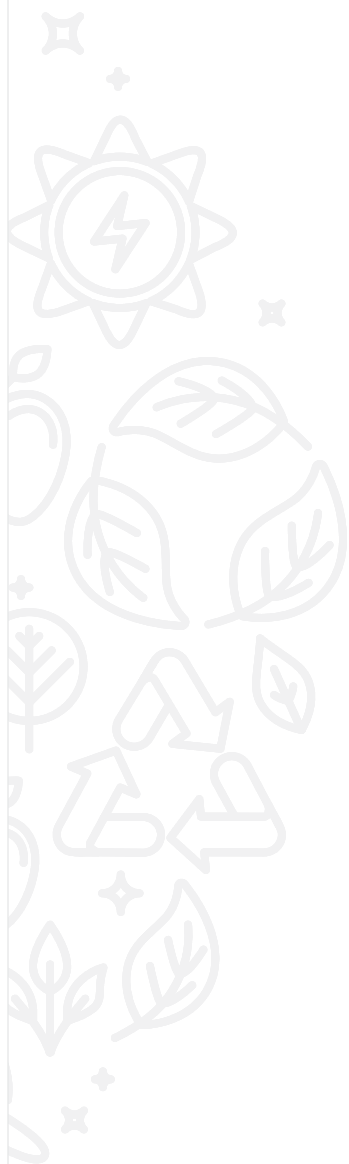


20 | Sustainability
18 | Report







About This Report

Welcome to Sterling Bank's third standalone Sustainability Report, outlining in detail our environmental, social and governance performance from January 1, 2018, to December 31, 2018.

This report is prepared in accordance with the GRI Standards: Core option. Within its pages, we also refer to other guidelines we adhere to that regulate sustainable business practices nationally and globally. These include the Nigeria Sustainable Banking Principles (NSBPs), the Sustainable Development Goals and the United Nation Global Compact.

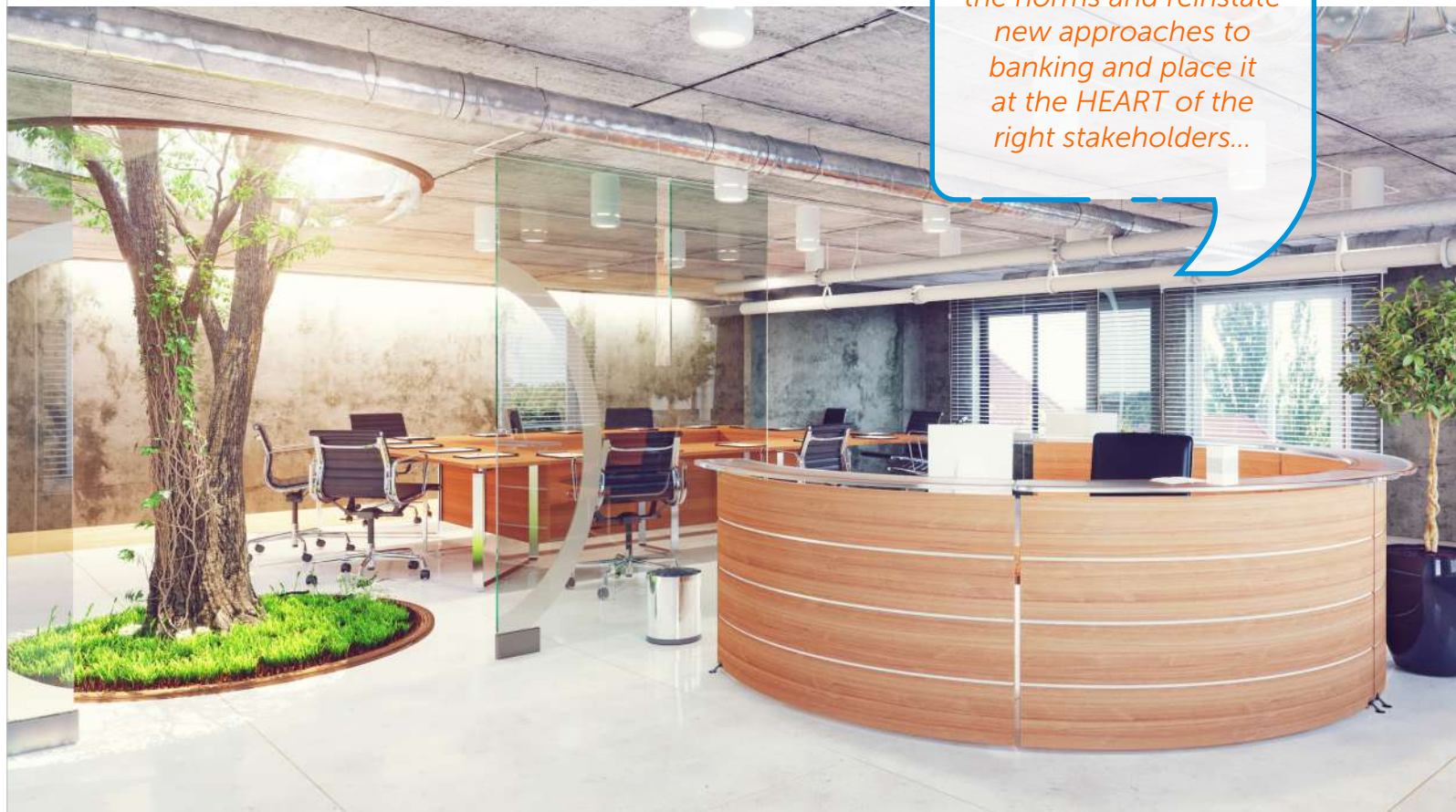
The report highlights our efforts during the year to create a more resilient, inclusive, and sustainable business, while we continue to pursue our vision "to be the financial institution of choice" by satisfying our customers' financial needs. It discloses our positive and negative footprints on the economy, natural environment and the society in 2018.

It also specifies the different stakeholders' engagement platforms that we employed, the material issues that emerged from these engagements, and how we managed these issues addressed during the year under review.

PricewaterhouseCoopers (PwC) conducted a limited independent external assurance on the report, using the International Framework for Assurance Engagements and International Standards on Assurance Engagements 3000. The external assurance procedure included on-site visits, interviews with relevant KPI managers and verification of related documents and data.

*We are re-imagining
what a bank is about....*

*We hope to challenge
the norms and reinstate
new approaches to
banking and place it
at the HEART of the
right stakeholders...*



OUR AWARDS



Healthcare Friendly Financial Institution of The Year

The Nigerian Healthcare Excellence Awards 2018



Best Quality of Life in The Large Corporates

The Great Place to Work Awards 2018



Most Agile Company in Africa

The 2018 World Agility Forum



Card with The Most Utility Relevance for The Cardholder

The Digital Pay Expo Awards 2018



Clean Tech Finance Award

The 2018 Nigeria Energy Awards



Excellence in Commercial Banking

The 2018 Nigeria Energy Awards



Innovative Bank of the Year

The 2018 NIBBS Awards

OUR SUSTAINABILITY JOURNEY

2014

- We established a Sustainable Banking Unit, under the Enterprise Risk Management Function to oversee the implementation of the Nigerian Sustainable Banking Principles.



- We also established a Sustainability Working Group with representatives from all relevant Strategic Business Units within the bank.



- We developed a compendium of policies and frameworks to institutionalize the adoption of best-practice sustainability principles.



- We commenced the Environmental and Social risk assessment of credit transactions under the Agriculture, Oil & Gas and Power sectors.

- We launched the 1st edition of our Sustainability Stakeholders Summit.



- We established a 5-year Sustainability Implementation Plan.

- Organized the 1st edition of the Sterling Environmental Makeover (STEM) Program.



- We further extended our Waste Management partnership to 6 additional states.

2015

- We published our 1st Stand Alone Sustainability Report



- We established an internal reporting portal to capture and analyze Sustainability metrics such as water, waste, energy consumption, paper usage etc.

- We deployed a Compressed Natural Gas Plant at our Sterling towers location.



- We established partnership with a hybrid power outsourcing vendor to deploy this solution to several of our branches

- Sustainability Capacity Building was included in the staff recruitment training and e-Learning program.



- We commenced the computation of our Carbon footprint assessment.

- We established an MSME Academy to provide training and financial services to micro, small and medium enterprises.



OUR SUSTAINABILITY JOURNEY

2016

- We commenced the onsite Environmental & Social Risk Assessment of credit transactions.



- We successfully adopted a Waste Recycling initiative at the Head Office, Sterling Towers, in partnership with LAWMA and Wecyclers Ltd.

- We launched the Market Women Quick Cash at Kaduna in partnership with Afrigrants. Over 500 women were present for the launch, including the first lady of Kaduna State and a representative of the Min. of Women Affairs. 50 women were trained on financial literacy.



- We commenced a Tree Planting Campaign, where over 700 trees were planted to help tackle desertification in the Northern Region of Nigeria.

- We launched the E-money Box to encourage a savings culture and financial literacy for children.



- We commenced our Uber for business service, thereby reducing our company fleet vehicles by 27%

- We established a "Flexi-plan and Flexi-place" initiative for staff to enable them to achieve a desirable work-life



2017

- We launched our 'One Woman' proposition in 2017 - an initiative focused on supporting women in business by granting them access to market and finance.



- We established a Recyclart competition to further create awareness around waste management practices such as recycling and upcycling. Four winners from the four geo-political zones were awarded N1million each for creating unique sculptures and artworks from recyclable materials.

- We further extended our waste management partnership to 10 states, providing branded kits for over 10,000 street sweepers as part of the initiative.



- We recognized and commemorated the World Environmental Day, by encouraging all staff to plant a tree and an event was organized to recognize and award several of our environmental champions.

- We commenced the implementation of paper consumption reduction strategies such as Print as A Service.



- We implemented a medical insurance scheme for staff with leading Health Management Organisations (HMO) to enhance qualitative medic-care.

- The Bank was awarded the Bank of The Year in Women Economic Empowerment at the 1st edition of the 2017 Nigeria Sustainable Banking Awards organized by the Central Bank of Nigeria (CBN) and the 2017 Nigeria Sustainability Banking Award for Financial Inclusion organized by SERAS -CSR Awards

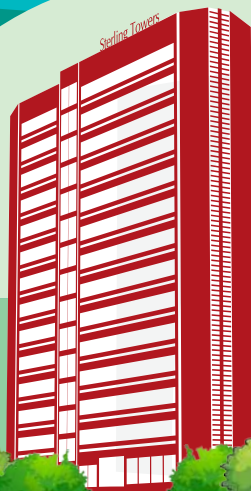


2018 KEY HIGHLIGHTS

**Social
Sustainability**

**Environmental
Sustainability**

**Economic
Sustainability**





Over **N2.8 billion** loans granted to over **650 SME** businesses



N299.1 million was spent on community initiatives



2,381 retail loans (MSME, Individual & Specta) were accessed by women in 2018



N2.2 billion loans granted to women (MSME, Individual & Specta)



N764 million was spent on employee capacity building



40% of women in employee composition, with **25% female** representation at Board level



Organized a Sustainability Award for Employees



Established a set of distinct behavioural codes for our employees to drive organizational culture



Deployed hybrid power and renewable energy to **25 branches**



Achieved a **1.84%** reduction in carbon emissions, by reducing diesel consumption by **8.72% Y-o-Y**



20.66% increase in categorized waste recycling from **6,432kg** in 2017 to **7,761kg** in 2018. Extended our waste recycling initiative to our Head Office Annex, Ilupeju, Lagos



Established a renewable energy desk



Pledged to invest **N10 Billion** in renewable energy



Commissioned over **100 solar powered ATM** nationwide



164.8kg of electronic waste (hard drives) were recycled on-site at our Head Office



Over **11%** increase in Deposit Growth Rate



Achieved a **9.5%** increase in Return on Equity



Over **19%** increase in Profitability



N89 billion worth of loans and financial products were disbursed to four (4) key sectors that directly contribute to the achievement of the United Nations Sustainable Development Goals – Health, Education, Agriculture, and Transportation



53% Increase in internet banking users



135% Increase in USSD users



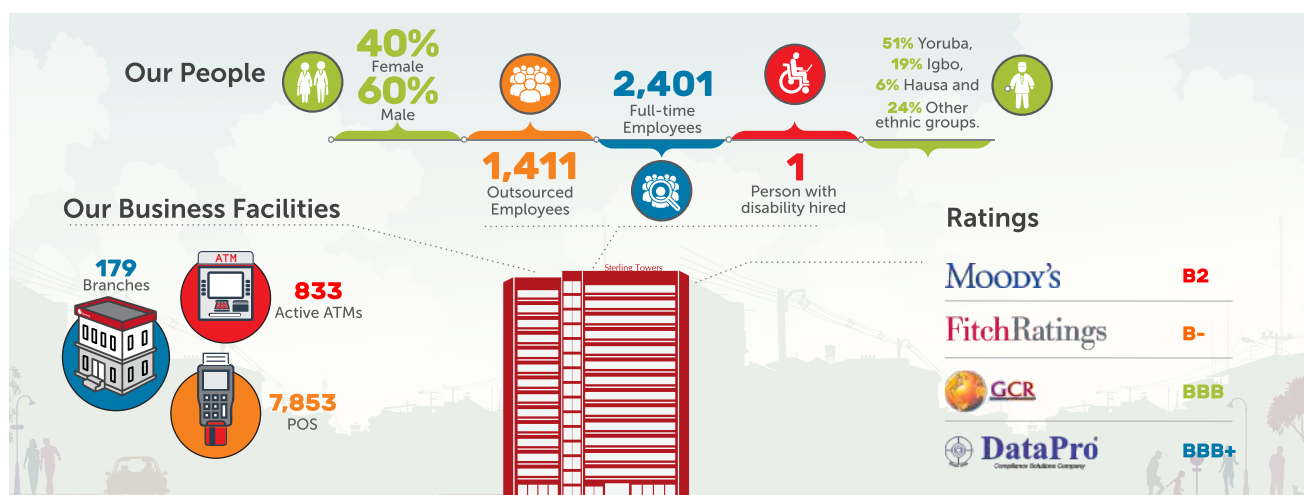
31% Increase in active customers



13% Increase in customer base



Loan request transactions in nine (9) economic sectors were assessed for Environmental and Social (E&S) Risks.



Executive Summary

Over the past year, global financial institutions and large corporations have witnessed increased pressure, internally and externally, to do more in terms of financing and addressing social and environmental issues.

At Sterling Bank, we recognize that we have a role and responsibility to address global and national Environmental and Social Sustainability issues.

To achieve this, we have sustained and progressively expanded the incorporation of Environmental and Social Sustainability practices into our business strategy, operations and engagements with all stakeholders.

Sterling Bank is committed to industry best practices in the implementation of Environmental and Social Sustainability by ensuring global and national sustainability principles and standards are adhered to through the execution of an established Environmental and Social Risk Management System (ESRMS) and Environmental, Social and Governance (ESG) criteria.

Economic

We have established a strategy targeted at impacting businesses within socially and environmentally conscious sectors - **HEART** (**H**Health, **E**ducation, **A**griculture, **R**enewable Energy, and **T**ransportation) which is well-aligned with the United Nations Sustainable Development Goals. We have also deployed sustainable and revolutionary products and services like I-Invest, Farepay, EveryNanny, Quickcash, and many more.

Environment

Our mantra '*committed to be nature's keeper*' is a binding decision that has ensured we remain committed to identifying and mitigating the negative impacts of our business operations and activities on the immediate environment, thereby reducing our ecological footprint and committed to implementing climate change mitigation and adaptation actions to reduce emission of anthropogenic greenhouse gases (GHGs).

Social

Sterling Bank is a socially responsible organization committed to enriching the lives of our stakeholders through the adoption of various employee welfare initiatives, Corporate Social Responsibility initiatives, innovative products and services.

Conclusion

As a Sustainable financial institution, we will continue to build on our achievements and promote a sustainable culture within our communities. Sterling Bank is committed to building capacity and encouraging collaborative partnership on climate change action agenda and the Sustainable Development Goals (SDGs).

