

Nurturing Natural Capital

Operational Sustainability at Union Bank of India

» UNSDGs:



» Strategy Blueprint:



» Business Model Components:

3

» Material Issues

1, 3, 4, 6, 8, 9, 26, 27, 28, 30, 32, 33.

In addressing our own environmental impact, we better prepare our organization for future changes by reducing our exposure and risk to decarbonization, energy market volatility and potential carbon pricing scenarios. Operational sustainability, the reduction of our own environmental and carbon footprint, has been key to our environmental sustainability program over the few years.

Operational Sustainability Goals

In FY2024, Union Bank of India is in the process of setting important sustainability goals to help prioritise our environmental sustainability efforts. This includes targeted goals to reduce our energy use and location based GHG emissions, reduce water consumption and waste sent to a landfill, and purchase renewable power. We are focusing on reducing our waste and conserving water significantly in the coming years. Further, we are committed to continuing our work in this area, increasingly reducing the material we use and recycling as much as possible.

Until now, the Bank has already taken certain steps towards water conservation. Our efforts, such as providing waterless urinals, among others, in our corporate office, have resulted in a 3% reduction in water consumption in our Central Office Building at Nariman Point in FY2022.

Union Bank of India has established a comprehensive sustainable sourcing procedure to ensure responsible procurement practices. The Bank recognizes the importance of sourcing inputs and materials in an environmentally and socially sustainable manner. Union Bank of India's sustainable sourcing policy encompasses various aspects, including supplier selection, evaluation, and ongoing monitoring. The bank emphasizes the consideration of environmental, social, and ethical factors when engaging with suppliers. This includes assessing suppliers' commitment to sustainability, such as their adherence to environmental regulations, labor standards, and ethical business practices. Through this policy, Union Bank of India aims to promote sustainable development, reduce environmental impacts, support fair trade practices, and contribute to the well-being of communities. By prioritizing sustainable sourcing, the bank demonstrates its commitment to responsible business practices and its role in fostering a more sustainable future.

Committed Towards Environment

Union Bank of India has become the founding member of the Indian Green Building Council (IGBC), a premier green rating organisation promoted by the Confederation of Indian Industry (CII).



Reducing our operational emissions to net zero

Union Bank remains committed to managing its operational footprint and transitioning to a low-carbon economy. In FY2022, we began to define our Scope 1 and 2 emission reduction targets against an established



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baseline. We aim to continue offsetting residual emissions from our operations and business travel. This reduction will be achieved through expanding our renewable electricity purchasing programme across our operations in India and our overseas offices.

Union Bank of India has implemented specific procedures for the disposal of IT assets classified as e-waste and hazardous waste. To manage e-waste containing the bank's data, including computers, HDDs, drives, tapes, printers, scanners, and other data-bearing devices, the bank engages e-waste management services. Regarding the disposal of hazardous IT waste, such as batteries, Union Bank of India follows a buyback approach with the original equipment manufacturers (OEMs). This ensures the safe and compliant disposal of hazardous waste, mitigating potential environmental risks.

Union Bank of India remains committed to responsible waste management practices, ensuring the safe reclamation and disposal of e-waste and hazardous waste through certified recyclers and authorized channels. By adhering to these practices, the bank actively contributes to environmental sustainability and supports a cleaner and healthier future. We aim to start disclosing our progress in these endeavours from FY2024.

Renewable Energy Adoption

We recognise that for renewable energy to support the decarbonisation of the wider economy, there is also a pressing need to reduce the energy intensity of our operations. We are in the process of setting targets for reducing our energy intensity by 2030.

Union Bank of India takes pride in its extensive branch network, which plays a vital role in serving customers across the country. As of March 31, 2023, your Bank boasts a wide-reaching network of 8,580 branches, including 3 overseas branches located in Hong Kong, Sydney, and Dubai DIFC. Notably, 58 percent of these branches are strategically positioned in rural and semi-urban areas, ensuring financial inclusion and accessibility for diverse communities.

The Bank aims to focus on using solar energy to meet the energy requirements of its >8,577 branches. This will enable the Bank to achieve its environmental goals and contribute to the Government's objective of fulfilling at least 50% of energy requirements through renewable energy by 2030.

