



Sterling Bank

Your one-customer bank.



# Supporting the environment

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Three cleaning exercises yearly (Sterling Environmental Makeover; STEM)

Use of biodegradable items for office utilities.

Donation of environment cleaning uniforms to Agencies across 16 states.

Recycling of office waste.

*Sterling*  
*Cares*

## This is a vibrant, abstract illustration centered around a large green lightbulb. Inside the lightbulb is a green gear. The lightbulb is part of a larger green plant-like structure with leaves at the bottom. Surrounding the lightbulb are various icons and shapes: a gear with a lightbulb inside, a gear with a plug, a gear with a wind turbine, a gear with a battery, a gear with a city skyline, a gear with a leaf, a gear with a house, a gear with a factory, a gear with a person, a gear with a car, a gear with a train, a gear with a plane, a gear with a ship, a gear with a rocket, a gear with a satellite, a gear with a moon, a gear with a sun, a gear with a star, a gear with a heart, a gear with a flower, a gear with a tree, a gear with a mountain, a gear with a river, a gear with a lake, a gear with an ocean, a gear with a sky, a gear with a ground, a gear with a water, a gear with a fire, a gear with a wind, a gear with a rain, a gear with a snow, a gear with a fog, a gear with a cloud, a gear with a moon, a gear with a sun, a gear with a star, a gear with a heart, a gear with a flower, a gear with a tree, a gear with a mountain, a gear with a river, a gear with a lake, a gear with an ocean, a gear with a sky, a gear with a ground, a gear with a water, a gear with a fire, a gear with a wind, a gear with a rain, a gear with a snow, a gear with a fog, a gear with a cloud. The background is white with a green plant-like structure at the bottom. There are also colorful geometric shapes like circles, squares, and triangles in various colors like red, blue, yellow, and green. The overall theme is sustainability, technology, and urban development.

## SUSTAINABILITY REPORT- 2016

We are proud to present our 2016 Sustainability Report, covering Sterling Bank's progress and achievements in the social, economic, and environmental fields. It has been prepared in accordance with the requirements of the updated GRI indicators (G4), the International Integrated Reporting Committee framework, and the Nigeria Sustainable Banking Principles. Readers should find comfort in the knowledge that the disclosures contained here have been independently reviewed and assured by PricewaterhouseCoopers.

Over the last decade, Sterling Bank has made significant contributions towards the social, economic and environmental development of Nigeria. Rather than relent in our efforts, we set the bar higher each year.

In this regard, we have strived to align our sustainability objectives with the Sustainable Development Goals (SDGs) spearheaded by the United Nations. Sterling Bank has recorded considerable gains in our three primary focus areas - Education, Empowerment, and the Environment while strides were also recorded in agriculture and health, sectors targeted for secondary impact.

In the following pages, we document the Bank's long-standing commitment to build on our positive social and environmental impact. This forms part of an overarching strategy to achieve sustainable development in harmony with stakeholders' priorities.

While there is no doubt that financial commitments play a big part in the different initiatives Sterling Bank participates in, it has never stopped there. We also believe in demonstrating our engagement with our time. This is why we are especially gratified that in 2016, Sterling Bank employees volunteered more than 20,000 hours to various sustainability-linked activities.

This report is broken into seven parts. Part One lays out the projects we identified for partnership and support in 2016. In Part Two, we shed more light on our community development activities. Part Three describes customer service initiatives we champion, which tie in with our sustainability objectives. In Part Four, we provide insights into how we apply sustainability principles in the management of our various stakeholder groups. Part Five gives a detailed account of Sterling Bank's materiality assessment. Part Six sets out the Bank's Sustainability Targets and Achievements. In conclusion, Part Seven reviews our stakeholder engagement journey, and outlook for the future.

We approach 2017 with a renewed sense of optimism, purpose and a firm belief that we can, in close collaboration with our stakeholders, exceed our past achievements. We encourage everyone to review this report and to provide us with their feedback to ensure all our initiatives, activities and operations are working in unison and with the singular purpose of positively contributing to our community.

### Enriching Life

**Over N1 billion  
invested in Nigeria's  
education sector  
in Nigeria in 2016**

**Over N3 billion  
invested in the  
agriculture since  
2013**

**N5.5 billion paid in  
taxes to since 2010**

**More than N500  
million committed  
to youth  
empowerment in  
the past 6 years**

**Investing heavily in  
local managerial  
talent development  
and knowledge  
transfer**

**In 2016, over 90%  
of staff underwent  
a professional  
development  
program underwritten  
by the Bank**

**Over 20,000 hours  
of employee  
volunteering in  
2016**

**N270 million invested  
in environmental  
sustainability over the  
last 6 years**

## SUSTAINABILITY REPORT- 2016 - continued

## Education



Training of children at Audax Code School

Education is the bedrock of human progress, and launchpad of social mobility. It empowers people to take charge of their lives, ignites innovation, and opens vistas of opportunities. It has the capacity to transform entire communities, and lift nations to prosperity.