Our Stakeholders

We are resolute to create value for all our stakeholders; for our customers, whose aspirations we serve; for our shareholders, whose backing is our foundation; for our employees, whose skills are our greatest assets; and for our host communities. We hold the belief that our success is dependent on our stakeholders.

Stakeholder Identification and Engagement

Our stakeholders are groups or individuals that encourage and are influenced by our actions, products and services, and who in turn impacts our ability to attain our goals.

Our success as a business depends chiefly on our ability to sustain good relations with our stakeholders. We prioritise building lasting, trusting relationships through open and productive dialogue and by considering our stakeholders' views when we make significant decisions. We also seek to provide timely, reliable, and accurate information about ourselves, the financial sector and the economy so that our stakeholders have an informed basis for their views and decisions.

Our identified stakeholders can be categorised as:

Internal Stakeholders (Employees, Shareholders/Investors)

External Stakeholders (Customers, Suppliers, local community, Regulators, Government, Non-Governmental Organisations).

The table below highlights our engagement with our various stakeholders:

Our Stakeholders	How We Engage	Their Expectations	Our Response
Customers (Our customers are over 3m)	<ul style="list-style-type: none"> • Branches • Contact center • Mobile and online banking • Website • Social media channels • Relationship managers • Customer research • Customer Complaint Unit • Customer satisfaction surveys 	<ul style="list-style-type: none"> • Innovative, high-quality products and services • 24/7 quality customer service • Secure, accessible and easy banking • Transparency, fair fees and charges • Privacy 	<ul style="list-style-type: none"> • Innovative Mobile banking services • 24/7 call contact center • First Call Resolution Program • Loyalty programs • Code of Conduct • Privacy Policy • Customer Awareness and Education unit • Customers Segmentation
Employees (Over 2,000 employees)	<ul style="list-style-type: none"> • Employee engagement survey • Sterling NOVA (internal magazine) • Training and development • Regular meetings • Annual summit • HR Helpdesk 	<ul style="list-style-type: none"> • Equal opportunity & fairness. • Employee health, safety, and wellbeing • Open & two-way communication with management. • Competitive salary & benefits • Opportunities for training & career development. • Transparent and accountable management team. 	<ul style="list-style-type: none"> • Employee grievance policy. • Safety training and inspections. • Employee satisfaction survey. • Employee Suggestions Program – "Idea Bank". • Sterling Bank Learning Academy

Our Stakeholders	How We Engage	Their Expectations	Our Response
Employees (Over 2,000 employees)	<ul style="list-style-type: none"> Secure channels for suggestions and feedback Recognition and awards programs. Yammer (staff social media) Whistleblowing portal. 		<ul style="list-style-type: none"> Sterling Bank Learning Academy
Shareholders	<ul style="list-style-type: none"> Annual general assembly Board of directors' meetings Annual, semi-annual and quarterly reports 	<ul style="list-style-type: none"> Profitability and growth. Strong, sustainable financial returns Excellent corporate reputation. Sound corporate governance. Transparent communication Compliance with all laws and regulations. Strong risk management 	<ul style="list-style-type: none"> Net income growth On-going development of the corporate governance framework. Strengthening of risk management capabilities
Regulators	<ul style="list-style-type: none"> Letter, correspondences and email communications Meetings and onsite visits Sustainability Champions Online Platform Seminars and Workshops Regular reporting Participation in governmental initiatives and campaigns 	<ul style="list-style-type: none"> Minimization of waste and emissions Limited use of finite resources (energy, water, and paper) Improvement in the measurement of resource consumption Incorporation of environmental criteria in financed projects Compliance to policies and regulations Reporting disclosures as per engagements Delivering best banking practices. Investment in customer awareness and education initiatives (financial literacy) Consumer protection Alignment to the Country's National Strategy. 	<ul style="list-style-type: none"> Water & power usage reduction Recycling initiative Reducing printing Electronic document archiving Funding of environmentally friendly products and services Reporting performance for applicable disclosures such as Basel-II Seeking consultation to increase transparency and prevent non-compliance
Suppliers	<ul style="list-style-type: none"> Bidding and tendering 	<ul style="list-style-type: none"> Supplier communications Ethical business dealings Fair contract bidding and awarding processes Favouring local bids from local companies Timely payment 	<ul style="list-style-type: none"> Implementation of procurement policy and diversity policy Increase the number of suppliers with preference to local suppliers where possible

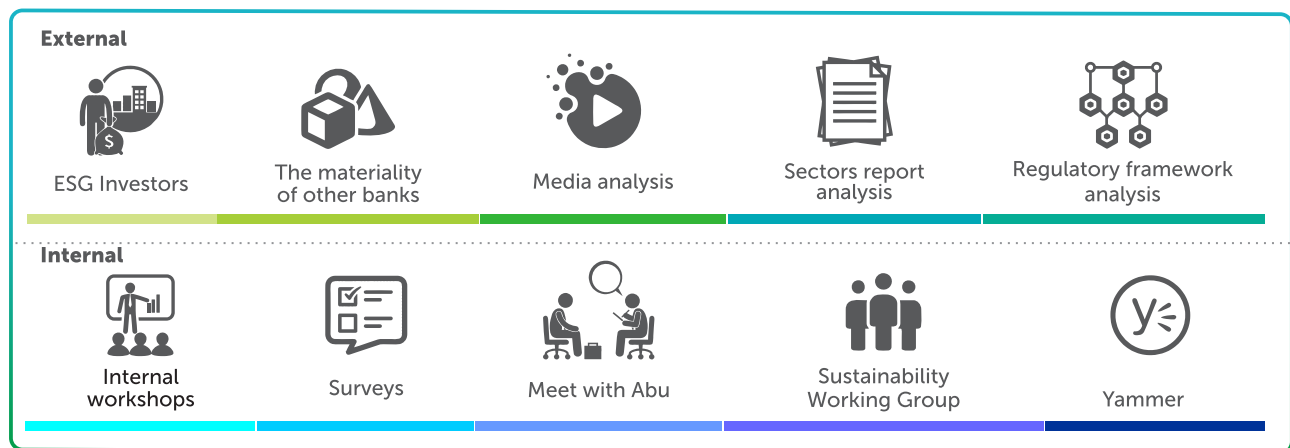
Materiality Analysis

The feedback from our stakeholder engagement makes a vital contribution to our annual 'materiality assessment' – the process of recognizing those issues that are essential to the bank's sustainable development. All feedback received from our identified stakeholders are collated and reviewed; Issues raised are then evaluated and integrated into our corporate strategy and form the basis for our sustainability focus areas and related initiatives.

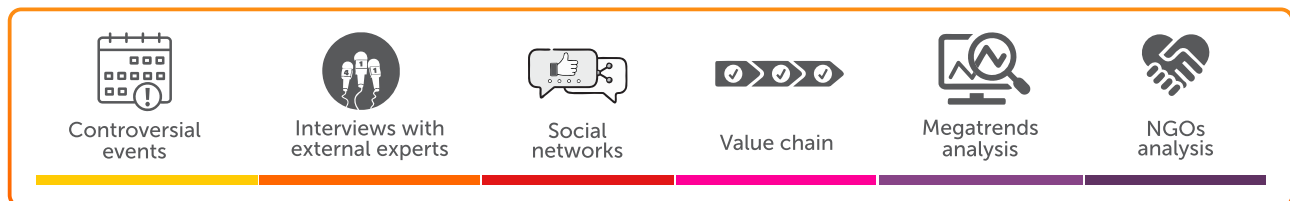
The Bank regularly analyses the social, environmental and ethical behavioural issues that are most relevant to its stakeholders throughout its value chain. This analysis is critical to establish the Bank's main lines of action regarding sustainability while we are aligned with the best practices and reference standards.

Process of identifying material concerns:

Quantitative Analysis



Qualitative Analysis



The material issues selected reflect our organization's significant economic, environmental, and social impacts, or they influence assessments and decisions of stakeholders fundamentally. Some material issues may change over time, and new issues may arise. We will, therefore, review the materiality analysis process regularly. In the future, we will endeavour to engage our external stakeholders directly in our materiality assessment.

The list of our material issues are captured in the table and chart below:

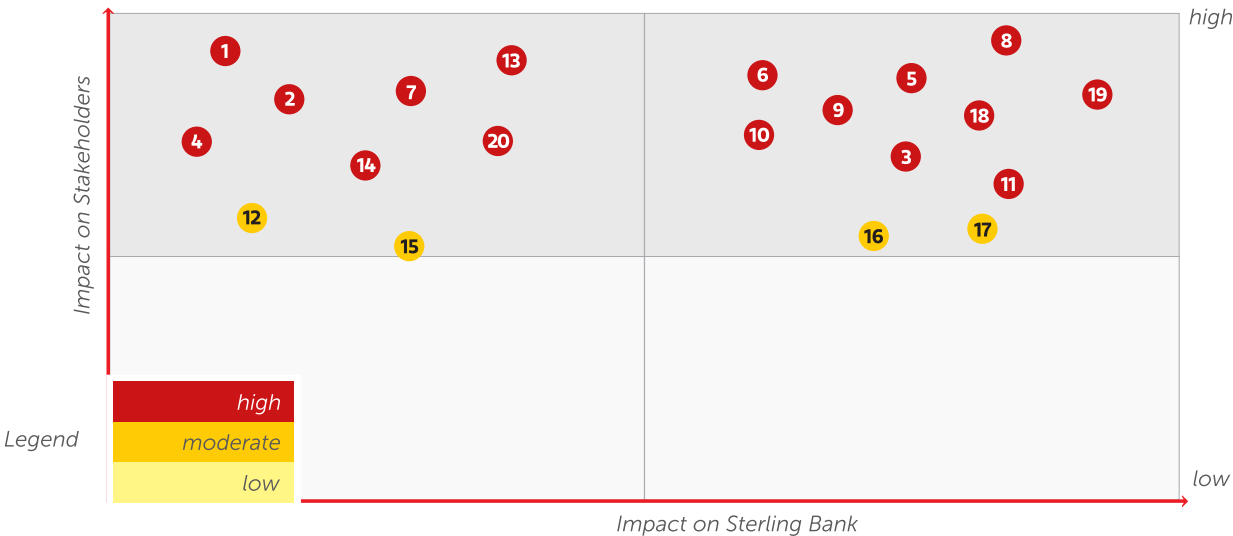
Major concerns identified

Customer trust & protection	Quality of Service	Customer Satisfaction	Data security	Financial Performance
Governance & Accountability	Human/labour Rights & Employee Well-being	Financial Stability	Risk Management	Fraud & anti-Money Laundering
Financial Inclusion	Fair Remuneration	Innovative Business Development	Responsible Lending	Career Development & employability
Sustainable Procurement	Infrastructure & accessibility	Business Ethics	Reduction of Environmental Impact of our Operations	Carbon Emission

Most concerned stakeholders

- Regulators
- Staff
- Local Community
- Customers
- Shareholders
- Environment
- NGOs
- Suppliers

Materiality matrix





Asue Ighodalo
Chairman of the Board of Directors

CHAIRMAN'S STATEMENT

'Banking on Sustainability'

Our bank has overtime understood the potent impact of sustainable banking on economic development and its contribution to the achievement of our sustainable development goals. We have achieved this by promoting the culture of innovation and inclusion in our initiatives as a financial institution. We have successfully adopted international best practices of sustainability across our business operations, entrenching this into areas such as product development, carbon footprint management, financial inclusion, environment and social risk management, amongst others. Some notable initiatives during the year include:

- The inauguration of the One Million Teachers (1MT) Initiative, a programme aimed at retraining one million teachers nationwide; and
- Facilitating training for over 20,000 Micro, Small and Medium Enterprises and financing of over N4 billion to MSMEs with a view to growing and expanding their businesses.

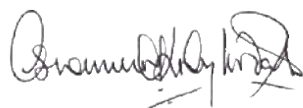
Our focus on Healthcare, Education, Agriculture, Renewable Energy and Transportation (the 'HEART' sectors), has led us to review and expand our environmental and social risk sectoral coverage. This enables us to be at the forefront of developing initiatives within each of these sectors as part of financing our growth programmes.

In the pursuit of building a truly sustainable institution, we understand that our employees are the driving force of the sustainability culture, which is why we continuously build an institution that attracts and retains the best, assures first-class training, while providing favourable working conditions, and enhancing the work-life balance of our employees. We remain firm in our commitment to the Central Bank of Nigeria's Sustainable Banking Principles.

Sterling Bank's performance is the result of the actions of all our stakeholders. We are committed to creating appreciable and sustainable value and ensuring that you benefit extensively from the successes of your institution.

I thank you all.

Sincerely,



Asue Ighodalo
Chairman, Board of Directors



Abubakar Suleiman
Managing Director/CEO

MANAGING DIRECTOR'S STATEMENT

Frontier markets are typically characterized by the various challenges that come with growing pains and Nigeria is not left out. These challenges only strengthen our resolve to work harder, remain extra vigilant and continue to innovate even faster to allow us to take advantage of opportunities arising from our wonderful experiences.

They say the only constant is Change – the world as we saw in 2018 tells us this regularly. Away from the uncertainty of global conditions, disruptions in customer tastes and preferences means that customer satisfaction has become a largely dynamic thing forcing us to expand ourselves in ways we have not even thought of. As a country or an institution, we are left with the challenge of responding rapidly to threats that are occurring at a rate faster than the speed of light – from mobility (Uber) to Healthcare (Robotics) to financial services (Alipay), no sector is spared in the new order.

How does one respond to this? While there is no one answer, one thing is clear – ***we must rethink, not our strategy or our operations, but our organizations.*** Rethinking organization for us means that our responses in an ever-changing world are to be adaptive, self-correcting with the capacity to learn all while keeping operations going. The term 'multitask' has never been more real than in the last year.

In our bid to be this organization, we evolved in response to our environment by nurturing a culture of Agility which culminated in the prestigious award as the most agile company in Africa by the World Agility Award, alongside global companies like Toyota in North America. We will continue to strive for resilience in the face of adversity and for innovation to harness the opportunities for growth.

In 2018, we surpassed many of the important targets we set for ourselves, largely due to our culture of adaptability. Our profitability defied the larger economic indices to grow at over 14 percent, more interesting for us was the value seen across our new channels which shows our readiness for the areas of growth in the business. We doubled our transaction volumes on the instant payment platform, enhanced our mobile channel usage by over 80 percent and improved our collections via POS to give us 4 percent of the total collections via that channel. This improved e-channel pattern allowed us to increase our low-cost deposit accounts by 43 percent. For us, this indicates that the retail strategy is growing steadily and gearing to yield positively.

We are convinced that this will continue to improve in 2019 with the new lending and payment platforms coming on stream in the second half of the year.

In the new year, our commitment to remain profitable and ensure all investments are safeguarded irrespective of external events stands strong. We intend to achieve this by 'doing good'- creating an institution with impact. In a country like ours, this is not only the right thing to do, it remains the safest way to operate in our dynamic world. We will work to advance the things that are important to our customers and our government to position us as partners rather than just another banking business. We will seek to contribute further to policy development and collaborate more to execute national programmes. Through the HEART of Sterling, we will continue to deepen our specialization in these growth sectors.

MANAGING DIRECTOR'S **STATEMENT**

In 2018, we were appointed Chairman of the Nigerian chapter of Africa Rural and Agricultural Credit Association (AFRACA) further confirming our contributions to the sector in addition to our numerous awards as the foremost bank in financing Agriculture in Nigeria. The agriculture business in 2019 through partnerships such as that with AFEX Commodity Exchange and Binkabi will drive productivity in key export commodities, leading to improvement in the quality of lives of the rural communities while providing us access to stable financing. Similar to Agriculture, you will see your Bank take on a leadership role in the health sector with policy formulation and health financing to ensure improvement in the sector. We will also remain at the forefront of making education accessible to all. In 2018, we paid fees for over 3000 students through our Edu-finance scheme with the plan to triple this in 2019. Lastly, our commitment to promoting transparency and efficiency in the transport will be further entrenched by distributing the Farepay system more widely across the country.

