

## **2018 Sustainability Report**

Fidelity Bank's mission is to make financial services easy and accessible to customers. Execution of this mission connects us with the goals of driving sustainable economic development and poverty reduction. As a Bank, we recognize that the long term survival of our institution depends on our determination and discipline to abide by sound Environmental Social Governance practices. Fidelity Bank is therefore committed to delivering value edge products and services with the intent to “do no harm” to the environment and the people.

We understand the need to ensure our lending and investment decisions meet the tripod objectives of economic viability, environmental responsibility and social relevance. This way, we continue to ensure that the costs of economic development do not fall disproportionately on those who are poor or vulnerable, that the environment is not degraded in the process, and that renewable natural resources are managed sustainably. With this understanding, Fidelity Bank will continue to observe relevant local and international standards such as the Nigerian Sustainable Banking Principles (NSBP), Equator Principles and the International Finance Corporations (IFC) Performance Standards in managing environmental and social risks in its own operations as well as that of clients it finances.

### **Managing Environmental and Social (E&S) Risks in Clients' Businesses**

At Fidelity Bank, we understand that our lending and investment decisions could in uncontrolled circumstances, produce negative environmental and social impacts. Consequently, we have developed systems and processes to identify, assess, mitigate, monitor and report such impacts. Our robust E&S risk management procedures which are well entrenched in the Bank's credit and investment processes, afford the Bank the opportunity to help clients secure long term sustenance of their businesses. By so doing, we meet our own objectives of engaging in responsible banking. In line with the strategic aspiration to become a Tier 1 Bank by 2022, the Bank also aspires to be a leader in the provision of sustainable finance by ensuring ESG criteria is integrated into the credit and investment decisions.

### **Compliance with Equator Principles**

Equator Principles (EPs) are the financial sector's leading voluntary standard for identifying, assessing and managing environmental and social risks in relation to projects and project related financing. The Principles are based on the International Finance Corporation's (IFC) Performance Standards (PS) and the World Bank Group's Environmental, Health & Safety (EHS) Guidelines. Equator

Principles were launched in 2003, later updated in 2006, and the Equator Principles III (EP III) version released in June, 2013.

As part of the structure to mainstream E&S issues in our lending processes, Fidelity Bank maintains a dedicated Sustainable Banking Unit that operates out of the Bank's Head Office within its Risk Management Directorate. The Sustainable Banking Unit reviews project related applications above the threshold of US\$10m as stipulated by the EPs while also reviewing other applications below this threshold in line with other national and international requirements.

Fidelity Bank has continued to strengthen its environmental and social risk management systems. The environmental and social risk assessment procedures form an integral part of the Bank's credit analysis process. Every business related credit is screened/assessed against a set of Environmental and Social Risk criteria and then classified based on category definitions. Measures to mitigate identified risks are presented as part of loan preconditions and covenants. Fidelity Bank has also instituted measures including maintaining a robust database that supports effective monitoring and reporting on credits assessed to E&S requirements. In the course of our monitoring/inspection visits, the Bank endeavours to provide client education on approaches to achieving long term sustainability of their businesses through effective environmental and social risk management.

As part of its routine roles, the Sustainable Banking Unit organizes capacity building programmes across the Bank. The Unit circulates quarterly bank-wide internal communication to promote environmental and social risk management awareness among staff. The Unit also delivers Environmental and Social Risk Management training modules at all staff induction programmes, Bank's Thursday lecture series and e-learning portal assignments and quizzes for all staff.

As a financial institution adopting the EPs, Fidelity Bank undertakes not to support projects where the borrower will not or is unable to comply with the environmental and social requirements arising from the application of the EPs. As part of our E&S assessment procedures, we classify projects in line with the International Finance Corporation's Performance Standards for project categorization as follows:

- Category A: Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented;
- Category B: Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and
- Category C: Projects with minimal or no social or environmental impacts.