We believe that education provides the exposure vital to reach the limits of human potential. This informed the choice we made several years ago, to make it an anchor of our sustainability programme.

Through the years, Sterling Bank has maintained its commitment to education given its strategic importance to economic growth and social progress.

These are the highlights of projects we supported in 2016.

#### 1. Audax Code School Partnership

Audax Code School is a youth-focused technology-based learning academy that organizes code instruction classes predominantly for youth from underprivileged backgrounds. The School aims to bridge the digital skills gap between the students and their developed country peers.

In recognition of the skills set required to thrive in the workplaces of tomorrow, Audax Code School provides students with the passion and intellectual preparation crucial for careers in Science, Technology, Engineering, and Mathematics (STEM) education. In the course of the year, more than 1,000 children participated in three programmes - Summer Code School,

Easter Boot Camp and Train the Trainer - held across Lagos, Ogun and Oyo states.

Sterling Bank was attracted to partner with Audax Code School because of its identification of significant gaps in Science, Technology, Engineering and Mathematics education and the need for investments to close these gaps, especially regarding coding, the language of the future.

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## SUSTAINABILITY REPORT- 2016 - continued

**2. Open Andela Lagos Study Program**

Open Andela Lagos Study Program gives young people interested in becoming software developers a chance to participate in the 11-week course.

To date, one hundred participants have benefitted from the first phase of the Programme. When the Program is completed, it is expected that more than 500 aspiring techies would have gained problem-solving and coding skills necessary to find jobs or pursue freelance opportunities.

The Open Andela Lagos Study Program was executed by Sterling Bank in partnership with Andela, a software developer outplacement agency, and the Lagos State Government Ministry of Wealth Creation and Employment.

As an active supporter of SMEs and entrepreneurship through credit and banking services, Sterling Bank welcomed the chance to collaborate with the creators of this laudable programme in fostering the next generation of tech service providers and business owners.

**3. Parenting Workshop**

In the midst of the hustle and bustle of big city living, many parents feel overwhelmed by the demands of parenting. The stress of managing careers, maintaining work-life balance, and dealing with porous filter mechanisms in a social media pervasive society, can be hard to deal with.

With 70% of our workforce having children below 16, we understand very well the issues many of our employees must deal with on the home front. Their success or not in that area can determine their productivity on the job.

Therefore, when the Caleb Group of Schools approached us for a partnership in sponsoring a Parenting Workshop, we saw its benefits immediately.

The Workshop had two aims: to help parents and guardians deal with topical issues that affect the upbringing of their wards in the 21st century and maximize the potential of their wards. These issues are treated vis-à-vis the practical day-to-day realities of life in contemporary Nigeria. Over 500 parents attended the session and shared positive feedback on their takeaways.



Business Executive, Sterling Bank, Abiodun Oladipupo, Mr Taiwo Akinlami, a child rights expert and Mrs Balogun, an educator

## SUSTAINABILITY REPORT- 2016 - continued

**4. Financial Literacy training**

The Central Bank of Nigeria describes financial literacy as 'an essential pillar of any consumer protection programme,' and its possession 'a prerequisite for participating in the formal financial system, taking advantage of its opportunities, and contributing to the financial and economic development of Nigeria.'

Sterling Bank has been at the forefront of educating young Nigerians about the importance of saving and investing. In addition, the Bank runs campaigns regularly to create awareness about how its suite of products and services can help them reach their financial goals.

Through our financial literacy programme, Sterling Bank is playing its part to improve consumers' financial literacy so they can make informed decisions and begin a life-long journey of building and preserving their assets.

Last year, financial literacy trainings were organized across the Sterling Bank network by staff volunteers under the Employee Volunteer Programme. In addition, the Bank has embraced the CBN's Adopt-a-School recommendation. To this end, a total of 1,500 students were taught the rudiments of financial literacy during the 2016 Financial Literacy Day held on March 12, 2016.

To assist those who wish to augment their financial literacy, Sterling Bank distributed 4,000 copies of its books on the subject, My Little Money Book and FUNDS\$, to 600 schools nationwide. Altogether, over 50,000 students around Nigeria were exposed to financial literacy as a result of the Bank's efforts in 2016.

On a compassionate note, Sterling Bank representatives visited the Internally Displaced Persons camp in Jos, Plateau state on May 27 to mark Children's Day. Among the donations made were financial literacy books for children.



**Welfare items donated to an IDP camp in Plateau State**





## SUSTAINABILITY REPORT- 2016 - continued



We subscribe to the view that it is never too early to learn how to save. The sooner customers start to save and adopt good financial habits, the higher the chances they will have of leading stable and successful financial lives. The 'I Can Save' account with a minimum account opening balance of N2,000 is targeted at young children. Branch and head office excursions were organized for the account owners to teach them about the operations of financial institutions.

Beyond the satisfaction of welcoming children to our offices, we have a self-interest in raising the financial quotient of the next generation of bank customers. Consumers with financial knowledge and healthy personal finances help raise competition, innovation and product quality in the financial markets by challenging banks like us to develop better and more efficient products and solutions.