We will continue to make investments in technology, digitization and data analytics to ensure our organization is a clear winner in its chosen markets. Our aim is to make lending more accessible through Spectra, further decentralize the investment market through i-Invest and bridge the gap between digital services and physical fulfilment through Café One. We are changing the ways of banking by focusing solely on the customer.

None of this will be possible without people, so one of our pillars for the year is to enhance the capacity of our workforce and retool them for the future of work. We are raising passionate and agile people who are dedicated to building a better world – this is the only way our strategy can be successful.

As an institution devoted to enriching the lives of those we encounter, we will focus on building a resilient financial institution that generates profit today while building for the future. We must therefore, remain steadfast in our commitment to the environment as these principles are necessary for us a going concern. To further our commitment to the planet, we recently became a participatory member of the United Nations (UN) Global Compact, the world's largest sustainability initiative; this will set in motion changes to our business operations to allow the UN Global Compact and her 10 principles guide our business strategy, daily operations and organization culture going forward.

Perhaps one of the biggest and boldest statements we will make regarding the environment is committing to power our head office building and 60 percent of our branches using clean energy. Not only does this help create a better environment, it will also improve our cost profile, which enables us to achieve our drive for efficiency.



Abubakar Suleiman
Managing Director/CEO

OUR STRATEGY

Corporate Profile

Sterling Bank Plc “Your One-Customer Bank” is a full-service national commercial bank in Nigeria with an asset base of over \$3.5 Billion (N1.102 Trillion) and shareholders' funds in excess of \$300m.

Sterling Bank Plc. (Formerly NAL Bank Plc.) has evolved from being the Nation's pre-eminent investment banking institution to a full-fledged commercial, institutional and retail bank.

Sterling Bank Plc (the “Bank”) is engaged in the business of banking with an emphasis on retail, institutional, commercial and corporate banking, trade services, investment banking activities and non-interest banking. It also provides wholesale banking services including the granting of loans and advances, letter of credit transactions, equipment leasing, money market operations, electronic banking products and other banking activities.

Sterling Bank is currently focused on retail banking. The “Retail” initiative was launched on the 2nd of October 2014 and is geared towards reaching the hitherto unbanked sector of the economy.

We understand that a large section of the economy does not have access to banking services and we are committed to reaching out to these financially excluded individuals to ensure the realisation of the national and indeed the global commitment of poverty eradication.

Our Vision

To be the financial institution of choice

Our Mission

We deliver solutions that enhance stakeholders' value.

Ownership and Legal Form

Sterling Bank Plc, (formerly known as NAL Bank Plc) was the pioneer merchant bank in Nigeria, established on 25 November 1960 as a private liability company and was converted to a public liability company in April 1992.

Following the consolidation reforms introduced and driven by the Central Bank of Nigeria (CBN) in 2004, the Bank emerged from the consolidation of NAL Bank Plc, Indo-Nigerian Bank Limited, Magnum Trust Bank Plc, NBM Bank Limited and Trust Bank of Africa Limited. NAL Bank Plc as the surviving bank adopted a new name for the enlarged entity, 'Sterling Bank Plc'. The enlarged Bank commenced post-merger business operations on 3rd January 2006 and the Bank's shares are currently quoted on The Nigerian Stock Exchange (NSE).

In October 2011, the Bank had a business combination with Equitorial Trust Bank Limited to re-position itself to better compete in the market space. The Bank has 179 branches and cash centres as of 31st December 2018.

In compliance with the CBN guidelines on the review of the Universal Banking model, the Bank divested from its four subsidiaries and one associate company on 30 December 2011.

On April 1, 2018, Sterling Bank Plc appointed Abubakar Suleiman as the new Managing Director/Chief Executive Officer, CEO. Before his appointment, he served as the Bank's Executive Director, Finance & Strategy.

Core Values

Customer

The customer is at the centre of our business operation, we recognise the individuality of our customers and do not believe in a 'one size fits all' solution to their diverse needs; therefore, all our efforts - our products and services, accessibility, quality of our IT infrastructure, service excellence and safety considerations are geared towards addressing the various needs of our customers.

Integrity

We believe in transparency and act fairly, ethically and openly in all we do.

Teamwork

Attracting and retaining talent, increasing our succession coverage, employee engagement, staff diversity and inclusion, skills development, performance and reward and ethical conduct.

Excellence

We value excellence in all we do and always strive to inculcate it in our decisions, whether in the Economic, Social or Environmental aspects.

Overview of Sterling Bank

Basic Information

We have been in the Nigerian market since 1960. Our clientele cuts across individuals, corporates and institutions in Nigeria. We are a publicly listed company with more than 90,000 shareholders. As at the end of 2018, there were 2,401 professionals and 1,411 support staff employed in Sterling Bank Plc.

Headquarters: Sterling Towers, 20 Marina, P.M.B. 12735, Lagos, Lagos State, Nigeria

Total Assets: Over N 1.1 Trillion

Total Equity: N 97 Billion

Credit rating: B2 Rating by Moody's

Market focus: Retail, Commercial, Corporate and Institutional Banking.

Channels: Over 177 Business Offices, 833 active ATMs, 7853 POS terminals.

Website: <http://www.sterling.ng>

Our Ratings

Sterling Bank ranks amongst the Tier 2 banks in Nigeria. The Bank has a long-term rating of BBB (NG) and a short-term rating of A3 by Global Credit Rating CO. Sterling Bank also received a Stable Outlook and a B2 Issuer rating underpinned by a B3 baseline Credit Assessment from Moody's, with a B2 and B3 rating on our local and foreign currency deposit ratings respectively. These ratings are valid until December 2019.

Ethics & Integrity

Sterling Bank's core values form the acronym – **CITE** 'Customer focus', 'Integrity', 'Teamwork' and 'Excellence'. In line with this commitment, the Bank has instituted various mechanisms to ensure that employees display a high level of integrity and sound ethical behaviour.

Employee Handbook

The Bank has a robust Employee Handbook, that clearly defines acceptable behaviour and all employees at all levels are bound by them. The Sterling Bank Behavioural Codes are at the core of every transaction and represent the essence of our being 'Your One-Customer Bank'.

Corporate Governance

Within our organization, the Board Governance, Nominations and Remuneration Committee is the highest body of the Bank responsible for monitoring compliance with the Bank's code of ethics and business conduct for Directors and staff. In line with the regulatory requirements of our industry, we are guided by the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria (2014) and the Securities and Exchange Commission (SEC) Code of Corporate Governance.

Sterling Bank's corporate governance document outlines corporate governance policies and clarifies governance structures throughout the Bank.

The following are the governance units within the Bank:

- The Board of Directors
- Bank Executive Committee

Appropriate sub-committees are also set up, either on a permanent or ad hoc basis, to handle issues as they arise.

The Board of Directors

The Board of Directors of Sterling Bank is elected by, and accountable to, the company's shareholders for the appropriate and effective administration of the Bank. Their primary responsibility is to foster the long-term success of the company, consistent with its fiduciary responsibility to the shareholders.

The Board has three committees, namely, the Governance Committee, the Audit and Compliance Committee and the Risk Committee.

The Board of Directors has the overall responsibility for approving and ensuring the implementation of the Environmental and Social Risk framework. This responsibility has been delegated to the Board Risk Management Committee (BRMC) which has oversight responsibility of implementing the policy framework.

The Executive Committee (EXCO)

The Sterling Bank executive committee meets monthly and is responsible for the day-to-day operational management of the Bank.

The EXCO is responsible to the Board and plays an important role in the Bank's corporate governance structure. The EXCO manages the broad strategic and policy direction of the Bank, submits them to the Board for approval where necessary, and oversees their implementation.

E&S Governance

In implementing the Sustainable Banking practice, the Bank ensures transparent governance practice; this includes clearly defined roles and responsibilities, reporting on and accounting for the Bank's performance, the progress of implementation, and assessment of E & S governance of our major clients.

The Executive Management

Executive Management is expected to give the Environmental and Social Risk Management (ESRM) direction and approve all policies, and guidelines on Sustainable Banking. The Chairperson of the Management Risk Committee (MRC) is responsible for the overall commitment of the Bank towards the implementation of the Nigerian Sustainable Banking Principles (NSBPs). In cases of unresolved Social & Environmental issues or non-compliance associated with a transaction that cannot be resolved by the Loan Officers/Relationship Managers, the EXCO determines the appropriate course of action to follow to reduce the Bank's potential exposure to Environmental and Social risk.

Sustainability Working Group (SWG)

The Chief Risk Officer and members of the sustainability working group are responsible for leading the Bank's effort at implementing the ESRM policy, as well as communicating with senior management on environmental and social concerns. The Sustainability Unit is responsible for developing and updating the procedures documents that make up the Bank's ESRM System. The Unit also evaluates the environmental and social risks at the portfolio level and helps Loan Officers/Relationship Managers in assessing and monitoring the environmental and social performance of customers.

Relationship Managers & Loan Officers

The Relationship Managers and Loan Officers are responsible for the adherence to ESRM procedures and framework at the transaction level. They manage Environmental & Social (E&S) risk impacts and ensure recommended E&S action plans are implemented by the customers within agreed timelines. They decide if E&S risks are acceptable to the Bank's overall exposure to risk before proceeding with a transaction.

Legal Department

The Legal department ensures that the Bank's Environmental and Social Risk terms and conditions are incorporated in legal agreements for transactions within the E&S coverage sectors; non adherence to the terms and conditions constitutes a breach of contract and is considered an event of default under the terms of the facility agreement.

General Internal Services Department

The General Internal Services Department drives the Bank's engagement with vendors and is the first point of call, especially for branch expansion. They drive the processes for waste management, procurement management, paper re-usage, power and energy reduction towards ensuring that the Bank's operations are environmentally friendly and compliant with sustainability tenets.

Human Resources Department

The Human Resources Group drives the Human Rights, Women Empowerment, and Capacity Building of the ESRM and other social issues concerning the Bank's employees.

Brand Marketing & Communications Department

The Brand Marketing and Communications Department communicates the Bank's Sustainability initiative and achievements to build capacity and create awareness on Sustainability to internal and external stakeholders.

Propositions & Products Department

The Propositions & Products Department develops sustainable products that speak to Women Economic Empowerment solutions, Green Products, including the promotion of financial inclusion.

Ethical Conduct

We have a periodic circulation of the Bank's Disciplinary Code; extracts from the Employee Handbook and information on Ethics, which educates employees on behaviours that are acceptable in the workplace and those that are not. We ensure that high ethical standards are maintained in every aspect of our business. The penalties for violations are also clearly defined. Appropriate structures are in place to deter violations, punish offenders and reward compliance.

Whistleblowing

The Bank regularly sensitizes employees on the Whistleblowing Policy and welcomes employees, contractors, vendors, customers and any member of the public who have concerns about any inappropriate or irregular aspect of the Bank's operations, management's actions, or decisions to come forward and voice those concerns in person or

anonymously. The concerns will be recognized wherever practicable, and subject to any legal constraints, such matters shall be dealt with confidentially.

Sterling Bank has a comprehensive whistleblowing policy that protects whistleblowers from victimization and harassment. We have a dedicated whistleblowing email and hotlines through which employees and external stakeholders can report cases of ethical failures within the workplace. Our whistleblowing policy ensures strict confidentiality and supports anonymity of the whistleblower as permitted by all necessary legal and regulatory provisions. All reported cases are viewed fairly and objectively. No level of employee is exempt from being reported. All reports are handled quickly and discreetly, with the information made available only to those that need to know, for investigative and resolution purposes.

Disciplinary Process

The Bank has instituted a Disciplinary Committee which is guided by a Sanctions Grid that ensures each employee is protected against unfairness or victimization and enables the organization to maintain its policies and procedures in its operations. The Sanctions Grid details the processes and procedures for disciplinary and grievance management within the Bank.

The Disciplinary Committee is made up of two separate committees;

- **Human Resource Disciplinary Committee** handles non-ethical, non-fraud related and HR based issues i.e. insubordination, grievances, victimization, bullying etc.
- **Staff Disciplinary Committee** deals with ethical, fraud and significant risk issues.

Gift Policy

The Gift Policy is a guide designed to establish standards on the basis of which the exchange of gifts will be evaluated, as we translate our values into actions to enable us to compete in the marketplace and engage with our Stakeholders professionally.

The policy establishes standards relating to the giving and acceptance of gifts, including gratuities or rewards across the organization, provides guidance on expected behaviours in relation to giving and acceptance of gifts. It also promotes transparency and fairness. The policy is applicable to all Sterling Bank employees, directors, contractors, consultants, advisers and any person or entity acting at the instance of an employee of Sterling Bank and guides engagement with all stakeholders of the Bank which includes and is not limited to vendors, service providers, potential employees, Government officials, etc.

Behavioural Codes

The Bank has also come up with distinct behavioural codes which speak to specific attributes that Sterling Bank employees are expected to display every day in interactions with internal and external stakeholders. Workplace behavioural codes are necessary to drive civility, maintain decorum and achieve optimal productivity in the workplace. At Sterling Bank, we want to enable a productive and harmonious working environment where staff can be inspired to achieve their full potentials. The behavioural codes empower employees' alignment with the Bank's organizational culture and are geared to improve performance through prescribed behaviours.

Sterling Behavioural Codes

01 Be Passionate 	02 Be Impactful 	03 Be Respectful 	04 Be Ethical 	05 Be a listener 
06 Be Responsible 	07 Be Tolerant 	08 Be of Service 	09 Be a Leader 	10 Be Agile 

Sustainable Sourcing

Sterling Bank procures products and services from more than 500 suppliers. A large percentage of our expenditure is for professional, real estate, sales and marketing, IT outsourcing and corporate services. We seek to influence our supply chain towards sustainable practices through our Sterling Bank Third Party E&S Management Framework which outlines our expectations of all vendors, irrespective of the value or volume of transactions, in four key areas – governance, performance reporting, environmental management and social responsibility (occupational health and safety (OHS) and employee practices).

The bank will continue to work with our suppliers and stakeholders to fine-tune and advance the Sterling Bank Third Party E&S Management Framework and drive improvement in our supply chain.