Below, we report our project finance activity, in line with Equator Principle III requirements for the period, January 1 to December 31, 2018. During the review period, Fidelity Bank did not participate in any project finance related advisory services, project-related corporate loans and bridge financing, as defined in the Equator Principles:

### Project Finance - Sector Reporting

Sector	E&S Risk Categories		
	A	B	C
Oil and Gas	0	0	0
Power	0	0	0
Infrastructure	0	0	0
Others	0	1	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>

### Project Finance – Regional Reporting

Region	E&S Risk Categories		
	A	B	C
Americas	0	0	0
Europe, Middle East and Africa	0	1	0
Asia Pacific	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>

### Project Finance – Country Designation

Designation	E&S Risk Categories		
	A	B	C
Designated Countries	0	0	0
Non-Designated Countries	0	1	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>

### Project Finance – Independent Review

	E&S Risk Categories		
	A	B	C
Yes	0	1	0
No	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>

## **FIDELITY MANAGED SME AS A VEHICLE FOR POVERTY REDUCTION**

At Fidelity Bank, our goal is to become the foremost and most innovative SME support banking business in Nigeria while helping our clients build sustainable businesses. Our support for the growth and development of SME businesses is premised on our strong conviction that SMEs hold the key to unlocking the economic fortunes of Nigeria as they spur productivity and growth in the economy, create jobs and alleviates poverty.

It is in recognition of this critical role that Fidelity Bank established the Managed SMEs Division to serve as the fulcrum for its intervention in the SMEs space. Our core banking services include a bouquet of tailored products that are designed to meet the needs of the various segments in the SMEs space whilst fully integrating the unbanked and underbanked SMEs into the financial system.

Fidelity Bank has continued to support artisans under the auspices of the Leather Products Manufacturers Association of Abia State (LEPMASS). We partnered with the Bank of Industry (BOI) to finance over 300 eligible artisans under the BOI-Fidelity Aba Finished Leather Goods Cluster Finance Scheme. Under the scheme, our bank secured and renovated a secretariat for LEPMASS while also building the capacity of its members in sustainable business practices such as – business registration, operating a business account, importance of sustainable business continuity/succession plan, the need to separate the finance of a business from that of its owner etc.

Furthermore, Fidelity Bank is in partnership with the Small and Medium Enterprises Development Agencies of Nigeria (SMEDAN) for disbursement of grants under the SMEDAN Conditional Grants Scheme (SMEDAN CGS) with the pilot of four states on the scheme – Oyo, Ebonyi, Katsina and Akwa-Ibom States. Over 3,000 beneficiaries were enumerated by SMEDAN and were availed grants of N50,000 each.

Beyond providing the tailored, low-cost financial solutions, we also respond to the unique and dynamic needs of the SMEs segment by developing capacity building initiatives that provides practical guidance to entrepreneurs. Through effective use of the electronic media, business icons, captains of industry and leaders in the public sector are sponsored by the Bank to enlighten SME owners on how to identify and optimize sustainable business opportunities. The Fidelity SME Radio Forum, the Regional SME Conferences and related TV Series remain key platforms for delivery of these capacity building initiatives.

Fidelity Bank also provides sector focused capacity building programmes through its Export Leadership Institute established in partnership with the Lagos Business



School (LBS), Pan- Atlantic University and the Nigerian Export Promotions Council (NEPC) to deliver impactful, world-class export management education to existing and potential business leaders.

As proof of commitment to the support of SME businesses, the Bank's SME customer footprint as at date is in excess of 350,000 customers across Nigeria.

## **CONTRIBUTING TO GREENHOUSE EMISSIONS REDUCTION**

Fidelity Bank is actively committed to preserving the environment and the struggle against climate change. The Bank recognizes that climate change is one of the most urgent and gripping threats facing human kind and that climate-related impacts poses threat to economic and social well-being and development efforts.

Fidelity will continue to embrace adaptation measures that promote sustainable investments in its business. In pursuit of greenhouse gas emission reduction, we are constantly reviewing our strategy which is channeled towards ensuring efficient energy use and the reduction of the amount of greenhouse gases emanating from our business in the environment. Apart from fitting our new branch buildings with energy saver light bulbs, we have also embarked on the systematic replacement of conventional incandescent lighting in our existing branch facilities, which has helped to reduce our energy consumption of lighting by about 65%. In addition, the energy saver lights are estimated to last 25 times longer than traditional incandescent lighting currently being replaced in the Bank.