### 5. Adopt-A-School initiative

Sterling Bank adopted Ireti Junior High School, Falomo, Lagos, an all-girls' institution, in support of the Central Bank of Nigeria's initiative for mentoring of students of public schools in Nigeria. Last year, the Bank donated a home economics laboratory to the school while a robotics workshop was also organized for the students.



### 6. Spelling Bee competitions

Spelling Bee competitions encourage young people to expand their vocabulary, communication skills and self-confidence, by stimulating curiosity about words, their roots, meaning and usage.

Sterling Bank supports organizers of different Spelling Bee competitions around Nigeria. The most recent one, Logophile Spelling Bee Competition is organized across three levels for children under ten years old. The Grade One level is for children in Primary 1 and 2. Grade Two is for children in Primary 3 and 4. Grade 3 is for older children preparing for the Common Entrance examinations in Primary 5 and 6.

We are proud to be associated with a truly catch 'em young initiative like this. Versatility with words, the love of reading, and a good memory, all of which the competition engenders will stand the participants in good stead throughout their lives no matter the courses of study they pick or careers they choose later in life.

## Empowerment

### 1. Market Women Quick Cash micro-loan initiative

Adult women make up over 50 million of Nigeria's population, yet less than 32% of them participate in the formal banking system according to a survey carried out by EFInA, a financial sector development organization.

Their exclusion hides the fact that over 15 million of these women are income earners, even if their activities are restricted to the informal economy.

This presents a business case to onboard them into the banking system. To accomplish this, Sterling Bank entered a partnership with Afrigrants, an indigenous social enterprise, to introduce 'Market Women Quick Cash'.

Launched in Kaduna state in the northern part of Nigeria, the initiative aims to bridge the financing gap that currently exists between the women-owners of micro-enterprises and the formal banking system by providing non-collateralized micro-loans at single-digit rates.

So far, about 100 women have concluded the first phase of capacity building and financial literacy which are prerequisites to access the funds. It targets one million women over the next 3 years.



First Lady of Kaduna at the Launch of Market Women Quick Cash in Kaduna

## SUSTAINABILITY REPORT- 2016 - continued

**2. WIMBIZ Loan Programme**

Women in Management, Business and Public Service or WIMBIZ is a prominent not-for-profit organization that attracts women drawn from various professions, entrepreneurship, and arts. WIMBIZ's vision is to serve as a catalyst for the elevation of the status and influence of women and their contribution to nation building. Most of its members have attended tertiary institutions, and many hold postgraduate degrees and professional qualifications.

WIMBIZ is unique for its strong mentorship program, and support networks across generations. In 2016, Sterling Bank provided a N100 million facility to WIMBIZ members to boost their business growth.

**3. MSME Academy and Fair**

In demonstration of its commitment to owners of emerging businesses, Sterling Bank organized a 5-city tour of the Medium, Small and Micro Enterprises (MSME) Academy and Fair. The cities visited were Onitsha in Anambra state, Kaduna in Kaduna state, Ibadan in Oyo state, Port Harcourt in Rivers state, and Lagos, the commercial capital. In total, more than a thousand firms attended the different sessions and events. The Academy was organized in partnership with an International Finance Corporation-certified trainer.

The MSME Academy had 3 clear objectives. First, to train and mentor MSMEs on how to prepare and execute viable business plans. Second, to guide them on how to access finance from both local and international financial donors. Third, to coach them on entrepreneurial and managerial skills.

A bespoke session was also held for the Nigerian Association of Small Medium Enterprises (NASME), which had a hundred participants in attendance.

Some of the Academies ended in fairs providing access to markets. The Grand Finale was held in Lagos with over 500 people in attendance and about 50 small businesses exhibiting their products.

**4. Meet the Executive Business Plan Competition**

Business plan competitions give entrepreneurs real world experience to sharpen their value proposition and unique selling points. This enhances their chances of getting funding that will help them to successfully commercialize their idea. They provide competitors with invaluable feedback on the probable market response, while giving them a feel for the way competition for capital works in real life.

We conceived the Meet the Executive business plan competition as a way to help them build capacity and access financing. The competition was open to young entrepreneurs across the country.

Sterling Bank received over seven hundred business plans from all over Nigeria. After a rigorous review process, 3 entries were selected. The winners received business grants totaling N6,000,000 as well as business promotion packages via online and offline platforms valued in excess of N15,000,000.



MTE Business Plan Workshop



Sterling Bank MTE Training



A cross-section of participants at the MTE Training



A cross-section of participants at the MSME Academy



### Made in Nigeria

Manufacturing is an engine of economic growth and development in any economy. Unfortunately, this sector has been perennially overlooked and underdeveloped in Nigeria. Consequently, Nigerians have developed an almost insatiable taste for foreign products. As our dependence on imported goods have increased, so has our distrust for products that are manufactured locally. This has resulted in the exchange rate skyrocketing as unavailability of foreign exchange continues to challenge the country due to the decline in foreign exchange earnings of the country, huge demand for FX from reliance on imported products and neglect of the local manufacturing sector.

