

FINANCIAL CONSUMER PROTECTION

CONSUMER PROTECTION PRINCIPLES, POLICIES AND PROCEDURES

ULFC shall adhere to high service standards and embrace a culture of fair and responsible conduct of business with consumers. This section sets the underlying principles, ethical practices and standards of conduct in doing business consistent with the ULFC consumer protection commitment and policy.

A. Consumer Rights. ULFC recognizes four basic rights of consumers that are critical in the business of delivering financial products and services:

1. **Right to be Informed.** Consumers have the right to be given the facts and information that allow them to make an informed choice in their dealings and transactions with ULFC, enable them to weigh alternatives, and protect them from false and misleading practices.
2. **Right to Choose.** Consumers have the right to choose products and services at competitive prices with assurance of satisfactory quality. This involves providing consumers with a variety of ULFC products or services that offer alternatives in terms of price, quality, security and service.
3. **Right to be Heard.** Consumers have the right to seek redress for misrepresentation, breach of contract, or unsatisfactory ULFC products and services. This entails allowing consumer complaints, inquiries and requests to be conveyed, heard and acted upon in the most practical and convenient manner.
4. **Right to Education.** Consumers have the right to be adequately educated regarding the features, terms and conditions, systems and procedures, and inherent risks of ULFC products and services at all stages of their relationship with the company. This involves providing customers the ability to distinguish between financial education and commercial advice.

B. Core Values. The following are ULFC's basic principles in defining the strategy and direction toward achieving its business goals, and in establishing high standards of behavior in its relationships with consumers and protecting their interests and welfare.

1. **Customer Focus.** ULFC shall consider as high priority the needs and requirements of the customers through personal and proactive service, and by providing them with the best possible banking experience, and putting special attention to their priorities and best interests.
2. **Integrity.** ULFC conducts business with customers clearly, truthfully and accurately at all times without compromising ethical standards and in compliance with the spirit and intent of applicable laws, rules and regulations.
3. **Professionalism.** ULFC observes the highest level of service possible when

dealing with customers while demonstrating and adhering to strict personal values of courtesy, honesty, fairness, responsibility and urgency.

4. No Discrimination. ULFC does not discriminate on the basis of race, ethnicity, culture, religious belief, disability or handicap, social orientation or status, age, and any other characteristics protected by law.

C. Standards of Conduct. ULFC shall exercise transparency and fairness in conducting business with consumers to enhance their appreciation of the products and services provided by the company, and to strengthen the relationship with them. ULFC's standards of conduct in accordance with the core principles set forth in BSP Circular 857 are summarized below:

1. **Disclosure and Transparency.** ULFC shall take all actions necessary to ensure that customers have comprehensive and holistic understanding of the nature and structure of the financial products and services they are acquiring or presently using.

- a. Key Information. ULFC shall provide all customers sufficient and accurate information, including fundamental benefits and risks, of products and services through well-trained sales and marketing associates using diverse and appropriate communication channels in consideration of the customers' financial status and other limitations.

Terms and conditions of a product or service shall be concise, readable and legible¹ and shall be fully disclosed and explained to and understood by the customers before consummating any transaction or signing any agreement with the customer.

- b. Advertising and Promotional Materials. ULFC shall take due caution in the marketing and promotion of its products and services to ensure that advertising and product materials contain accurate, updated and relevant information; are easily readable, and clearly legible, understandable and not misleading or deceptive.

Promotional materials shall be targeted according to specific consumer groups; and shall disclose to the consumers that ULFC is a regulated entity by the Bangko Sentral ng Pilipinas and shall indicate the means to contact the regulator/s.

- c. Conflicts of Interest. ULFC shall adequately disclose its own or its associate's or agent's interest, if any, in all direct or cross selling with the customers, particularly when commissions and rebates are the basis for recommending a particular product or service.

ULFC shall ensure that adequate systems and controls are in place to promptly identify issues that may be detrimental to customers' interests.

2. **Protection of Client Information.** ULFC shall assure its consumers that their personal information and relevant financial transactions are private and

kept confidential. For this ULFC shall meet the following minimum requirements:

- a. Privacy of Customer Information. ULFC shall have a written policy for the safeguarding of customers' personal information covering the gathering, processing, usage, distribution storage, and eventual disposal of client information; and shall ensure that effective control of access to customer information is strictly on a need-to-know basis.
 - b. Confidentiality and Security of Client Information. ULFC shall maintain and implement comprehensive and well-articulated information security guidelines, well-defined protocols and secure database, and shall provide for periodic re-validation procedures for the handling and updating of client information.
 - c. Sharing of Customer Information. ULFC shall prohibit and prevent the use of customer information whether for its own or third party marketing purposes, unless the customer is informed in writing and has given written, specific permission.
3. **Equitable and Fair Treatment of Consumers**. As an integral part of the ULFC's good corporate governance and corporate culture, ULFC shall treat its financial consumers responsibly, equitably, honestly and fairly at all stages of its relationship with them.