The Bank continuously seeks initiatives to help cut down on energy requirements and manage resources more efficiently. These initiatives have impacted positively on the use of fossil fuels in powering generators and reduced consumption from the national grid thus reducing the Bank's Greenhouse Gas footprint and related global warming. One example is the strict implementation of the Bank's early closure policy which mandates employees to close at 6pm, thereby reducing power consumption by 7% bank-wide. We are also progressively introducing solar power at our ATM Galleries especially at the off-site E-locations.

Our video conferencing facilities reduces the carbon footprint from employees travel to the Head Office for meetings.

Fidelity will continue to maintain its fleet of staff buses which offers well over 600 members of staff free home-to-work commuting services every work day. While this gesture serves to promote employee welfare, it also contributes to the reduction of greenhouse emission attributable to employees.

## GUIDED BY THE INTERNATIONAL BILL ON HUMAN RIGHTS

Fidelity Bank has continued to identify with the International Bill on Human Rights and the conventions of the International Labour Organization in its commitment to uphold Human Rights. The Bank ensures that business is done in a mode that respects human rights while dealing with employees, suppliers and third-party contractors as well as ensures everyone is treated fairly and without discrimination.

The Bank's non-discrimination policy is encapsulated in the Personnel Policies and Procedure Guideline. The policy prohibits use of child labour; forced labour and discrimination on grounds of race, tribe, religion, age, gender or economic background.

Below represents percentage of employee per employee category in each of the following diversity category:

### Gender

Gender	Percentage Representation (%)
Female	44.46
Male	55.54

### Age Group

Age	Percentage Representation (%)
0 - 25	3.82
26 - 30	10.08
31 - 35	21.01
36 - 40	36.89
41 - 45	19.74
46 - 50	6.77
51 - 55	1.69

### Board Seat – Gender Composition

Gender	Numbers	Percentage Representation (%)
Female	3	25
Male	9	75

Fidelity Bank maintains effective whistle blowing platforms and grievance mechanism that assist prompt identification and remediation of grievances to ensure that we meet this responsibility always. The Bank's HR Clinic platform was put in place in pursuit of these objectives as the initiative is designed to provide an interactive platform between the HR team and employees bank-wide. The HR Clinic Initiative creates opportunity for counselling to staff and promotes freedom

of expression. It also encourages staff to provide feedback on HR processes.

## **HEALTH AND HIV/AIDS POLICIES**

The Bank recognizes her workforce as one of her most strategic assets; offering a competitive advantage for sustainable business success. As part of the Bank's commitment to driving high standards in health and safety management, the Bank in 2018 was certified to the British Standard OHSAS 18001 on Occupational Health and Safety Management Systems. The Bank therefore has a robust occupational health and safety management systems which promotes safe and healthy working environment.

The Bank is also committed to supporting the good health and wellbeing of every employee and continues to adopt best practices that cater for their healthcare including but not limited to access to appropriate medical intervention through an HMO, annual medical check-up, cancer care treatment, guidance and counseling, equal opportunity policy structures and workplace inclusiveness. Also in 2018, the Bank in collaboration with the HMO launched an in house Medical Bay with a sit-in Medical Doctor and Nurse to provide primary health care to staff around the Victoria Island environs.

The Bank has continued to enforce its policy of non-discrimination against any employee or customer on the basis of their HIV/AIDS status. Employees living with HIV/AIDS have the right to confidentiality and privacy concerning their HIV status. All medical information regarding employees with HIV/AIDS is kept strictly confidential, except where required by law to be disclosed to specific people or with the expressed consent of the employee. In the event of a noticeable deterioration in the health of an employee living with HIV/AIDS matched by a decisive impact on the employee work ability, the Bank's standard incapacity procedures are usually applied.

## **EMPOWERING AND CREATING OPPORTUNITIES FOR WOMEN**

Fidelity Bank believes that gender equality is imperative to the development of any society. Women play a crucial role in achieving sound economic growth and poverty reduction. When empowered, she has the willpower to elevate herself out of poverty and contribute significantly to family income.

Recognizing that women are often prevented from realizing their economic potentials because of gender inequity, Fidelity is committed to creating opportunities for them in its employment as well as through lending, investment and advisory activities.