There must be a synergistic effort by the Government, the Private sector, and the Nigerian Citizens to reverse this trend. In 2016, Sterling Bank took up the responsibility of driving this much-needed conversation. We applied a three-pronged approach of Showcase, Orchestrate and Support (SOS). The fallout of this intervention is as follows.

#### Showcase

We recognized that to encourage manufacturing in Nigeria, we must re-engineer the mindset of the average Nigerian by highlighting excellent quality products that are made in Nigeria. We chose the fashion industry to implement this objective because of the enormous potential inherent in that sector. Despite the tremendous growth in this industry, Nigerians still import 95% of the raw materials, equipment, and accessories. Therefore, we are unable to maximize that value chain.

Sterling Bank organized a Made-In-Nigeria week, where all members of staff wore clothes that were made in Nigeria. 2 of those days were dedicated to fabrics that were also made in Nigeria. The response we received from our customers was favorable. This initiative also sparked a conversation on Social Media about #MadeinNigeria.

#### Orchestrate

Beyond highlighting, we decided to also identify strategic organizations that were manufacturing products locally. Our goal was to explore collaborative opportunities to build their capacity, grow the customer base and increase their market share. We chose the Automotive industry because vehicle importation causes a huge strain on our foreign exchange.

We took a bold step to champion the use of locally manufactured goods and services by collaborating with Innoson Motors to finance the purchase of locally made vehicles produced by the company. The bank committed to providing Auto Finance to prospective customers willing to acquire any brand of Innoson Motor Vehicles.



#### Support

We participated in and sponsored the first ever Made in Nigeria Festival that was hosted in Lagos, Nigeria. The objective of the week-long initiative was to enhance innovation and creativity, promote a "Buy-Nigeria" culture, stimulate key growth sectors, create jobs as well as facilitate trade and investment across 5 key sectors. These sectors include Power & Infrastructure, Agriculture, Technology, Manufacturing and Sports & Entertainment.

As a key player in these sectors, we also displayed our tailor made products and services for each of these industries. Furthermore, we organized mini workshops with a core focus on Small and Medium Scale enterprises.

As a bank, we will continue to support efforts to reverse the current economic trend and participate actively in economic stimulation programs as well as support policies aimed at building the Nigerian economy. We will offer continuous support to Small and Medium scale enterprises with the aim of building local capacity and engendering inclusive growth.



## SUSTAINABILITY REPORT- 2016 - continued

**Environment**

In recent years, we have intensified our focus at Sterling Bank on environmental sustainability. This is exemplified in our drive to raise consciousness about the environment internally within the Bank, and with our partners in the public and private sectors.

Our environmental sustainability drive focused on five areas: waste disposal, waste recycling, public spaces sanitation, tree planting, and energy-saving.

**1. Waste management partnerships**

In 2016, we extended our waste management partnership from five states at the beginning of the year to fourteen states by the end of the year. The states covered are Abia, Anambra, Delta, Ekiti, Enugu, Federal Capital Territory Abuja, Kaduna, Kano, Lagos, Ogun, Osun, Oyo, and Rivers. For the first time, the street sweeping coverage was extended to a private estate, the Lekki Phase 1 Estate in Lagos.

Sterling Bank provided branded kits for over 30,000 street sweepers as part of these partnerships.

**2. Sterling Environmental Makeover**

Under the Sterling Environmental Makeover (#STEM) initiative, employees of Sterling Bank volunteered to join sanitation agencies to clean major streets and market places across the country.

Other corporate organizations have since joined the #STEM initiative. These include KPMG, MTV Base and Wecyclers, a recycling company.

#STEM received a boost in public awareness after photos emerged of Funke Akindele, a popular actress, participating in the exercise.

Implements used for the sanitation exercises were donated to the communities afterwards.





### 3. Tree planting exercise

To address the challenges of desertification in the north-eastern parts of the country, Sterling Bank launched a tree planting exercise in three states: Bauchi, Gombe and Plateau. An ambitious target has been set to plant one million trees around the country.

In addition, the Bank initiated an innovative tree planting campaign working with a supplier whereby, for every expired Automated Teller Machine battery at the Bank's alternative channels given to this supplier for proper and safe disposal, a tree is planted. About 64 trees were planted in 2016 based on this arrangement.



Sterling Bank Tree Planting Bauchi



Sterling Bank Tree Planting in Bauchi



Sterling Bank Tree Planting in Bauchi



Sterling Bank Tree Planting in Gombe



Sterling Bank Tree Planting in Gombe



Tree Planting Exercise



Sterling Bank Tree Planting in Plateau



## SUSTAINABILITY REPORT- 2016 - continued

**4. Waste Recycling**

Sterling Bank commenced a partnership with **Wecyclers**, an award-winning social enterprise focused on recycling waste.

The waste recycling project has been up and running at Sterling Bank's head office for months.

