



STERLING FINANCIAL HOLDINGS COMPANY PLC

SUSTAINABILITY -

ENVIRONMENTAL SOCIAL & GOVERNANCE RISK POLICY

Version 1.0

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Abbreviation	Full Meaning
APEO	Alkylphenol Ethoxylates
BAT	Best Available Technology
CDP	Carbon Disclosure Project
DFI	Development Finance Institution
EDGE	Excellence in Design for Greater Efficiencies
ERG	Employee Resource Groups
EHS	Environmental, Health and Safety
EMAS	Eco-Management and Audit Scheme
EMS	Environmental Management System
E&S	Environmental and Social
ESRM	Environmental and Social Risk Management
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
EMP	Environmental Management Plan
EU	European Union
FAO	Food and Agriculture Organization
FMARD	Federal Ministry of Agriculture and Rural Development
FMLHUD	Federal Ministry of Lands, Housing and Urban Development
FMLP	Federal Ministry of Labour and Productivity
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GRM	Grievance Redress Mechanism
ILO	International Labour Organization
IMO	International Maritime Organization
IPM	Integrated Pest Management
IPIECA	International Petroleum Industry Environmental Conservation Association
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
LEED	Leadership in Energy and Environmental Design
MAN	Manufacturers Association of Nigeria
MARPOL	International Convention for the Prevention of Pollution from Ships
MCC	Management Credit Committee
NAQS	National Agricultural Quarantine Service
NASPA	National Adaptation Strategy and Plan of Action on Climate Change
NAFDAC	National Agency for Food and Drug Administration and Control
NERC	Nigerian Electricity Regulatory Commission
NESREA	National Environmental Standards and Regulations Enforcement Agency
NMDPRA	Nigerian Midstream and Downstream Petroleum Regulatory Authority
NOSDRA	National Oil Spill Detection and Response Agency
NSBP	Nigerian Sustainable Banking Principles
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
OHS	Occupational Health and Safety
OSHA	Occupational Safety and Health Administration (USA)
OHSAS	Occupational Health and Safety Assessment Series

Abbreviation	Full Meaning
APEO	Alkylphenol Ethoxylates
PS	Performance Standard (IFC)
REA	Rural Electrification Agency
SAN	Sustainable Agriculture Network
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SON	Standards Organisation of Nigeria
TRIR	Total Recordable Incident Rate
TCFD	Task Force on Climate-Related Financial Disclosures
UNGC	United Nations Global Compact
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGP	United Nations Guiding Principles (on Business and Human Rights)
VPSHR	Voluntary Principles on Security and Human Rights
WB	World Bank
WHO	World Health Organization
ZDHC MRS�	Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances List

1.0 INTRODUCTION

This Policy covers the economic, environmental, social, and governance dimensions of sustainable development in our organization because we understand the connection and balance between economic prosperity, social development, and ecological impacts through collaboration with stakeholders to drive sustainable growth.

Sterling Financial Holdings Company Plc (Sterling Group), the parent company of Sterling Bank, The Alternative Bank and SterlingFi Wealth Management Limited recognizes that sustainability ranks high among the priorities of its activities and improves the predictability, transparency, and accountability of its actions by implementing its ESG Risk (Sustainability) Policy. Sterling Group (The Group) believes that embedding environmental and social principles into its corporate strategy enhances its competitive advantage, which consequently leads to sustainable development.

Through its activities, Sterling Group aims to achieve improved sustainability performance in all areas where we are active. This is accomplished by financing and promoting projects with direct or indirect environmental and social benefits.

2.0 PURPOSE

This policy document outlines Sterling Group's position on Environmental, Social & Governance (Sustainability) Risk Management and how we deliver on our responsibilities and commitments.

It shows how we bring Sustainability to life in our daily operations, our sustainable business practices, along with our engagement with our members, our communities, our employees, and our environment. We strive for excellence in our Sustainability practices and are committed to transparency in our approach. We use internationally accepted best practice frameworks to benchmark our performance. We aim to improve and report annually on our progress.

3.0 APPLICABILITY

The policy is designed for all Sterling Financial Holdings stakeholders and applicable to the specific context of the Operating Subsidiary, including its employees, customers, corporate clients, business partners, governments, non-governmental organizations, and other parties that are interested in the organization.

The policy will be reviewed regularly on a three-year basis or based on changes in business conditions or internationally accepted standards.

4.0 LEGALITY

The Environmental, Social, and Governance Risk (Sustainability) Policy includes binding conditions between the Sterling Group and its business partners. Contractual clauses regarding compliance with our Environmental Social and Governance Risk policy may be inserted into the relevant contracts or offer letters for business partners. Should environmental social and governance issues that breach our policy and/or international norms and standards arise and are not being rectified through engagement, Sterling Financial Holdings may decide to terminate the relationship.