Sustainability Targets and Achievements

Focus Area	Description	2018 Targets	2018 Achievements	2019 Targets
Financial Sustainability	Ensure the organization remains profitable without jeopardizing its existence in the long term	3.5% Market Share by deposits	Deposit market share of 3.3% achieved	3.5% market share by deposits
		Non-performing loans (NPL) ratio of <5%	NPL ratio of 8.7 % achieved	NPL ratio of <5%
		Return on equity of above peer group	Return on average equity of 9.5% achieved	Return on equity of above peer group
		Deposit growth of 15% Y-o-Y	Deposit growth of 11.1% achieved	Deposit growth of 15% Y-o-Y
		Liquidity ratio of 30%	Liquidity ratio of 42.2%	Liquidity ratio of >35%
		Double digit revenue growth Y-o-Y	Earning of 14% achieved	Double digit revenue growth Y-o-Y
		Capital adequacy ratio > 10 %	Capital adequacy ratio of 134%	Capital adequacy ratio > 10 %
		Minimum of two investment grade credit rating	Two investment grade ratings achieved from Global Credit Rating (GCR) and DataPro	Two investment grade credit ratings
		CUSTOMERS Top 5 in 2018 in the KPMG Customer satisfaction survey	Top 5 in SME category	Top 5 in all categories in the 2019 KPMG customer satisfaction survey
		Increase customer engagement via various channels to drive the bank's sustainability strategy	Launched our "Sterling One Pay" mobile application, a new and improved mobile platform. This platform has improved features and has recorded an impressive growth in the number of users and transactions consummated. Refreshed the look and feel of our website to encourage easy navigation and ease of access to content by customers and stakeholders.	Aspire to be the No. 1 Digital bank in Nigeria over the next 2 years. Aspire to be the No. 1 Nigerian Bank offering Renewable energy opportunities and services.
Social Sustainability	Ensure the organization prioritizes engagement with her employees, customers, shareholders and communities	Conduct employee surveys to feel the pulse of the workforce	Organized five (5) roadshows in various Regions to feel employee pulse and address issues raised. Established a Business Partnering model to support each strategic group/department.	Organize more roadshows and cover more regions to feel employee pulse and address issues raised.
		Establish an E-learning platform to block knowledge gaps and build capacity	Our E-learning training platform is being revamped. Our relationship managers and credit risk officers Bank-wide underwent E&S risk management training in 2018 in collaboration with the International Finance Corporation.	Re-vamp our E-learning training platform. Develop and implement additional Sustainable Banking E-learning trainings. Develop and implement tailored Sustainable banking trainings to the Strategic Business Units
		SHAREHOLDERS Continuous engagement with shareholders	The Investor Relations team regularly sent updates on the bank's business to analysts and shareholders. Regular engagements were also held with shareholders via our social media channels to drive real time engagements.	Increase engagement of shareholders/analysts via various channels

Focus Area	Description	2018 Targets	2018 Achievements	2019 Targets
		COMMUNITIES Continue to identify and invest in communities where we operate in line with our Corporate Social	Partnered with several organizations to organize the I Create Skill fest - an initiative focused on skill acquisition among the youth	Continue to identify and invest in communities where we operate in line with our Corporate Social Responsibility (CSR) focus areas i.e., Education, Sports and the Environment
		Responsibility (CSR) focus areas i.e., Education, Empowerment and the Environment	We commenced a campaign internally to support less privileged children in partnership with the Kanu Heart Foundation. Rehabilitation and provision of accommodation for a homeless woman, within the bank premises	Collaborate with the H.E.A.R.T sectors business owners to promote CSR and sustainability initiatives within the sectors
Environmental Sustainability	Ensuring Sustainability in our business operations through reducing greenhouse gas emissions in our business operations and also promoting Sustainability in our sphere of influence through analysing the environmental and social impact of bank-financed projects i.e. responsible lending	Participate in international and multi-stakeholder initiatives to drive improved standards and progress of Sustainable banking in Nigeria	The Waste Recycling initiative was expanded to the Head Office Annex, Ilupeju. Lagos. A total of 7,202 kg of waste was recycled Partnered with The Nigeria Economic Summit Group to sponsor the NESG-HBS Green Financing workshop conference. Successfully subscribed as a participatory member of the United Nations Global Compact - which focuses on Human Rights, Labor, Environment and Anti-Corruption. The Sustainable banking team attended a training organized by International Finance Corporation on Environmental and Social Risk Management	Implement the UN Global Compact action plans. Implement the Environmental Management System (EMS Certification ISO 14001:2015) Implement the Occupational Health and Safety Management System Business (OHSMS Certification ISO 45001:2018)
		Incorporate energy efficiency equipment into new and already existing buildings	Deployed hybrid power and renewable energy to 25 branches Commissioned over 100 solar powered ATM nationwide. Achieved a 1.84% reduction in carbon emissions, by reducing diesel consumption by 8.72% Y-o-Y.	Reduce the Bank's Carbon Footprint by a minimum of 2% Deployment of hybrid/ renewable energy to 40 additional branches. Solarization of the Sterling Bank Head Office
		Conduct Environmental and Social Risk Assessment for transactions under the 3 sectors of focus (Agriculture, Oil & Gas and Power)	E&S risk sectorial coverage was expanded to cover additional 8 sectors; Mining, Manufacturing, Real Estate, Construction, Health, Renewable energy, Education and Transportation. 140 transactions corporate and commercial transactions under the sectors under our focus were screened and assessed for E&S Risk.	Increase E&S monitoring of customers to help them improve on their sustainable practices

Economic Sustainability

Our vision “to be the financial institution of choice” continues to drive our strategy and operating model to ensure continued economic prosperity is created for shareholders, customers, employees, business partners, and the society in accordance with applicable national regulations, sustainability principles and global best practices in our business operations and activities to guarantee consistent financial performance year on year.

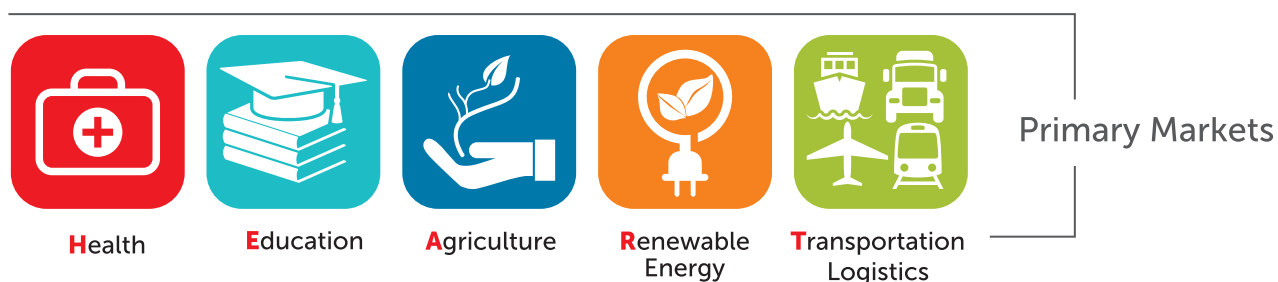
We are committed to providing financial products and services that support the realization of the Sustainable Development Goals (SDGs) and attainment of Nigeria's Nationally Determined Contribution (NDC) in line with the Paris Agreement. Our actions will be driven by; Agility – to maintain an agile ecosystem process across businesses to sustain value creation; Digitization – transformation of existing traditional processes, digitization of core markets and improve service delivery to customer; Specialization – significant investment in the “HEART on Sterling” and to develop capacity of our human capital around this sectors to build expertise and provide excellent services to our customers business, which will continuously impact the society positively.

Sustainable Financing

As society continues to raise its expectations for businesses to deliver sustainable solutions for our planet; we see opportunities to offer innovative financial solutions that can aid the attainment of those expectations. We are committed to promoting sustainable development and are continuously exploring opportunities that will help us contribute to the SDGs, particularly in the areas of women and youth empowerment, financial inclusion and green financing.

Sterling Bank demonstrated its commitment to sustainable financing by unveiling the HEART Sectors in 2017; which focus primarily on socially and environmentally conscious sectors and are well-aligned with the UN Sustainable Development Goals. We have also deployed sustainable and revolutionary products and services like i-Invest, Farepay, EveryNanny, Quickcash, and many more.

At the HEART of Sterling



“Our size, scale and influence mean we have both a responsibility to do the right thing and an opportunity to create real lasting change.”

- Anna Gedda

Our purpose as an institution is to “enrich lives”. We believe that by involving our community in our growth, we can only grow bigger. The potential of channelling private sector capital and market-based tools to offer solutions to some of the most pressing social and environmental challenges cannot be underestimated. Increasingly, the Nigerian market is desperate for this kind of approach thus providing an opportunity for organizations such as ours. The core of our business as a financial institution is the commitment to improving lives and encouraging economic development as well as sustainability. Emerging markets like Nigeria are living in an exciting financial era where innovation meets opportunity. Growth in the economy will call for more specialized and complex financial services which will lead to growth in other financial services outside of commercial banking. More so, the growth of emerging market economies will enable financial service providers (especially banks) within those environments gain strength and provide the impetus for expansion beyond their borders. This enables them to spread risks in a time of volatility. Given this background, Sterling Bank intends to be the financial institution of choice for key stakeholders by enhancing technological capability and entrenching a customer-centric business model.



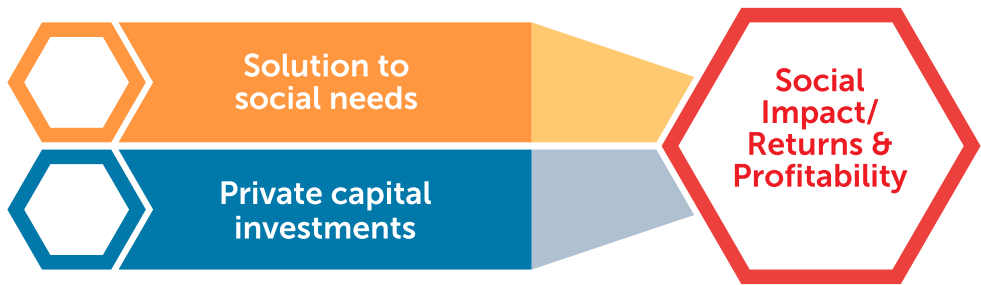
Our specialization path

We will ensure that in our areas of operation, we improve human capital and encourage economic development and sustainability. For this reason, we are guided by the thought that for human development, we require:

- A functional healthcare system supported by a clean environment
- A sound educational system fed by an agricultural sector that ensures food security
- Adequate power generation and a robust transportation system to move all economic resources

Education, Good health and Healthy nutrition reduces the susceptibility to poverty and other challenges which suppress growth and a clean environment enables a healthy life.

Our business model is premised on social capitalism, where we believe that private sector capital and market-based tools will offer the best types of solutions to Nigeria's most pressing social and environmental challenges. In addition, all solutions are designed with the customer/ final consumer in mind. Decisions are made based on the following:



The Heart Strategy

HEALTH



The Nigerian health sector is valued at about US\$18.3 billion of which approximately US\$13.7 billion is the private sector. Demand for healthcare in Nigeria currently exceeds supply, presenting a range of opportunities for much needed public and private sector investments.

The domestic healthcare sector is estimated to be worth US\$5 billion per annum. In addition, Nigerians spend more than US\$1 billion on about four million medical treatments abroad each year. Given the increasing demand for healthcare services and the inadequacy of Government's intervention in the sector, private sector participation has been on the rise across the entire value chain of the sector. Consequently, greater emphasis is placed on the growing private healthcare market, which makes it a focal point.

Our goal in this sector is to;

Improve healthcare delivery infrastructure through Equipment Financing



Improve access to medical technology that also improves health business by providing access and information to practitioners in the sector.

These will include technologies such as: Hospital Management systems to improve data collection, analysis and decision making and Inventory Management system to keep track of stock.

Increase technical capacity across the sector through Capacity Building/Trainings.



Encourage innovative cost-effective business models through our partnerships with other experts.

AGRICULTURE



The two major gaps facing agriculture today remains the inability to meet domestic food requirements, and export at quality levels required for market success. The problem of food sufficiency stems from a productivity challenge driven by an input system and farming model that is largely inefficient. The country holds vast agricultural potential due to its large domestic market and its abundant arable land and has been unable to reach its full potential due to the lack of aggregation of smallholder farmers and infrastructure bottlenecks. For example, only 40% of the country's 84 million hectares of arable land is currently under cultivation.

Despite its large agricultural potential, Nigeria has been a net importer of foodstuffs for almost two decades, and the gap between imports and exports continues to grow. Currently, the agricultural sector is fragmented and dominated by smallholder farmers, suggesting that most producers cannot take advantage of the economies of scale required to compete globally or against imports. 'Feeding the Nation is everyone's responsibility'. This is the mantra that guides our actions in the Agriculture sector. We believe that Nigeria's industrialization and poverty reduction will come from the sector that currently provides the highest means of livelihood and thus we will:



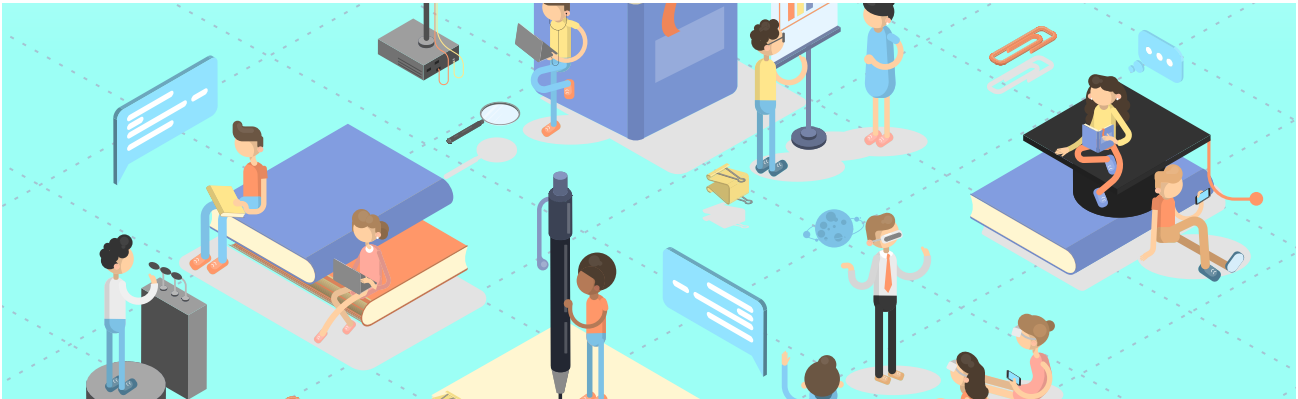
Provide finance across the value chain for agriculture to ensure that clean food reaches the table of Nigerians, Agriculture industrialists are wealthy, and Farmers live a healthy and fulfilling life.

Provide a platform that links all players within the industry while providing information to help improve their business.



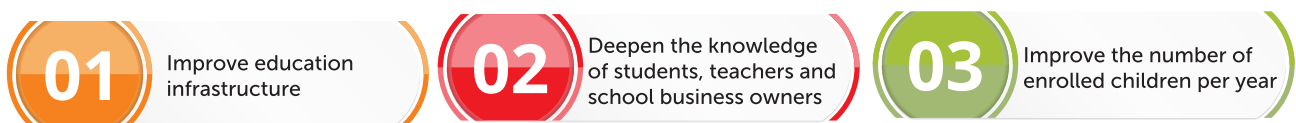
The sector is the oldest of all 5 sectors which started major business as a pilot in 2015. Today, the Agriculture sector currently holds 10% of the bank's entire loan book, setting it as the highest in that industry country wide. The Bank has won awards as Best Bank in support of Agriculture, Agriculture Bank of the Year amongst others.

EDUCATION

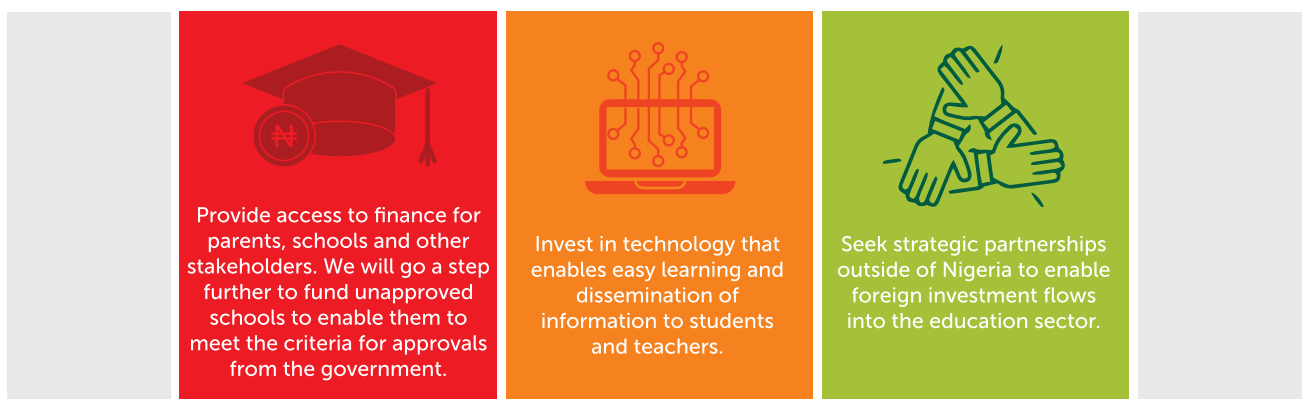


Nigeria has one of the highest numbers of out of school children, one of the lowest budgets by the government for education and a large youth population - all three issues providing both a crisis and a blessing. The sector is valued at about US\$9.2 billion of which approximately US\$8.3 billion is the private sector. As of 2013, there were 13 million students enrolled in private schools and it is estimated that there will be 21 million students enrolled in private schools by 2021.