**5. Energy Saving Initiatives**

Sterling Bank is committed to reducing greenhouse gas emissions as a result of our operations.

To achieve this, the Bank uses energy-saving bulbs at our head office and all our new locations across the network. A solar powered offsite ATM has also been commissioned in Abia State as a pilot rollout, while solar powered branch perimeter lighting solutions have been deployed to about 80% of the Bank's network.

Currently, over twenty-seven branch locations with fifty ATMs across five regions are powered by hybrid or off-grid solar solutions.

At Sterling Bank, we are constantly evaluating how to evolve our processes to serve our customers better without expanding our carbon footprint. The natural corollary of this ongoing improvement cycle is a charge to find ways to use resources more efficiently. An example would be the benefit derived from the Bank's process automation project roll-out and video conference facilities that limit paper usage, travel costs and fossil fuel consumption.

We have reviewed the outcome of the COP 21 Agreement and the SDGs. We appreciate the need for environmentally responsible businesses to review their assumptions on energy use in running their operations. As such, the Bank has been proactive in addressing climate change issues in our business operations.

We also understand that sustainable energy use is smart business. Therefore, we commissioned a detailed audit of resource utilization in our business operations during the year. The benefits of this initiative are multi-pronged. They include reduction in Scope 1 emissions (or direct emissions) associated with our business and more efficient use of finite resources.

Environmental and social risk assessment has also been included as part of our risk assessment process, which guide investment decision-making at the Bank.



**Waste recycling bins**



## SUSTAINABILITY REPORT- 2016 - continued

The table below shows the resource consumption for the Bank over the last 2 years.

Resource	2015	2016	% Change
Amount spent on petrol (N)	172,608,000.0	248,277,120.0	43.8%
Average cost per litre of petrol (N)	87.0	145.0	66.7%
No of litres of petrol consumed	1,984,000.0	1,712,256.0	13.7%
Weight per litre of petrol consumed (kg)	0.7	0.7	-
Total weight of litres of petrol consumed (kg)	1,408,640.0	1,215,701.8	13.7%
Amount spent on diesel (N)	557,146,605.1	523,544,878.0	6.0%
Average cost per litre of diesel (N)	170.0	200.0	17.6%
No of litres of diesel consumed	3,277,333.0	2,617,724.4	20.1%
Weight per litre of diesel consumed (kg)	0.8	0.8	-
Total weight of litres of diesel consumed (kg)	2,752,959.7	2,198,888.5	20.1%
Amount spent on dispenser served water (N)	24,447,238.3	29,065,050.0	18.9%
Cost per bottle of dispenser served (N)	400.0	450.0	12.5%
No of litres of water consumed	1,161,243.8	1,227,191.0	5.7%
Weight per litre (kg)	1.0	1.0	
Weight of litres of water consumed (kg)	1,161,243.8	1,227,191.0	5.7%
Amount spent on paper (N)	16,744,872.6	20,314,800.0	21.3%
Average cost per paper ream (N)	650.0	1,200.0	84.6%
No of reams consumed	25,761.3	16,929.0	34.3%
Weight per ream (kg)	2.4	2.4	
Weight of reams of paper consumed (kg)	61,827.2	40,629.6	34.3%
Amount spent on electricity (N)	189,925,687.2	283,356,846.3	49.2%
Average cost of electricity per KWH (N)	17.0	30.0	76.5%
No of KWH consumed	11,172,099.3	9,445,228.2	15.5%
CO2 emission on Electricity consumed (KgCO2e)	5,860,883.3	4,954,966.7	15.5%
Total Waste generated (kg)	<b>1,781,282.5</b>	<b>1,568,825.2</b>	<b>11.9%</b>

Notes:

Notwithstanding the spells of electric power disruptions during the year, diesel consumption dropped by 20% compared to a 15.05% decline in electricity consumed;

- Quantity of waste generated also decreased by 11.9% year-on-year; Petrol consumption also dropped by 13.7%
- The drop by 34% in paper consumption lends credence to the Bank's various automation projects
- Drinking water volume from water dispensers at offices and branches increased marginally by 5.7% due to an increase in the customer base.

## SUSTAINABILITY REPORT- 2016 - continued

## COMMUNITY DEVELOPMENT

## 1. Employment generation

A significant proportion of the human resource for the Bank's branch network and support services are sourced from local communities. This is done to ensure that we create employment opportunities and ultimately, a sense of belonging for the communities in which we operate. The employment of school-leavers from local communities promotes economic development and improves the standard of living, while building capacity for higher responsibilities within the organization.

Job creation is further aided by the Bank via financing of various small and medium enterprises and the provision of financial advisory services to help build capacity for entrepreneurs.

## 2. Donations and Grants

In 2016, Sterling Bank made substantial donations to various charitable and non-governmental organizations. These included food items and daily need products to internally displaced persons in Plateau state and orphanage homes across the country, as well as incubators to University of Uyo Teaching Hospital (UUTH), Akwa Ibom state.

