

SUSTAINABLE BANKING POLICY

Introduction

Fidelity Bank PLC's Sustainability Vision is to be the number one Sustainable Bank in every market we serve and for every branded product we offer. This aligns with our extant vision as we embrace the concept of sustainable development and seeks to promote "best in class" sustainability practices in the Financial Industry. We recognize that our business operations and activities can be carried out with increasingly less adverse environmental and social effects while enhancing benefits to our shareholders, clients, business partners and the public.

Fidelity Bank recognizes the need to mainstream Environmental and Social Risk Management (ESRM) procedures across the bank, while also expanding our support for economic growth through increased commitment to cross cutting socio-economic themes where we operate.

This Sustainable Banking (SB) Policy describes our commitments to implementing sustainability including ESRM and positive economic development initiatives within the bank. It covers Bank Operations (our internal work environment, systems and footprint), Bank Activities (interactions with clients and business partners) and other business dealings.

Through the implementation of the Policy, we expect to establish our bank as a Good Corporate Citizen while complying with applicable regulatory requirements on Environmental and Social safeguards (e.g., the Nigerian Sustainable Banking Principles (NSBP), 2012)

Our Philosophy

We recognize that while our role as a Financial Institution is critical to economic development, improved quality of life, industrialization and the overall quest by mankind to meet its teeming needs, we also

realize that there are accompanying challenges, which could limit the ability of future generations to achieve yesterday's or today's quality of life.

Such accompanying challenges include among others, population growth, increased consumption of natural resources, environmental pollution, loss of biodiversity, climate change, conflicts, social injustices and inequalities.

While the bank's operations minimally lead to these environmental and social impacts, activities of some of our clients can cause palpable, short, medium or long-term negative impacts on the biophysical and/or social environment within their areas of influence and these may lead to:

- Direct risks through the liability for impacts caused by our clients;
- Reputation risks for us through association with such clients;
- Credit risks as a result of disruption to business operations, loss of license to operate, fines, penalties and legal enforcement or closure; and
- Market risks associated with reduced value of security and collateral

We are awakened to our responsibility to shareholders and the increasing and stricter environmental and social regulations, laws and safeguard requirements across the world as apply to various business sectors including the financial industry.

Additionally, as a Good Corporate Citizen, Fidelity Bank PLC exists as a business not only for profit but also for one that has responsibilities to the society. We will therefore pursue sustainability in tandem with our economic goals.

Purpose of the Policy

The primary objective of this Policy is to further our public good initiatives and incorporate Environmental and Social (E&S) risk management into the operations and decision-making at Fidelity Bank. The key objectives of this policy are therefore to:

- Communicate our processes and procedures on sustainable banking to our staff, customers, regulators and the general public;
- Communicate our commitment to increasingly promote public good initiatives in key sectors of development;
- Ensure that our operations do not knowingly adversely impact the people and environment within our areas of influence;
- Ensure that our finance does not knowingly support customers whose activities adversely impact the people and environment within their areas of influence;
- Manage the bank's exposure to credit risk, reputational risk, and legal risk associated with environmental and social issues emanating from our operations and or activities of the customers we support;
- Establish and implement a framework that enables us to proactively mainstream environmental and social risk management within our organisation and for engaging our customers;
- Support the implementation of systems and structures within our organisation and require that our customers do the same to ensure environmental and social safe guard of our operations and their activities;
- Improve overall environmental and social performance across our operations and support our customers to achieve such improvements;

- Ensure that our sustainable banking process is transparent, accountable and a key element of our decision-making within the bank;
- Through annual budgeting, ensure we dedicate adequate resources including manpower to foster smooth implementation of environmental social governance requirements across the Bank.
- Comply with all applicable laws, regulations and standards, on environmental and social issues directly and through the customers we support;
- Establish ourselves as a good corporate citizen; and
- Ultimately, contribute to Human Development within our area of influence.

International Environmental and Social Safeguard Requirements

Fidelity Bank understands that the concept of the “global village” applies beyond technological and communications advancements, and includes social, economic and commercial interactions across continents and geographical regions. We have therefore embraced some of the best in class Environmental and Social Safeguard requirements used by International Financial Institutions (IFI).

We have signed up to, and will continue to meet the requirements of the voluntary Equator Principles *Financial Institutions (2013)*. In doing so, we will apply the requirements of the International Finance Corporation (IFC) Performance Standards, Global Reporting Initiative (GRI) and other framework that may help us achieve our goals (e.g., UN Environment Program Finance Initiative “UNEP-FI”) (2008) to which Fidelity Bank is a signatory). All such requirements will be used with due consideration of the local and cultural sensitivities.