5.0 GROUP SUSTAINABILITY COMMITMENT

Sterling Financial Holdings is committed to ensuring that sustainability is at the core of our business activities and operations. We strive to ensure that environmental social and governance considerations are included in our strategic business decisions, and these are implemented accordingly.

Our sustainability commitment is guided by the realization of the need to incorporate social, governance, and environmental concerns into the organization's development, growth, and corporate responsibility plan, thus assuring our stakeholders of our long-term profitability and viability while running a socially responsible institution.

We aim to contribute to economic, environmental, and social progress towards the attainment of the United Nations' Sustainable Development Goals (UN SDGs) by entrenching sustainability principles in our business operations and business activities and by extension, helping our clients achieve their sustainability goals. To further iterate this commitment, we have committed to five (5) growing sectors (Health, Education, Agriculture, Renewable Energy, and Transportation) that directly contribute to the achievement of the UN SDGs.

6.0 POLICY STATEMENT

Sterling Financial Holdings' Sustainability Policy ensures that the Group shall manage the Environmental Social and Governance aspects related to all Group activities and operations, thus allowing us to balance ethical and economic issues. The Group shall integrate sustainability within all levels of its business activities and operations. Our operations depend on natural resources, and the protection of these resources will guarantee welfare and support humanity's existence. Therefore, the group shall avoid, mitigate, correct, manage, and compensate for its environmental and social impact. Our core values of Customer Focus, Integrity, Teamwork, and Excellence (CITE) shall enhance our stance on sustainability and the Nigerian Sustainable Banking Principles (NSBP).

We understand the importance of our workforce toward achieving sustainable goals. We shall continue to promote equality and an inclusive workforce because we believe in diversity and encourage innovation. Each of our employees contributes to the organization's transformation and promotes our corporate culture.

We respect and guarantee workers' rights and freedom of association and firmly condemn forced and child labour. The organization does not accept any form of discrimination based on gender, race, nationality, ethnic origin, religion, disability, age, or sexual orientation. Furthermore, Sterling Holdings requires its clients to comply with international standards on the employment of minors. Sound management of workers' and communities' safety and health are essential for the business's productivity and efficiency as is the respect for their livelihood.

The organization's business practices can lead to potential sustainability risks; whatever the Sterling Group's role may be, as a lender, investor, asset manager, service provider, purchaser, operator, or employer. Sustainability risk is a transversal risk of increasing importance. Failure to anticipate and manage this risk can have multiple consequences, including financial, legal, and reputational. The Sterling Group's sustainability risk management is aligned with a moderate risk profile and risk appetite and supports the organization's mission to bring sustainable solutions to its clients.

The professionalism and commitment of our employees as well as the support of the

communities, authorities, suppliers, shareholders, and clients inspire us and ensure sustainable development. We do not only believe in a sustainable future; we are dedicated to building it.

6.1 ENVIRONMENTAL & SOCIAL RISK MANAGEMENT (ESRM) IN OUR BUSINESS ACTIVITIES

Sterling Financial Holdings is committed to being a responsible lender and complying with the Nigerian Consumer Protection Council Act Decree No 66 of 1992, which mandates the provision of an appropriate and effective mechanism to protect the pecuniary, health, environmental, safety, and security interests of all legal persons against misleading, fraudulent, and harmful business practices including manufacturing, trading, packaging, advertising, distribution and selling of goods and services to the ultimate consumers.

Sterling Group acknowledges its obligation to be transparent, act with integrity, enhance our customers' financial knowledge, and support them to make better environmental-friendly business decisions.

Sterling Group (through our Bank Subsidiaries) shall proactively embed Sustainability in its business activities by ensuring that environmental and social risks are always considered within the lending process. This will ensure that the organization avoids, minimizes, or mitigates and manages environmental and social risks in its business activities via lending. The organization shall apply sector-specific guidelines which define minimum standards expected of our clients before engaging with them.

Our objectives as regards ESRM include the following:

- Ensure that major investments undertaken by Sterling Financial Holdings Company Plc (HoldCo) are screened for potential environmental and social (E&S) impacts in line with the Group's ESG Risk (Sustainability) Policy and Guidelines.
- Ensure that financed projects comply with the Sterling Group Sustainability Policy and Guidelines.
- Identify both risks and opportunities, with local as well as regional and global perspectives using internationally accepted principles and standards (IFC Performance Standards, Equator Principles, World Bank Group Environmental, Health and Safety (EHS) Guidelines, Etc.) and ensure that all relevant environmental social and governance impacts are considered when making credit decisions.
- Assess the potential environmental and social liabilities of the Sterling Group and its customers.
- Ensure that costs related to environmental and social (E&S) protection are estimated along with other expenses and liabilities.
- Assess the commitment and capacity of our clients to manage identified potential ESG impacts.