Till today, the Bank has installed on-grid rooftop solar panels on the terrace of the corporate office in Mumbai and one of its facilities at Vijayawada, with a net installed capacity of 72 KWp, and a potential of generating around 300 units of daily power consumption. Your Bank is committed to investing in energy conservation initiatives to further commitment to achieve greater environmental efficiency in our operations. Major initiatives include:

- » Installation of roof top solar plant of 2 MW capacity. This installation has generated 3427597 units annually which helped to save 3153 Metric Tons of CO₂ e of Carbon emission in FY 22-23.
- » Bank has installed grid connected solar power plant of capacity 60 KWp and 12 KWp in Banks' own building of Vijayawada and Central Office Mumbai respectively. Further, installation of 430 KWp solar power plant is in process at CO-Annexe Mangalore.
- » The 60 KWp and 12 KWp helped to save 70.52 Metric Tons of CO₂ e of Carbon emission and 14.1 Metric Tons of CO₂ e of Carbon emission respectively and as applicable metric tons.
- » Further to the installation of 430 KWp, it will help to save 690 Metric Tons of CO₂ e of Carbon emission.
- » Office premises are being provided with indoor ornamental plants with a view of air purification and contributing to the environment.

These moves are a modest step towards our ambition to transition to cleaner and alternate sources of energy in future.



Zonal Office, Vijayawada



Central Office Mumbai

Encouraging the adoption of non-polluting vehicles

During FY2022, the Bank initiated a programme to encourage its employees to adopt the use non-polluting vehicles. These include vehicles that are CNG, electric or hybrid fuels that do not emit any pollution. To motivate its employees, the Bank has offered to re-imburse its employees for their conveyance expenses, making the running cost of such vehicles even more attractive.

Reducing waste & Supply Chain

For a long period, we have directed our procurement teams to increase the coverage of sustainably sourced paper. At the beginning of FY2022, we explored opportunities to continue the removal of single-use plastics. Going forward, our focus is on transitioning our waste management approach and material use to circular economy principles, recognising the importance of reducing the volume of waste we produce and maximising the use of materials in our buildings.

Details related to waste management

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	10961	8816
E-waste (B)	306	238
Battery waste (C)	11	21
Total (A+B + C)	11278	9075
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	11	21

- » Battery waste weight is calculated based on the sale value of ₹ 85 per Kg.
- » E-waste weight is calculated based on the sale value of ₹ 50 per Kg.
- » The recycled waste is calculated based on the battery waste as it is getting recycled.
- » The plastic waste (per capita waste generation) is calculated referring the Central Pollution Control Board report.

To support our new strategic direction, we are setting a new target to divert all waste from landfills and incineration across all our branches by 2035, with 100% of waste in our facilities being reused, repurposed, or recycled. This will be achieved through the roll-out of our Zero Waste Strategy, which will commence in FY2024. As part of this initiative, we are also working with our procurement teams to engage with our supply chain partners to understand their capabilities to reduce the volume of packaging being sent to our offices and request suppliers to sign up for our Zero Waste Supply Chain Charter. The Charter encourages suppliers to eliminate transit packing, supply goods in reusable containers and investigate opportunities for packaging waste to be backhauled in the next delivery.

Reducing the use of paper

At your Bank, we have migrated a large number of transactions (Bulk Collections / Payments / MIS / Channel Finance) from paper-based services to digital services through our online platform, whereby paper usage has been dramatically reduced. The volume of digital transactions undertaken by the Bank during the FY2023 are as follows:

Year	No of Transactions	Amount (in crore)
FY2023	15,95,01,642	8,93,524.67

Enhance our Digital Network for Operational Efficiencies

The Bank has created a dedicated Digitization Vertical to drive the digital transformation journey of the Bank by reorienting Bank's digital vision. The vertical comprises of Digital Journeys, Digital Banking Department and Digital Interactions & Partnerships.

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Progress through Digital Channels

Growth on Digital Channels (Figures in crore)				
Channels	31.03.2022	31.03.2023	Annual Growth	
			Absolute	(%)
Mobile Banking Users	1.65	2.13	0.48	29
Internet Banking Users	0.68	0.74	0.06	9

Fintech absorption:

Rising customer expectations and changing customer behaviours have compelled banks to consider partnering with FinTech companies warranting Banks to deliver seamless, world-class services to the customers so that they can be benefitted by the evolution in FinTech Segment. Fintech policy of the Bank provides for empanelment of FinTechs to create a pool of companies having developed unique financial services. A readily available pool of FinTechs helps the Bank in the adoption of the required solution within the shortest possible time. Based on the market study and expected requirements of the Bank, 24 FinTechs were empanelled under the following segments. The validity of such empanelment is for a period of three years.

- » Development & Integration of Digital Journeys
- » Wealth Management, including Insurance
- » Agricultural Lending
- » UI / UX Development & Customization.
- » Analytics using Artificial / Machine / Deep Learning
- » Intelligent Virtual Assistant (Chatbot)
- » Digital Marketing
- » Cash Management, Trade and Supply chain financing

Taking Information Technology Farther



Offering the “Digital Experience” to its customers is essential for both their convenience and our own operational efficiencies and consumptions. At Union Bank, we are leveraging and implementing the latest innovations in technology such as cloud computing and digital lending,

among others. The Bank is transforming the current IT architecture to ensure high performance access to business systems and cloud-based applications complying regulatory norms without compromising security. At the same time we are fostering Enterprise Solution Architecture Practices for new applications to support new innovations in diverse, dynamic, and complex environments.

