** (*see Item 8 below*).

## 7. Central Bank of Myanmar Directives

uab bank endeavours to meet all stipulations of the Financial Institutions Law and Central Bank of Myanmar's directives. Where a stipulation or directive cannot be met, the Bank writes to the Central Bank requesting for waiver or additional time for compliance.

The Bank is also subject to inspection by the Central Bank of Myanmar and all findings of inspections and audits are reported the Bank's Board of Directors together with Management responses and proposals for rectification.

The external auditors and internal auditors also report on compliance to laws and regulations and this is also reported to the Board of Directors.

The Bank also makes daily, weekly, monthly, quarterly, six-monthly and yearly statistical reports to the Central Bank which indicate the level of its compliance.

The financial statements of the Bank are also published in the Bank's website.

## 8. Operational Incident Reporting mechanism.

Over the Financial Year ending 31<sup>st</sup> March 2022, the Disciplinary Committee of the Bank handled **11 cases** of disciplinary actions taken from complaints and infringement of the Code of Ethics and other Bank Policies

### How we monitor and report incidents, complaints, and breach of policy & procedures

- Compliance Officers are appointed at all branches and head office departments. Their duties include the monitoring and adhering of all policies and procedures of the Bank.
- The Bank has adopted an Incident Reporting mechanism that requires the reporting of all operational incidents and breaches of Policy (as recommended by the Basel Standards). Such reporting is required to be made by Compliance Officers and Section Heads within 24 hours of the incident to the Risk & Compliance Department and Operations Department at Head Office. Incidents are further escalated to the relevant Supervisors.
- Further, the Bank maintains the following open lines to receive complaints from customers and stakeholders:
  - Call Centre
  - Email: [info@uab.com.mm](mailto:info@uab.com.mm)
  - Facebook messenger
  - Branch counter
  - Whistleblowing on [wb@uab.com.mm](mailto:wb@uab.com.mm) or by SMS on **09 – 44 44 36 309**
- Each incident raised through the above will be reported through the Incident Reporting mechanism.
- Reported incidents are escalated to the relevant Supervisors and where this involves the breach of the Code of Ethics or misconduct, the incident is handled by the Disciplinary Committee.
- The reporting of all incidents is made to the Management Committee and Board Risk Committee by the Risk & Compliance Department through the Bank's Compliance Officer. The closure of all incidences reported is also monitored.
- Employees are also encouraged to report incidents through open communications to their Supervisors, Heads of Departments or Human Resources Business Partners. Confidentiality and whistleblowing protection are also available to employees as described in the Bank's Whistleblower Protection Policy.

## **What happens after reporting a concern**

Incident reports are reviewed and analysed by the Compliance Team. If there is a legal or policy violation, then the person is reported to Human Resources Department for review by the Disciplinary Committee. The Disciplinary Committee may request the Internal Audit Team to further investigate the matter if further analysis or evidence is required.

Breaches of the Code of Ethics or Bank Policy may also be found during the course of an internal audit and these may also be reported by the Internal Audit Team directly to the Human Resources Department. These matters will also be assessed by the Disciplinary Committee.

The person who breaches the Code or Policies of the Bank is subject to appropriate discipline, which may include termination of employment, forfeiture of benefits and/or legal action by way of civil/criminal prosecution

## **How do we implement the Code of Ethics?**

Implementation of the Code in the day-to-day business of the Bank is made by the following means:

- All new hires will receive a copy of the Code and must receive training on this Code during their Orientation and onboarding programme.
- All the employees, officers and directors may receive training on this Code and a refresher reminder is made at Town Halls and refresher sessions.
- The latest issue of the Code is available on the Bank's website and on our SharePoint intranet
- Where there is an update to the Code of Conduct, it must be issued to all employees by way of office letters, emails and uabian Facebook Community posting.
- The Compliance Officer together with Head of Human Resources will review the effectiveness and relevance of this Code yearly. The conclusions will be shared and reviewed with the Management Committee and shared with the Board of Directors.

Any breach of the Code will result in disciplinary action.