- a. Affordability and Suitability. ULFC shall design, market and offer products and services that are appropriate and commensurate with the financial condition, risk profile and interests of particular types of consumers; and shall provide a balanced view of the products or services available to them that meet their needs and requirements.

The company shall obtain customer feedback for product design, delivery and enhancements; and shall not use high pressure/aggressive techniques.

- b. Prevention of Over-indebtedness. ULFC shall continue to implement its existing loan policy based on the creditworthiness and good repayment capacity of the borrowers ensuring that appropriate credit analyses/criteria are in place that set credit limits, and thereby preventing over-indebtedness.

ULFC shall monitor the enforcement of policies and procedures to prevent over-indebtedness of its customers.

- c. Cooling-off Period. As may be appropriate, ULFC shall provide a reasonable "cooling off" period (at least two business days) that permits its customers to further assess, re-think and even cancel recently concluded agreement or contract, but allowing for reasonable processing or administrative fees associated with the closure/cancellation.

Cooling –off shall be applicable to a customer who is a natural person and to financial instruments whose remaining term is equal to or beyond one year. (BSP Cir. 898)

- d. Objectivity. ULFC shall deal with customers fairly, honestly, in good faith and avoid making or omitting statements that may be false or misleading; and shall provide them with a balanced view when selling a product or service, including disadvantages and downside risks.

ULFC shall draw to the customer's attention that a product or service may not be suitable for him/her, exercise due analysis of customer suitability and affordability, and obtain confirmation of the customer's understanding and acceptance of the product or service being availed.

- e. Fair and Responsible Treatment of Clients. ULFC shall ensure adherence to the ULFC Group Code of Conduct which sets the ethical and professional standards for employee behavior, and corresponding disciplinary and corrective actions. Recruitment, hiring and training programs shall be geared towards providing professional and competent treatment of customers. The UCPB Group Code of Conduct shall be reviewed, updated and revised as and when necessary to ensure timely compliance with the requirements of BSP Circular 857.

ULFC shall ensure fair and acceptable debt collection practices and loan recovery procedures; and shall make appropriate due diligence measures in selecting its authorized agents or outsourced parties, and implement adequate controls to continuously monitor the agents/parties' performance.

- f. Remuneration Structure. ULFC shall adopt a remuneration structure for its officers, associates, and authorized service providers and agents that promote responsible business conduct, and fair treatment of consumers and help prevent conflicts of interest; and shall ensure that incentive plans do not lead to or result in consumer risk or harm.
4. **Effective Recourse**. ULFC shall provide accessible and affordable means for resolving customer issues regarding ULFC products and services fairly, timely and efficiently.

ULFC shall maintain an adequate mechanism/system and resources for the efficient, effective and competent handling of financial consumer complaints, inquiries and requests; and shall ensure that ULFC associates who are designated to serve this purpose have the appropriate experience, knowledge and expertise.

ULFC shall undertake regular analysis of the patterns of customer complaints and take action/s appropriate to address them, particularly those that are

recurrent or widespread among consumers.

5. **Financial Education and Awareness.** ULFC shall implement effective approaches and dedicate sufficient resources for promoting financial education and awareness of consumers and ULFC associates.

a. Consumer Education. ULFC, through its Marketing Dept., shall promote financial education and awareness of consumers, particularly specific target clients and vulnerable groups. Appropriate learning programs and mechanisms shall be instituted to help existing and future consumers develop the knowledge to understand risks and opportunities, make informed financial decisions/choices, know where to go for assistance or recourse, and gain ability to distinguish between financial education and commercial advice.

To this end, financial consumer education shall be an integral part of the company's consumer protection strategy and corporate governance structure covering public awareness campaigns, financial education tools and information materials, and need-to-know pamphlets at point of sale.

b. Internal Training and Awareness. ULFC shall require all its associates at all levels of the organization to undergo adequate, appropriate and continuing training aimed at promoting awareness of the financial consumer protection policies adopted by the company, and enhancing their knowledge and skills in doing business, and empowering them to confidently provide customers the information to understand, evaluate, and make informed decision on ULFC products and services.