Account Aggregator: Union Bank of India became the first public sector lender to go live on the account aggregator ecosystem, a part of the Government’s digital initiatives to improve credit delivery. The account aggregator ecosystem helps lenders leverage digital data acquired with the customer’s consent to provide seamless service without physical documentation. Any financial information user (FIU) can request data based on a consent given by the customer on their account aggregator handle. Bank has implemented the technology stack as per the Reserve Bank Information Technology (ReBIT) guidelines.

Blockchain Technology: Union Bank of India, along with 18 other banks, have formed an organization known as “Indian Banks Blockchain Infrastructure Company (IBBIC)” to implement Banking related Services in Blockchain Technology. With this, the Banking System in India is going to take a new leap in Digitization in the near future.

AI/ML: The Bank has initiated setting up of Analytics Center of Excellence and eyeing upon complete business modelling through AI/ML in next 3 years. Various use cases like AI based IVR System, U-Mobile Adoption Analysis, Cross Selling/Upselling of Credit Cards, Voice Bot, etc. are in implementation stage whereas Early Warning Signal (EWS) in Retail/Agri/MSME sectors is already implemented.

Robotic Process Automation (RPA): Bank is partnering with leading Fintech firms in RPA and initially identified few processes for automation like daily report generation, ATM reconciliation, payment settlement, etc. Using RPA technology.

Key Highlights include:

- » First public sector bank (PSB) to go live on the account aggregator ecosystem.
- » First PSB to achieve triple ISO certifications: ISO 27001:2013 (Information Security Management System), ISO 22301:2019 (Business Continuity Management System), and ISO 31000:2018 (IT Risk Management).
- » First PSB to implement end-to-end auto-renewals of MSME loans up to ₹1 million.
- » First PSB to implement multi-language support in Finacle, mobile banking applications, and SMS.
- » Ranked 2nd in ATM Switch Processing among all banks across the country.
- » Average monthly CBS transactions exceed 194 crores, with a 20% increase in daily average transaction volume in the last six months.
- » Average system uptime of 99.97%, aligning with best-in-class standards under EASE 4.0.
- » First bank in India to introduce Metaverse in banking.
- » Achieved prestigious PCI-DSS (Payment Card Industry – Data Security Standard) certification covering all payment systems and processes dealing with cards.
- » Introduction of innovative solutions like WhatsApp Banking, Voice Banking, Open Banking Architecture, Digital Platform, Straight Through Processing (STP), Robotic Process Automation (RPA), and Pre-Approved Personal Loans (PAPL)

New Initiative on our Horizon

Union Bank of India places significant emphasis on leveraging emerging and future technologies to achieve its Natural Capital objectives. Your Bank is dedicated to delivering seamless digital experiences to customers through advanced technology solutions. These include

personalized video-based solutions, WhatsApp Banking, Palm Banking, Video KYC, and Microservices Architecture for container-based cloud-ready applications. Your Bank prioritizes regulatory compliance and security in all technology implementations.

Collaboration with key stakeholders in the technology domain is a key focus for the bank. It actively works with the RBI IT Innovation Hub on Digital Ledger-based Blockchain Technology and has been selected for a pilot project on Central Bank Digital Currency (CBDC). Union Bank also pioneers the Account Aggregator platform and integrates with the Open Network for Digital Commerce (ONDC) and Open Credit Enablement Network (OCEN) for Digital Lending. Additionally, your Bank utilizes Artificial Intelligence (AI)-based conversational banking through Amazon Alexa and Google Assistant Voice Bots to enhance customer experience and convenience.

In its pursuit of future growth and innovation, Union Bank embraces emerging technologies such as AI/ML, 5G, Blockchain, Metaverse, and DevSecOps. Your Bank actively explores solutions, forms partnerships with fintech companies, and utilizes its Analytics Centre of Excellence (ACOE) and Data Lake to analyse customer data and preferences, enabling the delivery of personalized services.

These technological initiatives align with the bank's strategic focus on the future. Union Bank aims to host Cloud Native Applications on a Hybrid Cloud to facilitate rapid digital resource deployment. It seeks to integrate AI and Virtual Reality (VR) to create immersive banking experiences, harness the potential of the Internet of Things (IoT) and connected devices for banking services, implement robust security measures for customer information protection, establish a Microservices-based Omni-Channel Platform for a unified customer experience, and adopt new practices like DevOps tools for continuous development and application modernization.