## 3. Investments in Agriculture

In line with our corporate objectives, Sterling Bank invested heavily in agricultural projects in various communities across the country. These investments ranged from poultry to piggery and rice farming. Priority was given to providing financing to small holder farmers under the Anchor Borrowers Programme sponsored by the Central Bank of Nigeria. So far, five thousand farmers have received loans from the Bank under the Programme.

Notably, one of the biggest rice mills in Nigeria, Labana Rice Mills in Kebbi State was financed by the Bank in partnership with the CBN.

## 4. Financial Inclusion

Leveraging on the ubiquity of mobile devices, Sterling Bank intensified efforts to expand access to banking services for the un-banked population within Nigeria.

This saw the number of mobile agents grow from 146 to 331 and customers from 1,831 to 51,090 during the year.

## CUSTOMER SERVICE INITIATIVES

## 1. Customer Service Week

Customers of Sterling Bank were rewarded with various gifts throughout the Customer Service Week. In total, more than 17,000 customers received gifts at all our branches during this celebration.

## 2. Sterling Arsenal Reward Scheme

Sterling Bank signed a multi-year partnership deal with the Arsenal Football Club in 2013. At the end of a reward promotion held during the year, some lucky customers of the Bank were rewarded with an all-expense paid trip to the Emirates Stadium in Holloway, London, which is the home of Arsenal Football Club.

## STAKEHOLDER MANAGEMENT

## For our employees

**Regular surveys:** We recognize the fact that our employees are major stakeholders in our quest to build a sustainable organization. Therefore, we have established avenues for obtaining relevant feedback through periodic Employee Pulse Surveys with the aim of promoting staff inclusion.

**Professional development:** Capacity building has always been a top priority for Sterling Bank. Every year, our employees undergo various mandatory e-learning courses. Available courses include the Basics of Financial Planning, Sustainability Training and E-learning Program (STEP), Customer Satisfaction, Anti-Money Laundering and Leadership Excellence. Classroom trainings are also available for various cadres. In 2016 alone, over 90% of the bank's staff received some form of training.

**Gender equality:** Sterling Bank is an equal opportunity employer. The Bank does not discriminate against any category of employees. Remuneration is non-discriminatory and we run a merit driven recruitment policy with commitment to high quality training.



## SUSTAINABILITY REPORT- 2016 - continued

- **Childcare:** In 2016, facilities at the head office crèche were upgraded to promote child and mother welfare in an atmosphere of warmth and comfort.
- **Staff clinic:** Female employees of Sterling Bank were given free medical checks during the International Women's Day celebration on March 8, 2016. The clinic also provides first aid assistance to employees in case of emergencies.
- **Job swap programme:** The job swap programme at Sterling Bank provides staff with opportunities to work in other units as a way of diversifying their competencies and enriching their work experience.

Furthermore, the HR department has sustained strategic programmes to motivate, encourage and retain high performers. These include the Sterling Graduate Associate Programme for entry level employees and the Sterling Management Associate Programme for junior management staff.

- **Internal communications:** To drive better internal engagement, Sterling Bank boosted its internal communications resources and acquired Snapcomms, an internal communications tool to provide unique, bespoke messages for employees.
- **CEO video conference:** Every quarter, the chief executive of Sterling Bank holds a video conference with employees to bring them up to speed on the company's plans, projects and events.
- **Unit-level learning:** Each week, different units of Sterling Bank organize in-house learning sessions facilitated by in-bank resources for knowledge sharing purposes.
- **Team-building fitness sessions:** Every month, Sterling Bank holds aerobic sessions for employees. Wellness checks are also done on those over forty years old.
- **Flexi-time:** In 2016, the Bank introduced Flexible Timing for staff to promote work-life balance. This has allowed employees to determine their resumption and closing times within agreed limits without affecting productivity.

## For Our Shareholders

- **Technology:** We leverage technology, including social media to maintain effective and regular communications with our investors.
- **Corporate governance:** We take corporate governance very seriously at Sterling Bank. Our independent and non-executive board members bring many decades of experience and objectivity to deliberations about corporate strategy, planning, and reviews.
- **Accessibility and transparency:** The investor relations programme at Sterling Bank has won plaudits for timeliness, relevance, and high disclosure standards.

## For the Government

- **Timely tax payments:** We are committed to contributing our quota to national development through the timely payment of taxes.
- **Responsible corporate citizenship:** We adhere to responsible business practices as they are vital to ensuring a sustainable institution.
- **Regulatory compliance:** We are uncompromising in our compliance with regulations from the various agencies of the government that supervise our activities.

## Materiality Analysis

At Sterling Bank, we regard an issue as being material when it impacts our ability to remain commercially viable and socially relevant in the communities in which we operate. Our basic standard of materiality concerns aspects that could have a fundamental impact on the reputation or viability of our business and/or impact on stakeholders' decisions about doing business with us.

Principally, material issues are those that have a strong bearing on our stakeholders' assessments and decisions about our long-term sustainability. Factors that affect the financial stability and growth of economies, and in turn our own business, are also considered.