The education investment opportunity in Nigeria is one of the largest on the continent, estimated at over US\$1.5 billion, mainly due to the large and growing youth population. Although the sector is highly regulated, with registration requirements across the levels, there are an emerging class of unregistered but high-volume schools in operations across the country to serve the significant demand for education. Given the realization that the government alone cannot cater to the large need the population provides, by providing access and content we are aiming to:



To achieve this, we will...



RENEWABLE ENERGY



Nigeria in its history of electricity generation has not had adequate supply of electricity, thus leaving it behind on various innovation in the globalized world. As the country's economy develops further, the demand for energy will increase. Already, the lack of adequate power supply cripples industries and slows industrialization. It is estimated that only 5,000 megawatts of the country's 12,500 megawatts installed capacity are utilized at peak. Consequently, about 50% of Nigerians have limited or no access to the grid resulting in the need for a secondary power system to offset energy requirements.

Globally, the gradual diminishing of fossil fuels and the efforts to save the eco-system from global warming has seen nations turning to alternative sources to meet their energy demands. Nigeria is not left behind as the adoption of alternative sources of energy will accentuate existing supply capabilities from on-grid power sources, boost growth further and reduce environmental pollution. Nigerian homes and businesses spend up to US\$14 billion (NGN5 trillion) annually on inefficient power generation that is costly, of poor quality, noisy, and polluting. Leveraging off-grid alternatives to complement the grid creates a US\$9.2 billion/year (NGN3.2 trillion/year) market opportunity for mini-grids and solar home systems that will save about US\$4.4 billion/year (NGN1.5 trillion/year) for Nigerians.

There is also a large potential for scaling within, for instance, installing 10,000 mini-grids of 100 kW by 2023 will only meet 30% of estimated demand. Our play in the renewable space is part of our commitment to growing and improving businesses in Nigeria by reducing their cost of power while ensuring constant supply. We have taken a 3-pronged approach to achieve this:



Trading

we intend to create a platform that enables the sale of renewable energy solutions between electricity generators, distributors and users.



Financing

large projects that provide electricity to communities and businesses.



Creating Partnerships

to encourage the flow of foreign investments into the renewable space and bridge the service gaps which currently exist with the solutions.

TRANSPORTATION



In many developing countries, the transportation sector contributes between 6% to 14% of the GDP but contributes below 1.5% to Nigeria's GDP. An efficient transport system optimizes the value chain in any economy and impacts on other sectors of the economy. The introduction of new technologies, new players and changing customer behaviours provide the industry with the potential to transform as a system and for new business models to develop. This provides an opportunity for us to bridge the gap that challenges such as poor infrastructure, lack of investment and development of new technologies and inadequate mass transit creates. For the transportation sector, we will:

- invest in technologies that ensure efficient collections for transport businesses;
- provide financing that enables transport businesses to scale up from their current models;
- create partnerships with experts outside of Nigeria to test new business models that ensure that economic resources are adequately, properly and safely transported; and
- actively encourage the use of mass transit systems to reduce carbon emissions in line with our commitment to a cleaner environment.

With a relatively small community of investors and availability of required capital relative to the size of these sectors, our objective is to create an enabling environment within these sectors. We will entrench ourselves in these sectors, become specialists, invest in R&D and more importantly build technology platforms in these sectors to drive growth.

For every single one of these sectors, we are investing significantly in using technology to reduce the marginal cost for the players in these sectors which will increase market potentials and consequently attract the much required additional investments. In addition to this, we are deliberately investing and partnering with key SMEs who contribute significantly to economic growth and development, particularly within the HEART sectors. By growing retail business, we can finance activities in these sectors cost-effectively and efficiently for them and us. We have tested this business model for sector-based businesses over a few years which allowed us to gain traction in the Agriculture sector, which currently makes about 10% of our loan book. The other sectors have been in research since 2016 to pave the way to expand business significantly in 2019.

2018 HEART Sector Investments

Starting from 2018, we commenced a wind-down and re-allocation of capital to our focus sectors. We assume a complete reallocation by 2021 with over 60% of our portfolio focused on the HEART sectors. As at today, they make up about 16% of the total asset portfolio.

As at the end of the year 2018, N89.14 billion has been invested in these five (5) focus sectors;

Sectors and Value of Investments in Naira



Health
N518,530,099.10



Education
N646,257,876.86

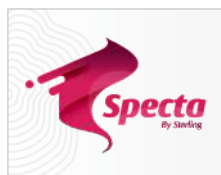


Agriculture
N55,750,220,898.44



Transportation
N32,226,465,834.87

Our Digital Assets/Products



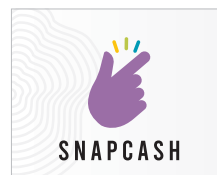
Specta



Double



Farepay



Snapcash



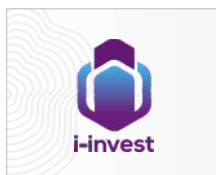
Social Lender



ChatPay



Altmall



I-invest



Switch

Environmental and Social Risk Management (ESRM)









In compliance with the Nigerian Sustainable Banking Principles and Environmental and Social (E&S) laws and regulations, we will continue to improve our Environmental and Social Risk Management (ESRM) in our credit processes to reduce the exposure of our credit portfolio to E&S risk and identify new business opportunities.

The ESRM will ensure that the E&S impact of activities financed by the Bank are managed within acceptable limits, this impacts may include environmental degradation, a threat to human health and safety, violation of labour rights or displacement of livelihoods; inadequate mitigation of these E&S risk may expose the Bank to credit risk, liability risk and reputational risk.

The Environment and Social Risk Management System (ESRMS) of the Bank is based on the IFC (International Finance Corporation) Performance Standards and the CBN Nigerian Sustainable Banking Principles (NSBPs) and Sectorial Guidelines (Agriculture, Oil & Gas and Power).

In 2018, We extended our E&S risk sectorial review to cover eight (8) additional sectors; Mining, Manufacturing, Real Estate, Construction, Health, Renewable energy, Education and Transportation, bringing the total of economic sectors assessed for E&S risk to 11 sectors. Loan request transactions in nine (9) economic sectors were assessed for Environmental and Social (E&S) Risks within the year

The highlight of our 2018 financial year performance

<i>(In Billions of Naira)</i>		2018	2017	%Change
	Gross Earnings/Revenue	152.16	133.49	14.00
	Net Operating Income	76.44	61.09	25.14
	Defined Contribution Plan (pension)	1.27	1.30	-2.07
	Wages & Salaries	11.92	10.24	16.40
	Total Operating Expenses	66.95	52.98	26.40
	Income Tax Expense	0.27	0.85	218.80
	Profit After Tax	9.22	8.02	14.90
	Deposit From Customers	760.61	684.83	11.10

Social Sustainability

Employment

Sterling Bank has been awarded the country's great place to work award twice (2017 & 2018). The Bank's management believes that there would be no business transformation without a human capital transformation. To fully succeed, the Bank has not only changed its structure and governance but has revamped its workplace culture, developed a new behavioural code and implemented a diversity and equality policy. The Bank became a participatory member of the UN Global Compact to affirm its commitment to sustainability and the Great Place to Work initiative, implemented major value-adding projects to further motivate staff members and improve culture and leadership, as well as performance and reward systems.

The Bank's employee strategy is prioritized at supporting our people, and building leaders while at it, creating a high-performance culture, building a future-fit organization and equipping our people with the competencies needed for the future.

The Bank realized that to transform the Bank, there is a need to also transform how we lead - agility, digitalization and specialization means that we want people to step into leadership, get things done faster and even how we relate with both internal and external customers.

The Bank has also been reviewing its work strategy. Inspired by the Agile principles, we want to create a more straightforward and flatter organization with less hierarchy, faster decision-making processes, and better communication. We will also provide people with great opportunities to learn from each other and continuously develop in their roles.

Work-life balance is a pre-requisite for great performance; and as a responsible employer, the Bank strives to provide an inclusive and healthy working environment that will provide the best condition for each employee. The Flexi Plan deployed by the Bank has been improved to include Flexi-Pay and has proved to be a rewarding program enabling employees to determine how they are paid. In February 2018, We reviewed and increased staff remuneration across board, increasing our wage bill by 12% to further improve employee welfare incentives.

Other programs the Bank has implemented to continuously improve the physical, social and organizational work-life balance has been yielding considerable success as the sickness rate has dropped.

Our Chief Human Resource Officer, Temi Dalley, was named among the top 101 most influential Global HR Professionals by the World HRD Congress.

New Employee Hire

In 2018, 439 new employees were hired. These comprise of 63% males and 37 % Females.

This is a marked improvement from the number of new hires in 2017 (265); an attestation to the fact that Sterling Bank is considered an employer of choice for exceptional talents.

The incorporation of sustainability into our business strategy and work procedures will continue to safeguard our economic viability through the implementation of our Sustainable Banking Policy to ensure thriving financial performance. Our sustainable actions will make the Bank a key player in the development of a prosperous financial sector and an enabler of economic and social development in alignment with SDGs vision 2030

2018 New Hires (Permanent Contract)

Age Group	Male	Female	Total
20-30	53	51	104
31-45	187	97	284
46-50	35	15	50
51-60	1		1
Total	276	163	439

There are a number of benefits enjoyed by our permanent employees that are not available to some of our contract staff like stock ownership, maternal leave entitlements, retirement provisions, etc. However, their providers are being engaged to avail them some of these benefits.

Labour/Management Relations

Sterling Bank makes it a priority to listen to our employees and understand their views. As such, before any major operational changes are made, staff are engaged to give their opinions, which were taken into considerations while making those changes. Before deployment, staff are also informed in good time and are adequately involved to manage the changes.

In line with international best practice, we have established policies and guidelines covering grievance resolution, disciplinary procedures, paid maternity and paternity leave, employee training and performance management, and employee welfare programmes

Occupational Health and Safety

The Bank prioritizes the health, safety, and wellbeing of our employees and customers. Despite that our health and safety framework is relatively different from other industry such as manufacturing, the overall well-being of our staff is nonetheless important to us. It is our responsibility to provide a safe and sanitary working environment for our employees.

The Bank developed a Health and safety policy to guide all employees on safety measures, and a unit is charged with ensuring strict compliance. All employees were charged to observe these health and safety rules and practices and notify health officers of possible health and safety hazards they may observe in the work environment.

Dedicated clinical officers were also deployed to our Head offices to assist in delivering standard health care to staff members on minor health issues. A wellness program was also launched which included health insurance provided for all staff and their families; health tips communicated via mail to all staff, free eye tests at the head offices and some regions; all of which has helped, considerably, in enhancing their productivity and well-being.

Each floor within our Head Offices has a minimum of four (4) safety officers (two for each wing). The safety officers are responsible for all Health and Safety related incidents and also coordinate health and safety awareness training (fire drills).

Plans are underway, to start recording health and safety incidences Bank-wide to be able to report on them adequately. The Bank is also planning to implement the OHMS ISO 45001:2018; a standard which specifies requirements for an occupational health and safety management system, to enable an organization to control its occupational health and safety risk and improve its performance; all in the coming year.

Anti-corruption

Financial crimes such as fraud, money laundering, and the financing of terror affect private individuals, companies, organizations, and even nations. These have a negative impact on the entire economic and social system. Sterling

Bank has thus established robust mechanisms to prevent these crimes from occurring.

We have a Fraud Prevention and Detection Policy in place and conduct annual fraud risk assessments for all credit requests. In addition to this, the bank set up an Anti-Fraud unit that runs a 24-hour service to monitor transactions and ensure fraud prevention and early detection.

Also, our Operational Risk Management department conducts operational risk and control self-assessments each year which also cover fraud risks at a high level.

Some of the other strategies put in place by the Bank to combat and prevent fraud are listed below:

- Regulatory framework and responsibility structure.
- Fraud risk assessment.
- Promotion of fraud awareness.
- Internal control procedures.
- Investigation standards.
- Code of conduct and disciplinary measures.

Training and Career Development

We invest in the development of our people to enhance their ability to meet our customers' needs and to support them in reaching their own career goals. The Bank regularly provides annual performance and career development reviews to all of its employees; during this process, training needs of each individual is identified, and the Bank endeavours to provide the resources and opportunities to fulfill those needs.

We focus our training and development strategy on exceptional young staff, aiming to harness their powerful, yet young talent. We also place emphasis on strong succession planning; for all critical positions, a successor is selected, a comprehensive development plan for each successor is identified, and a detailed timeframe for the development plan is set. Training is complemented on-job training, as well as via the e-learning platform.

A total of N764 million was spent on employee capacity building in 2018 and 1903 employees, representing 94% of the workforce via online and classroom channels. Majority of the workforce were also trained on the International Finance Corporation (IFC) Sustainability Training and E-Learning Program (STEP) on environmental and social risk management in the year under review.

Diversity and Equal Opportunity

The diversity of our people are recognized and appreciated as a source of strength. We strive to create an enabling environment for our employees to succeed because the variety of experiences, skills and approaches that they bring is necessary to drive performance and innovation.

In accordance with our Human Capital Management Policy, we hire based on merit, competencies and organizational cultural fit, without prejudice to any attributes such as, but not limited to, gender, race, religion or physical traits. A diversity and equality policy was also developed to help drive our commitment to a non-discriminatory work environment.

As at end 2018, we had a total of 2401 active permanent employees; 1432 were males and 969 were females, representing 60 % and 40% of total employees, respectively.

Also, within the period in review, 43 employees made up our top management group (assistant general managers, deputy general managers and general managers), of this number, 12 were female and 31 were male, representing 28% female and 72% male. Although this is still not in alignment with NSBP's requirement of 40% female representation, the Bank is currently working on improving this through its many woman empowerment programmes. During the same period, there were 15 members of the executive management group (made up of five Executive Directors, five Non-Executive Directors, three Independent Directors, the MD/CEO and the Chairman). Of

this number, four were female and eleven males, representing 27% and 73%, respectively.

There is no female at the executive management level yet, but the Bank committed to the continuous improvement of the female-male ratio in the top management and executive management cadre of the organization.

Our organization maintains a policy of equal pay for equal work. We are also committed to the actualization of SDG 5 (gender equality) and the International Labour Organization (ILO) Core Conventions principle of equal pay in the workforce.

Non-discrimination

We are an equal opportunity employer. We prohibit all forms of discrimination in our workplace. Our policy on Diversity and Equality prohibits discrimination on the basis of gender, colour, tribe or ethnicity, religion, marital status or physical challenges. We also encourage our business partners, third-party suppliers, providers and contractors to embrace non-discriminatory policies in their business operations. As at December 2017, Ethnicity breakdown ratio stood at 53% Yoruba, 18% Igbo, 4% Hausa and 25% Other ethnic tribes. We believe this can be improved by committed to employing more physically challenged people in the coming years.

Child / Forced Labour

As a responsible corporate organization, we strongly condemn the use of child or forced labour in all areas of our business operations. We encourage our suppliers, vendors, contractors and investees to adhere to best practices in Human Rights protection, including the rights of a child.

In line with the CBN NSBPs, Credit lines and Loan & Advances under the three sectors of focus by the CBN NSBPs (namely, Agriculture, Oil & Gas and Power sectors) and eight (8) other sectors (Health, Education, Renewable Energy, Transportation, Manufacturing, Mining, Construction and Real estate) were screened for social risk implications like the violation of labour laws, health and safety requirements. We are committed to developing and maintaining a structure that upholds human rights. We will continue to improve our human right protection and resolution mechanisms.

Human Rights

As a participatory member of the UN Global Compact and committed to aligning our business with the UN guiding principles on human rights. To this respect, we strive to respect the rights of people in our business operations and business activities.

As a responsible bank, we do our utmost to embed respect for human rights in all our processes and practices. We ensure to provide training and awareness programmes for employees across the Bank, to reiterate our values or respecting the rights of others and get their participation. Also, through our continuous engagements, we advise and check that our customers and vendors are not involved in operational practices that could trample on the rights of their employees or members of the community where they operate.

Plans are underway in putting in place a human right framework in line with global best practices in order to guide our staff, credit customers and vendors on how not to infringe on the right of others and the consequences of non-compliance with applicable laws. Training will also be conducted to instil these principles in the minds of all stakeholders further.