Although compliance with environmental and social laws, regulations and standards is primarily the responsibility of our clients, we will assess our clients, and require that transactions and companies we finance meet applicable local and international E&S requirements.

Core Sustainability Commitments

In pursuance of our guiding SB philosophy and overarching objectives, Fidelity Bank has adopted core sustainability commitments across global and contemporary environmental and social issues. These core commitments drive, underpin and further guide the requirements outlined in our broad SB Policy.

1. Regulatory Compliance

Responsible Corporate Governance lies at the core of Fidelity Bank business operations and activities. It drives and interlinks our economic and sustainability objectives. The bank is therefore committed to and will promote compliance with all applicable environmental and social laws, regulations, standards and best practices that apply to our business and the customers we support.

2. Environmental and Social Risk Management

We will diligently assess our bank's exposure to business activities as well as the impact of our clients' businesses or projects. In doing so, we will adapt a commensurate approach that recognizes the nature and scale of our risk exposure and the business impacts. This will determine the nature, scope and extent of our engagement, assessment and involvement on specific business activities. In addition, Fidelity Bank will not finance activities deemed illegal or poses economic, social, health and cultural concerns with consequent developmental impact.

3. Climate Change

Fidelity recognizes that climate change is a serious global challenge and that climate-related impacts may impede economic, social well-being and development efforts. Working with the private sector and other parties to address climate change is therefore a strategic priority for the Bank. Given the importance of the private sector's role in the reduction of greenhouse gas (GHG) emissions, Fidelity will engage in innovative investments and advisory services to support climate-friendly solutions and opportunities for business. Fidelity will also support adaptation measures that promote sustainable investments.

Fidelity Bank will require its clients to include GHG emissions in their regular reporting to the Bank, where applicable. This will allow the Bank to quantify, manage and report on the carbon footprint of its direct lending and investment portfolio in accordance with the emerging state of practice on accounting and reporting.

4. Biodiversity Conservation

Fidelity Bank understands that the planet's biological diversity, which comprises its ecosystems, species and genetic material, is an integral part of human existence. Biodiversity provides substantial economic, cultural, recreational, nutritional and ecological benefits to humanity. The rapid loss of biodiversity worldwide remains one of the major global environmental challenges particularly in developing countries.

The bank also recognizes the importance of ecosystem services and their role in climate change mitigation as well as adaptation. The Bank is committed to minimizing business activities-related impacts on areas providing such services.

Fidelity bank will require that its customers assess the effects of their activities on biodiversity and its services within their areas of influence including supply chains. The bank will also require that its customers

monitor and report impacts and biodiversity management measures in accordance with global best practices.

Fidelity Bank will not support business activities that lead to unguarded depletion of biodiversity or those that affect endangered species or protected areas.

5. Human Rights

The International Bill of Human Rights and the conventions of the International Labour Organization will guide Fidelity Bank. The Bank recognizes the responsibility of business to respect human rights, independently of the state duties to respect, protect, and fulfill human rights. This responsibility means to avoid infringing on the human rights of others and to address adverse human rights impacts business may cause or contribute to. Meeting this responsibility also means creating access to an effective grievance mechanism that can facilitate early indication of, and prompt remediation of various project-related grievances.

6. Women's Empowerment

Fidelity Bank appreciates the role of women in speeding up development, the wellbeing of societies and the environment and to the human development index of any country. We align with the findings of various studies that show that women reinvest a much higher portion in their families and communities, thereby spreading wealth and benefits over a wider area. We recognize that countries with greater gender equality tend to have lower poverty rates.

Moreover, companies with higher numbers of women in positions of leadership have indeed been shown to outperform others. We therefore value and will work to achieve a gender balanced and inclusive workforce in our business operations.

Fidelity Bank will promote women's economic empowerment through a gender inclusive workplace culture in our Business Operations and seek to provide products and services designed specifically for women through our Business Activities.

7. Social Empowerment

Fidelity Bank understands the concept of empowerment as a process that provides the capacity of individuals, groups and/or communities to gain control of their circumstances and achieve their own goals, thereby being able to work towards helping themselves and others to maximize the quality of their lives. To further our good corporate citizen objectives, we will seek to broaden the bank's social empowerment initiatives within our banking operations and in society.

8. Full Disclosure and Transparency

Fidelity Bank upholds principles of transparency in all its activities including acting in "utmost good faith" and ensuring timely, regular, reliable and relevant disclosure as we pursue sustainability within our organization.

Fidelity Bank seeks to provide accurate and timely information regarding its lending, investment and advisory activities as well as more general institutional information in accordance with its Corporate Governance policies. The Bank also recognizes the importance of disclosure of information, both for itself and for its clients, as a means of managing environmental, social, and governance risks. The bank is therefore committed to global standards of audit and sustainability reporting.