## SUSTAINABILITY REPORT- 2016 - continued

We reviewed the following to determine our material issues:

- Our strategy
- Our core values
- Internal and external stakeholder engagement
- Risk management and regulation
- Global challenges and national priorities
- Sustainability indices

- Financial sustainability
- Social sustainability
- Environmental sustainability

As part of our materiality analysis, we highlight focus areas that promote effectiveness in our daily operations as a socially responsible and sustainable organization.

**Focus areas**

The focus areas identified following the materiality analysis in view of our identified stakeholders include:

Please find below a snapshot of our major accomplishments in line with our focus areas.

Stakeholders	Materiality Issues	Expectations
Employees	Transparency	Challenging, progressive and rewarding career
Shareholders/Investors	Financial stability and stewardship	Competitive returns
Communities/Operating Environment	Sustainability	Good corporate citizenship
Regulators	Good products & services and best business practices	Compliance
Analysts/Ratings Agencies	Financial stability and viability	Good governance
Customers	Excellent customer service	Accurate and timely supply of information/ Fair pricing
Suppliers/Vendors	Shared values	Competitive pricing and quality service delivery
Non- governmental organizations	Social responsibility	Access to support
Media	Brand and reputation	Timely and reliable information/ Demonstration of institutional integrity

**Sustainability Targets and Achievements**

At Sterling Bank, we strive to ensure that our sustainability targets are achieved while we put in place structures and models to aid achievements where we fall short.

## SUSTAINABILITY REPORT- 2016 - continued

Focus Area	Description	2016 Targets	Achievement	Medium Term Target
<b>Financial Sustainability</b>	Ensure the organization remains profitable without jeopardizing its existence in the long term	3 % Market Share	On track: Achieved 2.8 % Market Share	5% market share measured by deposits by 2021
		Capital adequacy of 10%	Achieved: Capital adequacy of 11.2%	Capital adequacy above regulatory benchmark
		Investment grade credit rating	<ul style="list-style-type: none"> <li>• Achieved:</li> <li>Global Credit Rating Co.:</li> <li>• Short term: A3</li> <li>• Long term: BBB</li> </ul> DataPro Limited: <ul style="list-style-type: none"> <li>• Short term: A2</li> <li>• Long term: BBB+</li> </ul>	Investment grade credit rating
<b>Social Sustainability</b>	Ensure the organization prioritizes engagement with her employees, customers, shareholders and communities	<b>CUSTOMERS</b>  Top 10 ranking in the KPMG customer satisfaction survey	Achieved:  Ranked 8th in the KPMG customer satisfaction survey	Top 3 in 2021 in the KPMG Customer satisfaction survey
		Increase customer engagement via various channels to drive the bank's sustainability strategy	Customer base hit 2 million driven by various acquisition channels: <ul style="list-style-type: none"> <li>· Virtual Sales Force</li> <li>· Additional alternative channels</li> <li>· Intensified engagement on social networks, e.g., Facebook, Twitter and Instagram</li> <li>· Established a Private Banking Unit to attend to the peculiar needs of identified customers</li> </ul>	<ul style="list-style-type: none"> <li>· Continue multi-channel customer engagement with a view to increasing customer base to 3 million customers in 2017</li> <li>· Launch social banking to promote ease and convenience in service delivery to customers and increase customer engagement by 150% on social media</li> <li>Deepen footprint of Agent bankers</li> </ul>



## SUSTAINABILITY REPORT- 2016 - continued

Focus Area	Description	2016 Targets	Achievement	Medium Term Target
		<b>EMPLOYEES</b> The MD/CEO to hold a quarterly video conference session with all employees to get a sense of their concerns, respond to them, and keep them abreast of major developments in the Bank	Three (3) video conference engagements by the MD/CEO with staff of the Bank were held in 2016	The MD/CEO to hold quarterly video conference engagements with staff of the Bank in 2017
		Establish an internal communications team to drive internal communication	· Acquired an internal communications tool to drive effective two-way communication within the bank	The internal communications team is to boost knowledge sharing and dissemination within the Bank in line with the bank's sustainability strategy via various channels
		Conduct employee surveys to take the pulse of the workforce	Conducted Employee surveys to get the pulse of the workforce and feedback is being implemented	Conduct employee surveys to measure, monitor and ensure continuous improvement in employee engagement
		<b>SHAREHOLDERS</b> · Maintain continued engagement with	The Investor Relations team regularly sent updates on the bank's business to analysts and shareholders. Regular engagements were also held with shareholders and a twitter handle was established to drive real time engagements	Increase engagement of shareholders /analysts via various channels
		<b>COMMUNITIES</b> Identify and invest in communities where the Bank operates in line with our Corporate Social Responsibility (CSR) focus areas i.e., Education, Empowerment and the Environment	· Executed two major youth-oriented initiatives to celebrate enterprise, tagged Meet the Executive  · Made donations to IDP camps across 6 geopolitical zones	Strategically identify and invest in communities where we operate to drive our sustainability targets