In this regard and in compliance with the Central Bank of Nigeria requirement,



Fidelity Bank ensures adequate female representation in its workforce. Fidelity Bank had 60% female representation on the Executive Board and 44.46% of total staff as at December 31<sup>st</sup> 2018. Also given the Bank's commitment to ensure equity in employee development, 44% of total expenditure on capacity building was spent on female employees and the trend is on the upper trajectory. Female employees are also given equal access to the staff health care programme as well as financing schemes available in the Bank. Fidelity Bank has several policies which supports the female employees as well as welfare of their families.

In 2018, Fidelity Bank, working with its strategic alliance partners directly implemented a number of business and financial management capacity building programme for women-entrepreneurs. The 'Improving Access to Finance Programme' for Women-owned businesses was held in partnership with ImpactHER, a non-governmental organization (NGO) focused on empowering African women-entrepreneurs. During the period, the programme directly impacted about 800 female entrepreneurs playing across various sectors of the economy as it gave them insight on how to position their businesses to attract funding from different financiers.

Similarly, we partner with the International Women Society (IWS) to advance social and economic empowerment of women. Working with the leadership of the International Women Society (IWS), we supported an initiative to provide vocational training for 100 young women in areas including Computer Literacy, Hairdressing and Salon Services, Sewing and Fashion Design, Catering and Events Management. The women trained under this programme have gone on to setup their own businesses thereby directly creating 100 addition new jobs and over 300 indirect jobs while improving their economic status and that of their families.

Furthermore, our business management capacity building programme for women in partnership with Perspectives Productions Limited has reached and directly impacted over 2,000 women. These women have experienced business growth and success on account of the platforms to learn business management skills required to better run their businesses.

The Bank also expects its clients to minimize gender-related risks from business activities and unintended gender differentiated impacts.

## **TIMELY REPORTING AND TRANSPARENT DISCLOSURES**

Fidelity Bank is guided by relevant statutes and codes on Corporate Governance as well as the Company's and Allied Matters Act (2004). Fidelity Bank seeks to provide accurate and timely information regarding its lending, investment and



advisory activities as well as more general information in accordance with its corporate governance stance.

The Bank recognizes the importance of disclosure of information, both for itself and its clients, as a means of managing environmental, social and governance risks. To guard against the risk of financial crime within our business, we focus on training our employees, strengthening our screening systems and ensuring that our policies and procedures are effective and up to date.

## **CODE OF ETHICS AND INSIDER DEALING**

Fidelity Bank continues to pride itself in its long standing good professional and ethical reputation which are sustained through a combination of policies, systems and cultural practices. The Bank has a very effective Code of Conduct and Ethics Policy in place which clearly communicates the Bank's zero tolerance for corruption, money laundering, bribery, abuse of office and similar transgressions. The Bank in 2007 put in place a robust Whistle Blowing Policy in partnership with the professional firm of KPMG, which enables staff report unethical activities affecting any aspect of its operations anonymously. Also, the Bank's Insider Trading Policy defines clear boundaries and consequences for associated contraventions while the Bank's Anti-Bribery and Corruption policies and procedures are recurrently communicated to employees and management in the Bank. These systems have continued to work in concert to strengthen staff confidence, integrity and ensuring a more disciplined staff.

## **COLLABORATING WITH PARTNERS**

Fidelity Bank acknowledges that it can do more working together with others than it could acting alone. The Bank therefore endeavors to collaborate with clients who identify and manage environmental and social risks and who pursue environmental and social opportunities and outcomes in their business activities with a view to continually improving sustainability performance. Fidelity participates actively in sector-wide efforts and international initiatives to promote sustainable development. Fidelity is a signatory to the United Nations Environmental Programme-Finance Initiative (UNEP-FI), United Nations Global Compact and Equator Principles. The Bank also partners with the Nigerian Conservation Foundation (NCF) on environmental advocacy initiatives.

## **LEADING BY EXAMPLE IN E&S FOOTPRINTS MANAGEMENT**

Fidelity Bank believes that the commitment to E&S risk management requires leading by example. We therefore manage the E&S footprints associated with our internal operations and undertakings by making sustainability considerations an integral part of everyday work in our offices wherever located. This commitment



includes pursuing best practices in environmental and social management with the objective of achieving carbon neutrality and conservation of nature in our business operations. We do this by continually seeking innovative ways for efficient use of materials and resources such as energy, fuel and water consumption and efficient management of paper and electronic waste in our banking operations.