Local Communities

As a good corporate citizen, we are conscious about managing our direct and indirect environmental footprint and seek to influence our supply chain towards sustainable practices. We are committed to making economic contributions to the communities in which we operate through paying our fair share of taxes and benevolence investment.

Entrenched in the culture of Sterling is a deep sense of purpose to do things larger than the usual business interest of the Bank. In doing so, we shape an improving future within the communities we operate. Being a strong promoter for both entrepreneurship and innovation, it is natural for Sterling Bank to leverage our strengths to support businesses in delivering innovative solutions to build a better and more sustainable future for the country.

Financial Inclusion

Sterling Bank is committed to enriching lives by providing sector-specific products & services that recognize segments of the economy that traditionally have had limited or no access to the formal financial sector. Through our Micro Banking unit, the number of unbanked individuals who received financial services or products for the first time stood at 281,155 individuals in 2018, while our Agent banking network rose to 2,748 mobile agents in 2018. Examples of some financial inclusion products include The *Sterling I Can Save* account along with our *E-money Box* to provides financial literacy opportunities for children at an early age, The *Sterling Kia Kia* account, *MSME Academy* for SMEs and small-scale businesses, Zero-to-Export Finance Training etc.

Some of the Financial literacy initiatives organized in 2018 include;

Sterling Bank Financial Literacy Day Quiz Competition

The 2018 Financial Literacy Day Quiz competition was organized for prospects and existing Primary Schools under the Lagos region. The competition was aimed at hosting 60 Schools, but 44 schools made an appearance with 88 participants of 307 students and 61 teachers sitting in the audience. The three winning schools went home with a chairman's empire board game each; the winning students went home with an educational tablet each. The 1st prize amount was N750,000.00, the 2nd prize amount was N500,000.00, and the third prize amount was N250,000.00. There were consolation prizes for the 4th – 10th position students who won N20,000.00 each. From the audience, 11 students and 3 teachers won N20,000.00 each.

Sterling Bank Children's Day Event

The children's day event was organized for secondary schools under the Lagos region. 12 Schools participated, with a total number of 42 students and 10 teachers.

A career talk was held for secondary school students between the class range of SS1 and SS2; they were lectured on 'Enhancing creativity using innovative methods'.

We had a guest speaker for the event in the person of Okechukwu Ofili – the CEO and co-founder of OkadaBooks.com, the fastest-growing mobile book reading app in Africa with over 200,000 users growing at a rate of 5,000 users per month.

One Million Teachers (1MT) Initiative

Sterling bank in collaboration with the One Million Teachers (1MT), organized the inauguration of the One Million Teachers (1MT) Initiative with the goal to help attract, train and retain one million teachers as well as develop their capacity to train several million more teachers. 85 teachers were inducted by the Bank in 2018 and had started training on the 1MT platform.

Other events held include:

- Mobile Agent Training and Promo- Agents were trained on the use of the agent banking Application and Financial literacy programmes. Top-performing agents and customers were gifted food supplies at the end of the year.
 - Health Insurance Awareness for customers and agents- An event was organized to create awareness on having a Health insurance plan, where customers and agents can pay a minimum amount on a daily/weekly basis to provide a health plan to treat common illnesses. As motivation, the Bank gave free one-year health plan to the first 100 customers and agents.
 - Partnership with an NGO to promote a Cycling foundation supporting children to improve learning.
-

- On Children's day, we commenced a campaign internally to support less privileged children in partnership with the Kanu Heart Foundation.
- Provided support for several sustainability initiatives such as; Partnership with an NGO to produce a short film to create awareness on child mortality and maternal issues.

Corporate Social Investments

Details of Donation	Purpose	Amount (N'm)
States' Investment Summit	Sponsorship	65.4
Arts and Book Festival	Corporate Social Responsibility	35
Nigeria Economic Summit Group	Sponsorship/CSR	33.7
State's Security Trust Fund	Corporate Social Responsibility	25
Teach for Nigeria	Corporate Social Responsibility	15
Leah Foundation - Production of a movie on Breast and Cervical Cancer	Corporate Social Responsibility	15
Support for SMEs Initiatives	Sponsorship	10.8
Department of Obstetrics and Gynecology (LUTH)	Corporate Social Responsibility	10
CREATE Skills Fest	Corporate Social Responsibility	8.5
Nationwide League One	Corporate Social Responsibility	8.1
Education Support for Schools	Corporate Social Responsibility	8
One Million Teachers (1MT) partnership	Corporate Social Responsibility	6
Environmental Sustainability Partnership with States Government	Corporate Social Responsibility	5.9
Racing for Sustainable Development Goals	Corporate Social Responsibility	5.9
Training for Film Producers	Corporate Social Responsibility	5
Made in Nigeria Festival	Sponsorship	4
Other Donations and Collaborations	Sponsorship	37.8
Total		299.1

Women's Economic Empowerment

Sterling Bank promotes a gender-inclusive workplace culture. In our business operations, we seek to provide products and services designed specifically for women and promote female empowerment. We launched our 'One Woman' proposition in 2017 - an initiative focused on supporting women in business by granting them access to unique market and finance products and services.

- **The Edu-Finance** scheme empowered 1,162 women who could not afford to pay school fees. 45 previously unbanked and underserved women of the Grace Assembly Institute were also granted access to loans to improve their businesses.
- **Widow Rehabilitation:** As part of our CSR projects, we rehabilitated a homeless widow living in front of the Bank along with her 3 children. This was done with the help of members of staff who donated cash and home items for her.
- **Women in Banking Internship program:** An Internship/Job Shadowing scheme for Young Women interested in a corporate career.
- **Internal Women Network:** The Sterling Women Network aims to empower female staff by supporting them to realize their full potential and ultimately drive representation in decision-making levels throughout the Bank.
- A total of 2,381 retail (MSME, Individual & Specta) loans were accessed by women in 2018

Supplier Environmental Assessment

In total, in 2018, there were 2899 contract awards resulting in 1887 suppliers being successful in their tenders. Of these suppliers, 89% are local suppliers, representing 86% of the total procurement volume and reflecting significant support for local economies.

The Bank has developed a sustainability third party framework which entails our supplier code of conduct, questionnaire for sustainable practices and an assessment process which would be used to gauge and score our vendors on sustainable practices. Implementation would be enforced in 2019.

Plan is underway, to conduct sustainability training for our top vendors to help improve their sustainability practices. We plan to capture data, such as the statistics of small and medium-sized suppliers; their ownership structure (with focus on women-owned businesses) and human capital diversity.

Sterling Sustainability Award

We commemorated the World Environmental Day by awarding branches with outstanding performance in Sustainability Reporting.



Environmental Sustainability

Environmental Footprint Management

The most significant environmental impact from our business operations is from carbon emissions via our facilities through the consumption of fossil fuels such as Diesel and Petrol. We benchmark ourselves against external environmental certifications to ensure that we incorporate sustainable designs and practices into our offices and branches.

Sterling Bank understands the importance of ensuring that the business operations of the bank are conducted (designed, constructed and operated) to present as small a carbon footprint as practicable. Thus, we have set a 3-year target to reduce our Carbon Footprint by a minimum of 5% over 3 years ending in 2020. Our efforts to attain our carbon footprint target have resulted in significant savings – both in terms of carbon emissions and costs.

Sustainable Waste Management

As an environmentally friendly brand, we have adopted and embedded a waste recycling culture into our waste management processes. In 2018, We had several partnerships and collaborations with relevant organizations such as Wecyclers, LAWMA, E-terra, Data Guard, LASEPA etc. around the issue of sustainable waste management.

As a financial institution, we are committed to sustainable waste management, and this entails, among other measures, reducing the number of wastes sent to landfills, by adopting the principle of “Reduce, Reuse and Recycle.”



However, an improvement in capturing the volume of waste sent to the dumpsites is required to enhance the Bank's sustainable waste management initiatives and improve performance, the Bank would improve on that going forward.

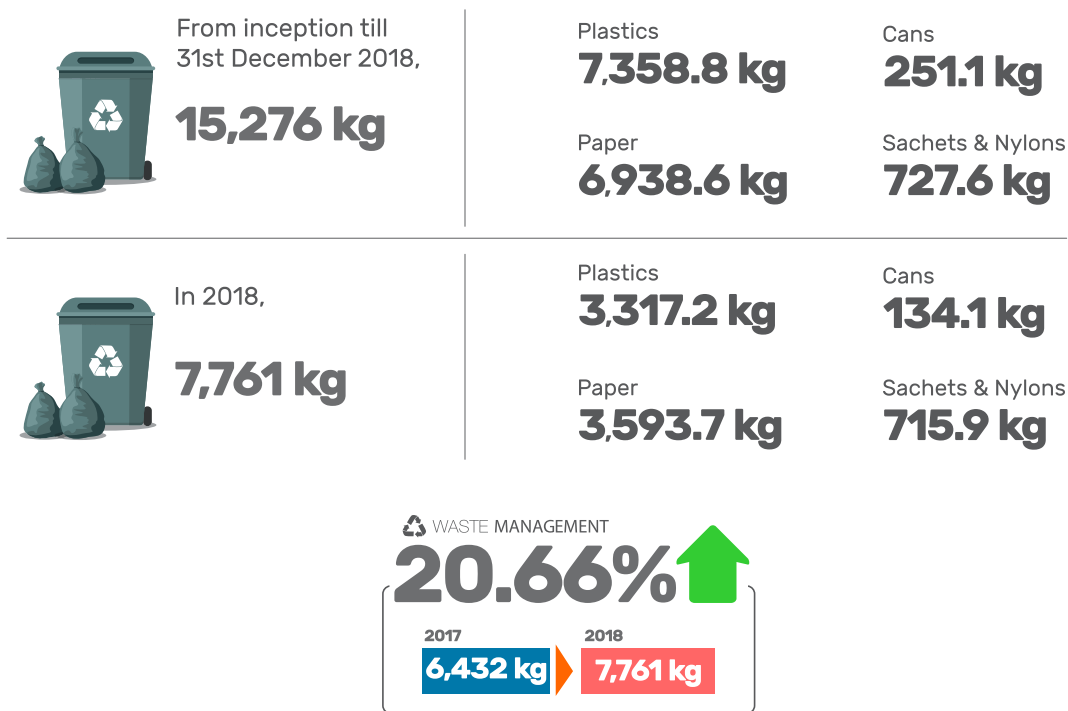
The Bank in partnership with **Wecyclers** and **LAWMA** commenced a Waste Recycling Initiative on the 1st of November 2016 at the Head Office, Sterling Towers, to manage the bank's wastes in an orderly manner thereby reducing the Bank's Carbon footprint. The initiative enables the Bank to dispose of its waste by separating bio-degradable waste and recyclable wastes. LAWMA disposes of the bio-degradable wastes while the recyclable (Paper, Cans, Sachet and Pet) are further processed from waste to wealth thereby contributing to the economic growth of the recycling sector.



The initiative was retained at the Sterling Towers and extended to the Head Office Annex, Ilupeju, Ikeja, Lagos on the 5th of June 2018. We plan to further extend this initiative to additional office locations in the coming year.

Offsite Shredding Exercise

To further aid our waste recycling process, we engaged Dataguard, to shred obsolete documents to enable easy pick-up by our Waste recycling vendor, Wecyclers. A total of 709.6 kg of shredded paper was amassed after the exercise.



Electronic Waste Recycling

As further proof of our commitment to sustainable waste management, we engaged E-Terra Technology Company to degauss, shred & recycle the Bank's E-Waste. E-Terra certified the Bank for this feat. This would be our approach to managing e-waste annually based on the waste generated and alignment with the Bank's retention policy. 164.8kg of electronic waste (hard drives) were recycled in 2018.

Deployment of Energy Saving Initiatives

We partnered with Starsight, an Energy outsourcing vendor, to deploy hybrid power and renewable energy solutions to 25 branches, a total of 40 branches are currently on the Power as a Service solution. The solution comes with bespoke air conditioners and light fittings to further reduce our greenhouse gas emissions. We plan to implement the solution to additional 40 branches in the coming year.



Over 100 solar-powered ATM were commissioned in 2018, bringing the total number of ATMs on hybrid/renewable energy to 189 ATMs out of 833 active ATMs. Solar-powered branch perimeter lighting solutions have been deployed to about 80% of the Bank's network.

Other strategies include;

- Electrical load optimization and downsizing and rightsizing of generators.
- Reducing travel time by providing video conferencing services to more locations.
- Withdrawal and outsourcing of pool cars from Non-market facing staff, leading to a reduction in company fleet from 889 vehicles in 2016 to 665 vehicles as of December 2018, thereby reducing fleet maintenance cost and greenhouse gas (GHG) emissions.
- Purchase and deployment of solar kiosk across states. 8 Solar kiosks were deployed in 2018 across the country.

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

Resource	2017	2018	% Change
Amount spent on petrol (N)	241,705,490.90	235,701,278.70	-2.48%
Average cost per litre of petrol (N)	145	145	0.00%
No of litres consumed - petrol	1,666,934.42	1,625,526.06	-2.48%
CO ₂ emission on petrol consumed (KgCO ₂ e)	3,853,452.30	3,757,728.59	-2.48%
Weight per litre of petrol consumed (kg)	0.71	0.71	0.00%
Total weight of litres of petrol consumed (kg)	1,183,523.44	1,154,123.50	-2.48%
Amount spent on diesel (N)	500,569,896.61	495,731,968.40	-0.97%
Average cost per litre of diesel (N)	200	217	8.50%
No of litres consumed - diesel	2,502,849.48	2,284,479.12	-8.72%
CO ₂ emission on diesel consumed (KgCO ₂ e)	6,676,601.28	6,094,076.49	-8.72%
Weight per litre of diesel consumed (kg)	0.84	0.84	0.00%
Total weight of litres of diesel consumed (kg)	2,102,393.57	1,918,962.46	-8.72%
Amount spent on dispense bottle water (N)	30,360,060.00	33,472,486.57	10.25%
Cost per bottle of dispense water (N)	450	450	0.00%
No of litres consumed	1,281,869.20	1,413,282.77	10.25%
Weight per litre (kg)	1	1	0.00%
Weight of litres of water consumed (kg)	1,281,869.20	1,413,282.77	10.25%
Amount spent on paper (N)	25,682,040.00	32,825,880.20	27.82%
Average cost per paper ream (N)	1,500.00	1,700.00	13.33%
No of reams consumed	17,121.36	19,309.34	12.78%
Weight per ream (kg) -	2.4	2.4	0.00%
Weight of reams of paper consumed (kg)	41,091.26	46,342.42	12.78%
Amount spent on electricity (N)	310,863,929.83	352,988,228.72	13.55%
Average cost of electricity per KWH (N)	40	40	0.00%
No of KWH consumed	7,771,598.25	8,824,705.72	13.55%
CO ₂ emission on electricity consumed (KgCO ₂ e)	4,076,980.44	4,629,440.62	13.55%
Total CO ₂ emissions on Electricity, diesel and petrol consumed (KgCO ₂ e)	14,607,034.02	14,481,245.71	-0.86%
Consumption of Natural Gas (Nm ³)	108,601.00	30,646.00	-71.78%
Co ₂ emission from Natural Gas (KgCO ₂ e)	204,930.10	57,829.04	-71.78%
Total waste generated (kg)	1,439,880.95	1,105,220.31	-23.24%
Total waste recycled (kg)	6,432.00	7,760.88	20.66%

Notes:

- During the year, diesel consumption declined by **8.72%** compared to a **13.55%** increase in electricity consumed, while Petrol consumption (PMS) and Natural Gas consumption fell by **2.48%** and **71.78%** respectively.
- The total GHG emitted by the Bank's business operations declined marginally by **1.84%** from **14,811 tCO₂e** in 2017 to **14,539 tCO₂e** in 2018. Diesel consumption contributed **58%** of all carbon emissions generated by the bank in 2018. Carbon Footprint per employee reduced by **4.75%** from **4.0 tCO₂e** in 2017 to **3.8 tCO₂e** in 2018.
- Paper consumption increased by **12.78 %** due to the increase in staff strength and customer base.
- Drinking water consumption from water dispensers at our offices increased by **10.25%** due to an increase in staff strength and customer base.
- Total waste recycled increased by **20.66%** from **6,432 kg** in 2017 to **7,760 kg** in 2018, due to the extension of our waste recycling initiative to the Head Office Annex, Ilupeju, Lagos
- Though the Bank has marginally reduced its carbon emission, there are still areas that require improvement such as; data accuracy on energy consumption and tools to adequately capture employees travel time.