## SUSTAINABILITY REPORT- 2016 - continued

Focus Area	Description	2016 Targets	Achievement	Medium Term Target
<b>Environmental Sustainability</b>	Ensure that the bank remains responsible in its daily operations through efficient use of finite resources and implementing the carbon footprint reduction strategies of the Bank	Partner with environment focused organizations to assimilate environmental sustainability practices while executing initiatives to reduce carbon emissions from our operations	<p>Partnered with waste management authorities of 14 states in the country by kitting the street sweepers who ensure that urban environs are kept clean and habitable for individuals and businesses alike.</p> <p>Staff also volunteered in environmental cleaning exercises across major cities and communities nationwide with partners like KPMG, MTV Base etc.</p> <p>The Bank's credit risk framework has been reviewed to mitigate against environmental risks resulting from our investments</p> <p>In a bid to reduce Scope 1 emissions from our business operations, the Bank commissioned a power usage to assess the sustainability of our energy consumption</p> <p>Utilization of energy saving equipment in some of our locations like energy saving bulbs, heat extractors, solar power, gas generator etc.</p> <p>The Bank invested in a video conferencing facility which has helped reduce air travel emissions as communication across distances has been made possible in the Bank.</p> <p>We operate staff buses which has helped reduce carbon emissions from cars transporting staff to and from their offices.</p>	<p>To continue our partnership with the 14 state governments and extend the partnerships to the 36 states of the country</p> <p>To lead a movement on environmental sustainability and continue the volunteer cleaning exercises executed by staff of Sterling Bank and extend our reach to other communities</p> <p>To continue aligning our credit processes to the sustainability principles by ensuring that we do not invest in environmentally detrimental projects</p> <p>Extend the use of energy saving equipment to 80% of our locations</p> <p>Leverage more on the bank's video conference facilities</p>

## SUSTAINABILITY REPORT- 2016 - continued

## Stakeholder engagement

Sterling Bank pursues open, relationship-driven communication with stakeholders characterized by undivided focus on creating sustainable value and enriching lives. Taking care to match the appropriate communication channel with each stakeholder group, Sterling Bank carefully prioritizes feedback from stakeholders, and makes every effort to glean lessons therefrom for our future corporate policies and actions.

In order to facilitate effective communication with stakeholders, we have invested in both human and material resources to build the capacity required for excellent performance, while we ensure that our engagement processes are carefully crafted and tailored to suit each stakeholder group.

Stakeholder Group	Engagement mechanism	Focus issues
<b>Customers</b>	<p>We constantly engage our diverse customer base via dynamic and personalized channels while working with them to help meet their needs. These partnerships play an important role in helping us deliver transformational products and services.</p> <p>Customers' views and feedback on various issues are monitored through our retail outlets, social media, direct emails, contact centre, web chats, surveys and other discussion fora. This arms us with priceless intelligence for product development and service design.</p>	<ul style="list-style-type: none"> <li>• Service delivery</li> <li>• Alternative delivery channels- proximity, dependability and reliability</li> </ul>
<b>Shareholders/ Investors</b>	<p>We communicate with investors regularly through one-on-one meetings, conference calls, direct mails and general meetings to understand their concerns. Our Investor Relations team also holds regular meetings with local and international investment analysts. We learn about what information investors want and have the opportunity to explain our strategy for ensuring sustainability.</p>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Corporate performance</li> <li>• Corporate strategy</li> </ul>
<b>Employees</b>	<p>We constantly dialogue with our workforce via multiple platforms which include direct mail, blogs, intranet, in-house publications, video conference chats, village meetings, one-on-one meetings and opinion surveys</p>	<ul style="list-style-type: none"> <li>• Employee motivation</li> <li>• Employee engagement</li> </ul>
<b>Community</b>	<p>Our social responsibility initiatives are inspired by frequent engagements with our communities to better understand their needs.</p>	<ul style="list-style-type: none"> <li>• Community development</li> </ul>
<b>Suppliers</b>	<p>We hold meetings with our suppliers to discuss mutually relevant issues with a view to incorporating valuable feedback in our processes. We also undertake vendor assessments at intervals to ensure consistency in quality.</p>	<ul style="list-style-type: none"> <li>• Proactive and transparent communication</li> </ul>
<b>Media</b>	<p>We have a dedicated Media Relations team charged with communicating the Bank's strategy and responding to day-to-day enquiries</p>	<ul style="list-style-type: none"> <li>• Financial sustainability</li> <li>• Transparency</li> <li>• Corporate citizenship</li> </ul>
<b>Government and Regulator</b>	<p>Our engagement with the government and its agencies is continuous. Our sustained partnership with some of these agencies lend credence to this fact. We meet with our sector regulators regularly to report on our operations and seek their approval where needed.</p>	<ul style="list-style-type: none"> <li>• Fair Banking</li> <li>• Financial sustainability</li> </ul>





# Sterling Bank

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## Supporting Education

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