In this regard, the Bank has since 2008 embraced the environmental management concepts of reduce, reuse and recycle. Strategies to realize our commitment to these concepts led to the adoption of digitalization as a key approach to drive process efficiency and resource reduction. The launch of the bank's Expense Management Portal for electronic processing of payments, approvals and issuance of contract award letters/LPOs brought about 20% reduction in paper consumption in 2018 compared to 2017.

In pursuit of our nature conservation and environmental beautification strategies, the Bank works with State and Local Governments to create and maintain green parks in key locations across Nigeria. In 2018, the Bank continued to maintain its environmental advocacy programme through financial sponsorship and physical participation in the Nigerian Conservation Foundation / Lagos State Government organized Walk-for-Nature programme.

As part of E&S footprint management, Fidelity is committed to creating enduring partnerships for sustainable development whilst adding immense value to the diverse communities in which it operates. The Bank strives for positive social contributions in these communities by providing basic needs, reducing poverty, supporting education, improving health and increasing long-term employment through its internal community help initiative tagged "Fidelity Helping Hands Project (FHHP)". Fidelity also raises staff awareness regarding this commitment.

In 2018, key projects completed and handed over to beneficiary communities under the scheme include renovation of health care centres, construction and renovation of schools, drilling of boreholes, donation of healthcare materials to hospitals, educational materials to schools and relief materials to Internally Displaced Persons (IDP) camps and orphanages/special children's centres, payment of children's school fees and educational support to inmates etc.

Fidelity Bank also extended its support through sponsorship of the World Sickle Cell day awareness programme held in Lagos in 2018.

## **DEEPENING ECONOMIC DEVELOPMENT THROUGH FINANCIAL INCLUSION**

Fidelity Bank believes that Financial inclusion is a key enabler in alleviating poverty and improving prosperity. The Bank believes that convenient and affordable access to financial services will have significant positive impact not only for the



individuals but also for their families, society and the country at large. Fidelity Bank is therefore committed to ensure the poor, marginalized people and those vulnerable to low economic power, engage in formal economic process through ownership and regular usage of formal financial services.

Fidelity Bank's commitment to Financial Inclusion led to the development of the Fidelity Financial Inclusion Policy and Strategy document in alignment with the CBN National Financial Inclusion Strategy and the 2020 targets.

The Bank embeds a no-frills zero balance feature into its savings offerings and coupled with aggressive cluster marketing drive in remote locations, over a 100,000 unbanked were on-boarded in 2018. To incentivize the target market, the bank through a special electronic draw rewarded some customers with cash and consolation prizes.

As part of the Bank's innovative channels which support the Financial Inclusion drive, a digital account opening service called QR-Code for account opening was launched. This initiative which is mainly targeted at the youth segment is a self-service that works with smart phones. The QR-Code has an embedded account opening link that allows easy onboarding of these customers. This innovation complements the Bank's instant banking (USSD/\*770#) channel to open instant Tier 1 bank account on any phone. All the digital accounts created instantly all have zero balances. As part of our promotional campaign, customers who immediately fund their accounts are rewarded via digital platforms with N500 airtime. All the aforementioned initiatives have contributed to the increase in the number of uptake among the financially excluded.

Fidelity Bank in 2018, partnered with a FINTECH company to develop an agent banking app to manage the Bank's direct agent network. The Bank adopted a hybrid approach with further partnership with super agents under the CBN Shared Agent Network Expansion Facility (SANEF) to drive financial inclusion especially in areas where the Bank has minimal or no presence. Fidelity Bank got a mandate in November 2018 to partner with NIPOST under the aegis of their Super-Agent network Bank@post. The Bank will leverage this partnership to have financial access points across local government areas in the country.

Fidelity Bank is also committed to the activities of the Financial Inclusion State Steering Committee (FISSCO) working group which was created to stimulate grassroots' participation in Financial Inclusion. The Bank's retail representatives at the various Regional Offices are charged with the responsibility of driving financial inclusion in their respective states and across local governments, more so, accountability metrics have been aligned with the existing performance indicators to drive performance.