Codes, Standards and Guidelines

The following codes, standards and guidelines underpin the Bank's approach to sustainable governance:

United Nations Global Compact

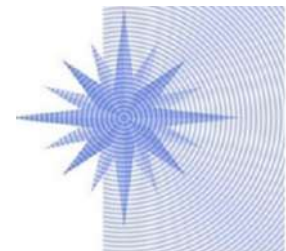
As a participatory member of the United Nations Global Compact (UNGC), adopted on December 2018, Sterling Bank is committed to integrating the UNGC Ten principles with its corporate strategy, culture, day-to-day operations and even our supply chain. We will also work at raising awareness and understanding about how the financial sector impacts society, and how a shift in priorities and ways of working is crucial for the sector to remain relevant and legitimate in the future.



International Finance Corporation

Sterling bank adopted in IFC performance principles in assessing E&S risk in credit transactions in 2015. We have updated and aligned our systems and processes to be consistent with the International Finance Corporation (IFC) Performance Standards and World Bank Group Environmental Health and Safety (EHS) Guidelines.

**the
Wolfsberg
Group**



Wolfsberg Group

We are compliant with the Group's anti-money laundering standards.



Independent Auditor's Limited Assurance Report on the Selected Sustainability Information in Sterling Bank's Sustainability Report for the year ended 31 December 2018.

To the Directors of Sterling Bank Plc.

We have undertaken a limited assurance engagement in respect of the selected sustainability information, as described below, and presented in the 2018 Sustainability Report of Sterling Bank Plc ("*Sterling Bank*" or "*the Bank*") for the year ended 31 December 2018 (the Report). This engagement was conducted by a multidisciplinary team including health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected sustainability information, marked with a '☑' on the relevant pages in the Sustainability Report for the year ended 31 December 2018. The selected sustainability information described below have been prepared in accordance with the reporting criteria as described below and presented in Appendix I of the Sterling Bank Sustainability Report for the year ended 31 December 2018.

	Reporting Criteria	Selected Sustainability Information	Unit of Measurement
Economic	Number of sectors where loan requests are assessed for Environmental and Social (E&S) Risks	Loan request transactions in nine (9) economic sectors were assessed for Environmental and Social (E&S) Risks in 2018;	#
	Number of retail loans (MSME, Individual & Spectra loans) that were accessed by women	2,381 retail loans (MSME, Individual & Spectra) were accessed by women in 2018;	#
	Monetary value of loans and advances that were disbursed to four (4) key sectors that directly contribute to the achievement of the United Nations Sustainable Development Goals - Health, Education, Agriculture, and Transportation	N89.14 billion worth of loans and advances were disbursed to four (4) key sectors that directly contribute to the achievement of the United Nations Sustainable Development Goals - Health, Education, Agriculture, and Transportation;	NGN
Social	Monetary value of spend on community initiatives	N299.1 million was spent on community initiatives in 2018 by Sterling Bank Plc;	NGN
	Monetary value of spend on employee capacity building within the Bank	N764 million was spent on employee capacity building in 2018 within the Bank;	NGN
Environmental	Percentage increase in categorized waste recycling	20.66% increase in our categorized waste recycling at the Head Office and Head Office Annex;	%
	Weight of electronic waste (hard drives) handed over for recycling to a recycling company by the Head Office	164.8kg of electronic waste (hard drives) was handed over for recycling to a recycling company by the Head Office in 2018.	Kg



We refer to this information as the "selected sustainability information for Limited Assurance, respectively, and collectively as the "selected sustainability information".

Your responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out in the Sustainability Report (the "Reporting Criteria").

This responsibility includes:

- the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance, and
- the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability information and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practices on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants (IESBA) issued by the International Federation of Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies the International Standard on Quality Control¹ and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board. The Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the Company's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information.



A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- Performed a controls walkthrough of identified key controls;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected sustainability information; and
- Evaluated whether the selected sustainability information presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at the Company.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's selected sustainability information have been prepared, in all material respects, in accordance with the accompanying the Company's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out in the Subject Matter paragraph above for the year ended 31 December 2018 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matter(s)

The maintenance and integrity of Sterling Bank's website is the responsibility of Sterling Bank's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Sustainability Report or our independent assurance report that may have occurred since the initial date of presentation on Sterling Bank's website.

Restriction of liability

Our work has been undertaken to enable us express a limited assurance conclusion on the selected sustainability information to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this report, or for the conclusion we have reached.

For: PricewaterhouseCoopers Chartered Accountants Lagos, Nigeria
Engagement Partner: Samuel Abu FRC/2013/ICAN / 00000001495
August 28, 2019

Selected Non-financial Indicators

Indicators	Level of Assurance	Unit of Measurement	Selected Sustainability Information	Definition
Economic				
1 Number of sectors where loan requests are assessed for Environmental and Social (E&S) Risks	Limited	#	Nine (9) economic sectors	<p>This is the number of sectors where E & S credit risk assessment is applied to loan request transactions, out of all the total economic sectors that the Bank provides financial services to. The credit risk assessment process constitutes several steps, carried out on transactions that fall within the following economic sectors:</p> <p>Oil & Gas Agriculture Manufacturing Construction Power Real Estate Renewable Energy Education Transportation</p> <p>Criteria for conducting E&S assessment on transactions include:</p> <ul style="list-style-type: none"> • Transactions equal to or more than N25 million (retail) • Transactions fall within the 11 sectors approved by the Bank's Board for E&S risk assessment (the 11 sectors include the nine listed above, renewable energy and health sectors). <p>Procedures for E&S risk assessment include:</p> <ul style="list-style-type: none"> • Filling of an E & S checklist with supporting documents • Screening out the project if it does not meet the Bank's financing criteria (i.e. if listed on the exclusion list) • Desk analysis of E & S impacts of the transaction and categorization of risk into high, medium or low • Conduct an Environmental and Social Due Diligence (site visit) to evaluate compliance with local E&S laws and regulations • Develop a corrective E & S Action Plan, where the Bank's E&S requirements cannot be fully demonstrated • Generate an E&S report that includes the risks, mitigation and control measures for such transaction.
2 Number of retail loans (MSME, Individual & Specta loans) that were accessed by women	Limited	#	2,381 retail loans	<p>This is the total number of loans accessed by women, either as individuals and women-owned or run businesses. Retail loans comprise three major categories:</p> <ul style="list-style-type: none"> • SPECTA loans are loans accessible to individuals or businesses through a short online application procedure.

Selected Non-financial Indicators

Indicators	Level of Assurance	Unit of Measurement	Selected Sustainability Information	Definition
Economic				
2	Limited	#	2,381 retail loans	<ul style="list-style-type: none"> Retail individual loans are loans given to individuals, such as a car loans, lease finance loans etc., which bear the individual's name. MSME loans are loans given to small and medium size businesses, which bare the name of the business.
3	Limited	#	NGN 89.14 Billion	This is the total amount disbursed as loans and advances to economic sectors that directly contribute to the achievement of the United Nations Sustainable Development Goals, in order to increase financial access to organizations and promote sustainable growth within these sectors (strategically selected by Sterling Bank).
Social				
4		NGN	NGN299.1 Million	This is the total amount disbursed as loans and advances to economic sectors that directly contribute to the achievement of the United Nations Sustainable Development Goals, in order to increase financial access to organizations and promote sustainable growth within these sectors (strategically selected by Sterling Bank).
5		NGN	NGN764 Million	This is the total amount spent on employee capacity building during the financial year within the Bank – direct and indirect costs (such as travel, accommodation, stationary, venue hire, etc.). Capacity building constitutes classroom and computer based trainings (internal and external) and certification courses. The Bank can offset some cost of employees' certification courses if they are related to their job roles/description. Master's Degree courses or modules are not covered by the Bank.

Selected Non-financial Indicators

Indicators	Level of Assurance	Unit of Measurement	Selected Sustainability Information	Definition
Environmental				
6 Percentage increase in categorized waste recycling	Limited	%	20.66% increase	<p>This is the percentage change in the quantity of categorized waste recycled between the current and prior financial year, which is picked up and managed by a third party recycling company. Waste recycling can take place in the Head Office, Head Office Annex and/or branches.</p> <p>Categorized waste applicable within the recycling programme of the Bank are PET bottles, nylon (water sachet and packaging nylon bags), tins (milk tins), paper, and aluminum waste (beverage cans).</p>
7 Weight of electronic waste (hard drives) handed over for recycling to a recycling company by the Head Office	Limited	%	164.8 kg	<p>This is the quantity of electronic waste (computers and peripherals, hard drives, compact discs, etc.) that is picked up and managed by a third party recycling company in the current financial year.</p>

Sterling Bank and the Sustainable Development Goals

In September 2015, the United Nations announced a set of 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure that all people enjoy peace and prosperity as part of the 2030 Agenda for Sustainable Development. Shortly after, the Paris Agreement on climate change was adopted by 195 countries, underscoring the need to limit the rise of global temperatures. At Sterling, we believe that we have a role to play in promoting sustainable development, including the transition to a low carbon economy and creating wealth for the growth of the economy. As at the end of the year 2018, we invested over 89 billion Naira to four key sectors that directly contribute the achievement of the United Nations Sustainable Development Goals – Health, Agriculture, Education and Transportation;



Sustainable Development Goals (SDGs)	Our Contributions
<p>SDG 1: No Poverty End poverty in all its forms everywhere</p> <p>SDG 2: Zero Hunger End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>Through our financial inclusion services such as the agent banking solution, we have been able to provide financial services including microfinance to the low-income communities, small and medium enterprises and the financially excluded, while also providing jobs for over 300,000 mobile agents.</p> <p>Our Bank was chosen as the sole participating bank for loan administration, management, and account services under the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL)/CBN Anchor Borrowers Programme. Our partnership with NIRSAL/CBN on the Anchor Borrowers fund, has been able to promote modern agricultural practices, thereby improving food security by reducing production time, increasing yield and storage targeted at over 5000 farmers across 10 states - Ogun, Ondo, Osun, Bauchi, Jigawa, Kano, Zamfara, Gombe, Enugu and Imo state.</p> <p>Our partnership with AFEX Commodities Exchange Ltd(AFEX) and Binkabi to have been able to streamline the process of financing agriculture for small-scale farmers and other players in the commodities markets.</p> <p>Through our Sterling Bank Farmers radio show, we have been able to educate farmers on modern agricultural practices and financial literacy across 13 northern states.</p>
<p>SDG 3: Good Health and Well-being Ensure healthy lives and promote well-being for all at all ages</p>	<p>As part of our strategy to build expertise in focus sectors (Health, Education, Agriculture, Renewable energy, and Transportation), we have made significant investments in the Health sector, by funding the provision of Hospital equipment and infrastructure, promoting medical technology and improved technical capacity across the industry.</p>
<p>SDG 4: Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<p>One of our pillars for growth is to ensure that we make an impact on the businesses within our focus sectors ("Sterling's HEART"), through sustainable banking initiatives. We have made significant investments in the Education sector, by funding the provision of education infrastructure, promote strategic partnerships to enable foreign investment flows to the industry, investment in technology that allows easy learning and dissemination of information to students and teachers Sterling bank in collaboration with the One Million Teachers (1MT), organized the inauguration of the One Million Teachers (1MT) Initiative with the goal to help attract, train and retain one million teachers as well as develop their capacity to train several million more teachers. 85 teachers were inducted by the Bank in 2018 and had started training on the 1MT platform.</p>
<p>SDG 5: Gender Equality Achieve gender equality and empower all women and girls.</p> <p>SDG 8: Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Sterling Bank is committed to promoting an organizational culture that exemplifies the Bank's deep commitment to the development and empowerment of our female employees and clients. We launched our 'One Woman' proposition in 2017 - an initiative focused on supporting women in business by granting them access to unique market and finance products and services. We have supported numerous initiatives created by different women from different socio-economic classes such as (Mums in Business Fair, Her Own Network, and the launch of a book titled Sounds of Silence Musings etc.)</p> <p>We have a Diversity and Equality Policy and a Women Economic Empowerment committee made up of senior management, which underscores our commitment to promoting a diverse and skilled workforce. Currently, 21% of Board and Senior Management are female, while 40% of total employees are female.</p> <p>Sterling Bank is committed to implementing initiatives treated at improving staff welfare within our business operations. In line with international best practice, we have established policies and guidelines covering grievance resolution, disciplinary procedures, paid maternity and paternity leave, employee training and performance management, and employee welfare programmes. We do not discriminate the physical challenged during our recruitment process.</p> <p>Also, we commenced the implementation of a five-day paternity leave in 2018, while we have also established a Health Insurance Scheme(HMO) to cover all staff.</p>
<p>SDG 7: Affordable and Clean Energy Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>As part of our focus sectors, we are committed to making significant investments towards research & development, capacity building, innovation and technology upgrades in the Renewable Energy sector. We officially established a Renewable Energy Unit in February 2018 to drive our initiatives in this sector.</p> <p>We have established partnerships with Development Financial Institutions (DFIs) to provide finance to renewable energy businesses, and other stakeholders within the sector on product development, capacity building for technicians and business owners, awareness creation and sponsorship of renewable energy events..</p>

Sustainable Development Goals (SDGs)	Our Contributions
<p>SDG 9: Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>SDG 11: Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>In a bid to effectively achieve our strategic goals, we have also deployed sustainable and revolutionary products and services like I-Invest, Farepay, EveryNanny, Quickcash, and many more geared towards fostering innovation and promoting resilient infrastructure.</p> <p>As part of our strategy to build expertise in focus sectors and to impact on the businesses within the Transportation sector, have made significant investments in technologies that ensure efficient collections for transport businesses, providing financing that enables transport business scale up from their current models and creating partnerships with experts outside of Nigeria to test new business models to ensure efficient transportation of economic resources.</p> <p>We launched the Farepay system – a new hassle-free electronic payment system that allows you to ride the BRT in Lagos without the inconvenience of long queues, or the need to wait or forfeit your change</p>
<p>SDG 12: Responsible consumption and production Ensure sustainable consumption and production patterns</p>	<p>In a bid to promote sustainable consumption, we adopted sustainable waste management practices. We initiated partnerships with LAWMA and Wecyclers Ltd. As at December 2018, Sterling Bank has collected and recycled over 15,000 kg of recyclable waste.</p> <p>We successfully extended our Waste Recycling initiative to our Head Office Annex, Ilupeju location in 2018. We also engaged E-Terra, an Electronic waste recycler, to recycle our electronic wastes. We established a Recyclart competition in 2017, where participants are required to create unique sculpture/art from recyclable materials/wastes.</p>
<p>SDG 13: Climate action Take urgent action to combat climate change and its impacts</p>	<p>As an environmentally conscious financial institution, We set a 3-year target to reduce our Carbon footprint by a minimum of 5% over 3 years ending 2020. We have adopted several in-house strategies to manage our carbon footprint, such as:</p> <ul style="list-style-type: none"> • Deployment of hybrid power/renewable energy to branches • Deploying video conferencing facilities to more locations, targeted at reducing the frequency of air travels and use of company fleet. • Electrical load optimization and downsizing and rightsizing of generators • Deploying administrative controls, such as the automatic shutdown of cooling systems by close of business, to more branch locations, targeted at reducing energy consumption at branch locations etc. <p>Through, the initiatives we achieved a marginal reduction in our carbon footprint by 1.84% from 14,811 tCO₂e in 2017 to 14,539 tCO₂e in 2018.</p> <p>We also recognize the business opportunities in combating climate change. We have established a Renewable Energy Desk and pledged to invest over N10 Billion in the Renewable Energy Sector.</p>
<p>SDG 17: Partnerships for the goals Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development</p>	<p>As part of our commitment to support the global agenda for sustainable development. Sterling Bank successfully subscribed to become a participatory member of the United Nations Global Compact - which focuses on Human Rights, Labor, Environment and Anti-Corruption.</p>

Implementation of the Nigerian Sustainable Banking Principles (NSBPs)

The establishment of the 9 Nigerian Sustainable Banking Principles (NSBPs) and three sector-specific guidelines (covering the Oil & Gas, Agriculture and Power sectors) by the Bankers Sub-Committee on Economic Development and Sustainability in September 2012 marked a new phase for the Sustainability in the Nigerian financial services sector.

In the last five years of implementation, we have made significant progress in integrating the principles into our business operations and business activities. Our sustainability strategy and framework are also deeply influenced by the nine principles of the NSBPs.

NSBP Principles	Expectations	Our Progress
Principle 1: Our Business Activities: Environmental and Social Risk Management	To integrate environmental and social considerations into decision-making processes relating to Business Activities to avoid, minimize or offset negative impacts.	<p>At Sterling Bank, we have established an Environment and Social Risk Management System (ESRMS) to effectively manage (avoid, minimize and mitigate) the E&S risk impact of credit transactions within 3 sectors of the economy (Agriculture, Oil & Gas and Power). The ESRMS of the Bank is based on the IFC (International Finance Corporation) Performance Standards and the CBN NSBPs and Sectorial Guidelines. In 2018, We extended our E&S risk sectorial review to cover eight (8) additional sectors; Mining, Manufacturing, Real Estate, Construction, Health, Renewable energy, Education and Transportation including Non-Interest Banking transactions within the E&S coverage sector in line with proposed CBN implementation plans, Development Financial Institutions requirements and best practice.</p> <p>A total of 487 credit requests have been assessed for E&S risk since inception (2014) till date (31st Dec 2018) by the Sustainable Banking Team. One hundred forty credit requests were screened this year, with Oil & Gas and Construction sectors accounting for 41% and 21% of the total number of transactions.</p> <p>A total of Twenty-eight (40) E&S risk monitoring visits have been conducted since E&S risk monitoring commenced on the 1st of May, 2016. Eight (8) E&S risk monitoring visits have been conducted this year.</p>
Principle 2: Our Business Operations: Environmental and Social Footprint	To avoid, minimize or offset the negative impacts of our Business Operations on the environment and local communities in which we operate and where possible, promote positive impacts.	<p>In a bid to manage and considerably reduce our carbon footprint, Sterling bank has implemented several strategies such as:</p> <ul style="list-style-type: none"> • Commissioning a CNG plant installation at the Sterling Towers. • Commissioning of a 45Kwh Hybrid Solar project at the Head office annex, Ilupeju. • Deployment of energy outsourcing solution to over 40 branches, thereby reducing diesel consumption by over 20% for selected branches. • Electrical load optimization, which involved rightsizing and downsizing of Generators and electrical appliances at several branch locations. • Outsourcing of pool cars from non-market facing staff, which lead to a reduction in company fleet vehicles from 889 vehicles in 2016 to 665 vehicles as of December 2018. • Our Procurement policy for screening third-party suppliers and vendors has been reviewed to integrate essential issues regarding Environmental and Social risks to create an eco-friendlier document that demonstrates the Bank's commitment to responsible procurement. • Deployment of Video conference activities - Over 300 video conference activities has been scheduled within the last two years. • Implementation of a Print as a Service Initiative at the HQ Annex
Principle 3: Human Rights	To respect human rights in our Business Operations and Business Activities	<p>We are committed to respecting and upholding Human Rights in the course of our business operations and activities. Within our Business Operations, an anonymous and confidential grievance redress mechanism to address genuine cases of bullying, fraud, sexual harassment, intimidation and community grievances has been established, and complaints can be sent to whistleblowing@sterling.ng or customer-care@sterling.ng. 163,998 customer complaints were resolved via the Bank's Contact centre compliant resolution mechanism. Our 26th Foundation class for executive trainees produced our 1st Physically challenged employee from the program. Within our Business Activities, Human right risks are assessed, and mitigations are proffered for credit requests under the sectors under our purview. We have a 60-day maternity leave and a 5-day paternity leave for staff.</p>

NSBP Principles	Expectations	Our Progress
Principle 4: Women's Economic Empowerment	To 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	Sterling Bank promotes a gender-inclusive workplace culture. In our business operations, we seek to provide products and services designed specifically for women and promote female empowerment. We launched our 'One Woman' proposition in 2017 - an initiative focused on supporting women in business by granting them access to unique market and finance products and services. As of December 2018, female representation on the Board of Directors was at 21%, while the ratio of women to men in the bank stood at 40% to 60% respectively. Over 2000 individual loans valued at over N 1 Billion were given out to women in 2018.
Principle 5: Financial Inclusion	To promote financial inclusion seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.	Sterling Bank is committed to enriching lives by providing sector-specific products & services that recognize segments of the economy that traditionally have limited or no access to the formal financial sector. Examples of some financial inclusion products include; The Sterling I Can Save account along with our E-money box provides financial literacy opportunities for children at an early age, The Sterling Kia Kia account, MSME Academy for SMEs and small-scale businesses, Zero-to-Export finance training etc. Over 280,000 accounts were opened for unbanked individuals who received financial services or products for the first time, while the number of new mobile banking agents registered in 2018 stood at 2,748.
Principle 6: E & S Governance	To implement robust and transparent E & S governance practices in our respective Institutions and assess the E & S governance practices of our clients	We are committed to an effective and transparent E&S governance structure in support of our sustainable banking commitments and assess the governance practices of our clients. We have established Policies, Frameworks and a Standard Operating Manual which clearly defines the roles, lines of responsibility, and processes for assessing, categorizing and managing environmental and social risks inherent in our operations. For the past 4 years, we have conducted internal and external audit assessments of our processes and procedures, of which identified gaps are being addressed.
Principle 7: Capacity Building	To develop individual, institutional and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our business activities and operations.	At Sterling Bank, we are committed to capacity building and investing in the Knowledgebase and competence of our staff on sustainability issues. We have established a dedicated Sustainable Banking Working group, made up of over 20 employees from various strategic units. Within the past 5 years, over of 100 NSBPs/Sustainability related capacity building sessions have been organized, with more than 13,000 workers in attendance. In 2018, We conducted 23 capacity building training sessions, with a total of 4,162 participants bank-wide, through specialized training, On-boarding training sessions and the IFC/World Bank Sustainability E-Learning Training Programme. Each year, we organize a Sustainability Summit to evaluate Sustainability initiatives bank-wide in line with the Central Bank of Nigeria (CBN) Nigeria Sustainable Banking Principles (NSBPs) and best practice. The Summit provides our Sustainability Working Group with a robust platform to obtain feedback from participants and discuss the plans for the upcoming year.
Principle 8: Collaborative Partnership	To collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one, ensuring our approach is consistent with international standards and Nigerian development needs.	As part of our efforts to promote sustainability practices within the Nigerian financial services sector, we have collaborated with several local and international organizations to support sustainability initiatives. Over the past few years, we partnered with several local and international organisations to support sustainability initiatives. Some examples include; Our partnership with Lagos State Waste Management Agency (LAWMA) and Wecyclers on our Waste Recycling Initiative, British council and Lagos State Environmental Protection Agency (LASEPA) to organise our Recyclart competition, Afrigant and Wimbiz to launch our Sterling One-Woman product, Partnership with The Nigeria Economic Summit Group to sponsor the NESG-HBS Green Financing workshop conference and several state governments on providing uniforms for highway managers to name a few. In 2018, we successfully subscribed as a participatory member of the United Nations Global Compact - which focuses on Human Rights, Labor, Environment and Anti-Corruption. Sterling Bank is actively represented at the NSBPs Industry Sustainability Champions Forum.
Principle 9: Reporting	To regularly review and report on our progress in meeting these Principles at the individual institution and sector level.	Sterling Bank is committed to rendering a transparent Sustainability progress report to relevant internal and external stakeholders. We have published our Annual Sustainability Report for four consecutive years 2015 to 2018 and ensured an independent external assurance was done on our reports (2016, 2017 and 2018 report). We will continue to adequately inform our stakeholders on our progress regarding our commitment to the Sustainable Banking Principles.

Contact Information

For Questions regarding the content of this report, please contact:

E-mail: sustainable.banking@sterling.ng

Website: www.sterling.ng



2018 GRI Standards Content Index			
GRI Standards	Disclosure	Page No.(s)	Omission
<i>General Disclosure</i>			
GRI 102: Organizational Profile	102-1: Name of the Organisation	Cover Page	
	102-2: Activities, Brand, Products, and Services	19,34	
	102-3: Location of Headquarters	20	
	102-4: Location of Operations	20	
	102-5: Ownership and Legal Form	19	
	102-6: Markets Served	19,27	
	102-7: Scale of the Organization	20	
	102-8: Information on employees and other workers	9,36-37	
	102-9: Supply Chain	24	
	102-10: Significant changes to the organization and its supply chain	24	
	102-11: Precautionary principle or approach	24	
	102-12: External Initiatives	53-60	
	102-13: Membership of Associations	46	
GRI 102: Strategy	102-14: Statement from Senior Decision-maker	17	
	102-15: Key Impacts, Risks, and Opportunities	17-18	
GRI 102: Ethics and Integrity	102-16: Values, Principles, Standards, and Norms of Behavior	20,24	
	102-17: Mechanisms for Advice and Concerns about Ethics	22-23	
GRI 102: Governance	102-18: Governance Structure	21-23	
	102-20: Executive Level Responsibility for Economic, Environmental, and Social Topics	21	
	102-22: Composition of the Highest Governance Body and its Committees	21	
	102-23: Chair of the Highest Governance Body	21	
	102-24: Nominating and Selecting the Highest Governance Body	21	
	102-26: Role of Highest Governance Body in Setting Purpose, Values, and Strategy	21	
GRI 102: Stakeholder Engagement	102-35: Remuneration Policies		Omitted
	102-40: List of stakeholder groups	10-11	
	102-41: Collective Bargaining Agreements		Omitted
	102-42: Identifying and Selecting Stakeholders	10-11	
	102-43: Approach to stakeholder engagement	10-11	
GRI 102: Reporting Practice	102-44: Key Topics and Concerns raised	13	
	102-45: Entities included in the Consolidated Financial Statements	The content and data in this document relate to Sterling Bank Plc. The GRI Index 2018 does not cover activities of the other agencies of the Sterling bank Group	
	102-46: Defining Report Content and Topic Boundaries	10-13	
	102-47: List of Material Topics	10-11	
	102-48: Restatements of Information		Omitted
	102-49: Changes in Reporting	There were no significant changes	
	102-50: Reporting Year	January 1 to December 31, 2018	
	102-51: Date of the most recent report	2017	
	102-52: Reporting cycle	Annual	
	102-53: Contact point for questions regarding the report	58	
	102-54: Claims of reporting in accordance with the GRI Standards	The GRI Index 2018 has been prepared in accordance with the GRI Standards: Core option.	
	102-55: GRI content index	59	
	102-56: External Assurance	47-49	
GRI 103: Management Approach	103-1: Explanation of the material topic and its Boundary	11-13	
	103-2: The management approach and its components	10-11	
	103-3: Evaluation of the management approach		Omitted

2018 GRI Standards Content Index			
GRI Standards	Disclosure	Page No.(s)	Omission
<i>GRI 200 Economic Standard</i>			
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed	34-35	
	201-2: Financial implications and other risks and opportunities due to climate change		Omitted
	201-3: Defined benefit plan obligations and other retirement plans		Omitted
	201-4: Financial assistance received from the Government		Omitted
GRI 202: Market Presence	202-1: Ratios of standard entry-level wage by gender compared to local minimum wage		Omitted
	202-2: Proportion of senior management hired from the local community		Omitted
GRI 203: Indirect Economic Impact	203-1: Infrastructure investments and services supported	27-34	
	203-2: Significant indirect economic impacts		Omitted
GRI 204: Procurement Practices	204-1: Proportion of spending on local suppliers	42	
GRI 205: Anti-corruption	205-1: Operations assessed for risks related to corruption	37-38	
	205-2: Communication and training about anti-corruption policies & procedures	37-38	
	205-3: Confirmed incidents of corruption and actions taken		Omitted
GRI 206: Anti-competitive Behavior	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Omitted
<i>GRI 200 Economic Standard</i>			
GRI 301: Materials	301-1: Materials used by weight or volume	45	
	301-2: Recycled input materials used		Omitted
	301-3: Reclaimed products and their packaging materials		Omitted
GRI 302: Energy	302-1 Energy consumption within the organization	45	
	302-2 Energy consumption outside of the organization		Omitted
	302-3 Energy intensity		Omitted
	302-4 Reduction of energy consumption	45	
	302-5 Reductions in energy requirements of products and services	45	
GRI 303: Water	303-1 Water withdrawal by source		Omitted
	303-2 Water sources significantly affected by withdrawal of water		Omitted
	303-3 Water recycled and reused		Omitted
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Omitted
	304-2 Significant impacts of activities, products, and services on biodiversity	There were no significant impacts	
	304-3 Habitats protected or restored	There were no significant impacts	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	There were no significant impacts	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	45	
	305-2 Energy indirect (Scope 2) GHG emissions	45	
	305-3 Other indirect (Scope 3) GHG emissions	45	
	305-4 GHG emissions intensity		Omitted
	305-5 Reduction of GHG emissions	45	
	305-6 Emissions of ozone-depleting substances (ODS)		Omitted
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), & other significant air emissions		Omitted
GRI 306: Effluents and Waste	306-1 Water discharge by quality and destination		Omitted
	306-2 Waste by type and disposal method		Omitted
	306-3 Significant spills		Omitted
	306-4 Transport of hazardous waste		Omitted
	306-5 Water bodies affected by water discharges and/or runoff		Omitted
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations		Omitted
GRI 308: : Supplier Environmental Assessment	3308-1 New suppliers that were screened using environmental criteria		Omitted
	308-2 Negative environmental impacts in the supply chain and actions taken		Omitted

2018 GRI Standards Content Index			
GRI Standards	Disclosure	Page No.(s)	Omission
GRI 400 Social Standards Series			
GRI 401: Employment	401-1 New employee hires and employee turnover	36-37	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	37	
	401-3 Parental leave	37	
GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	37	Omitted
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management–worker health and safety committees	37	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Omitted
	403-3 Workers with high incidence or high risk of diseases related to their occupation		Omitted
	403-4 Health and safety topics covered in formal agreements with trade unions		Omitted
GRI 404: Training and Education	404-1 Average hours of training per year per employee		Omitted
	404-2 Programs for upgrading employee skills and transition assistance programs	38	
	404-3 Percentage of employees receiving regular performance and career development reviews	All employees receive bi-annual performance and career reviews during the appraisal reviews	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	38-39	
	405-2 Ratio of basic salary and remuneration of women to men		Omitted
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken		Omitted
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Omitted
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	39	
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	39	
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures		Omitted
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples		Omitted
GRI 412: Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	39	
	412-2 Employee training on human rights policies or procedures	39	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	39	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	39-40	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	24, 39-40	
	414-2 Negative social impacts in the supply chain and actions taken		Omitted
GRI 415: Public Policy	415-1 Political contributions		Omitted
GRI 416: Customer Health and Safety	416-1 Assessment of the health & safety impacts of product & service categories		Omitted
	416-2 Incidents of non-compliance concerning the health & safety impacts of products & services		Omitted
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling		Omitted
	417-2 Incidents of non-compliance concerning product and service information and labeling		Omitted
	417-3 Incidents of non-compliance concerning marketing communications		Omitted
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		Omitted
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area		Omitted
Financial Services Sector Specific			
The Sustainable Development Goals		53-55	
The Nigerian Sustainable Banking Principles		56-57	