The E&S risk assessment of transactions within our purview shall be appropriate to the nature and scale of the facility, and proportional to the level of risks and impacts. The review may be expanded to the related business activities, as deemed necessary by the Sterling Group. A proposed financial transaction can be rejected due to non-compliance with the Sterling Group Sustainability Policy and Sustainability Guidelines.

6.2 ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT IN OUR BUSINESS OPERATIONS

We can contribute positively to halting global climate change by adequately managing the Sterling Group's operations and carbon footprint. We shall do this by appropriately managing our resources, selecting vendors/contractors and streamlining our business operations through an environmental management program covering aspects such as energy efficiency, paper usage, waste management, greenhouse gas emissions, and water usage.

We understand that creating economic value depends on natural and human capital, and we are convinced that ensuring the sustainability of our value chain is the only way of protecting our shareholders' investment and a sustainable way of creating profit. This will go a long way in ensuring sustainable business development and contributing immensely to the future viability of the planet.

The Sterling Group shall update its practices periodically to incorporate relevant developments in social and environmental management. We shall continue to define specific sustainability objectives for departments within and oversee their implementation.

We shall promote environmental responsibility along our value chain by encouraging suppliers, sub-contractors, and customers to adopt social and environmental management best practices. To guarantee a responsible value chain; we select, evaluate, and monitor our suppliers and contractors through equitable and competitive processes that set out sustainable criteria by strengthening our relationship and working jointly to build capacities that enable us to grow together and reduce associated risk and operational impact.

To ensure proper and effective management of our carbon footprint, we have developed our Carbon Footprint Policy manual detailed in the Carbon Footprint Policy section of this document.

6.3 HUMAN RIGHTS

We shall respect human rights within our business operations and business activities. We are committed to respecting and upholding human rights by adopting all internationally recognized standards and practices such as United Nations Declaration on Human Rights and other international treaties to which the country is a signatory, including ensuring compliance with local labour laws.

We shall uphold the rights of:

Our employees – the Sterling Holding Company shall provide reasonable working conditions and a safe, healthy, harassment- and bullying-free work environment, which respects diversity and encourages individual development.

Business partners – the Sterling Holding Company shall uphold human rights principles with people we do business with and encourage them to abide by global human rights standards. This will largely determine the people we do business with and influence how we do business with them.

Our communities – Implementation of the Sterling Holding Company's Diversity & Equality Policy and provide support for projects that address social and environmental issues across communities.

6.4 FINANCIAL INCLUSION

We shall promote financial inclusion by providing access to formal financial services through our diverse products and solutions delivered across our banking and non-bank subsidiaries, with particular focus on previously unbanked and underserved individuals and communities

We shall enable individuals and disadvantaged groups such as Youths and Women to improve their quality of life and enhance their financial literacy and security. By providing finance to Micro, Small, and Medium Enterprises (MSMEs) to facilitate economic growth and job creation.

We shall continue to invest in programs for people in our community who might be vulnerable or at risk of becoming excluded financially, supporting them to build money skills, resilience, and confidence for the future. We know that such positive outcomes for individuals result in further benefits for their families and the communities in which they live.

6.5 WOMEN'S ECONOMIC EMPOWERMENT

We shall promote Women's Economic Empowerment through equality in our workforce. Our female staff in senior management positions shall be encouraged to mentor others, thus accelerating the female workforce's advancement and reducing the gender divide. Sterling Holding Company shall ensure products and services are designed to promote female-owned businesses.

6.6 ENVIRONMENTAL AND SOCIAL GOVERNANCE

Our Board of Directors are responsible for making sure that our overall activities are adequately managed. The Board is committed to corporate governance best practices, compliance, and ethical behaviour.

The Sterling Holding Company shall integrate Environmental and Social (E&S) considerations within its activities, operations, and overall governance structure. We shall assess and encourage the E&S governance of our clients.

We shall also set and assess our Environmental and Social Governance performance periodically.

The Sterling Holding Company is committed to business ethics, transparency, accountability, and fighting fraud and corruption in its business activities and operations.

6.7 CAPACITY BUILDING

We shall build the capacity of our staff in the area of environmental social and governance risk management, including climate-related risks and opportunities inherent in our operations. This will provide knowledge and skills to sufficiently manage social and ecological risks associated with our business operations and activities and harness opportunities.

We shall also develop educational programmes to raise employee awareness on environmental social and governance related issues and to promote responsible behaviour within our workforce and our customers.

6. COLLABORATIVE PARTNERSHIPS

The Sterling Holding Company shall cultivate and promote partnerships with other institutions locally and globally and leverage the strength of collaboration to accelerate the attainment of the Sustainable Development Goals. We shall foster a circular economy through collaborations. We shall support industry initiatives on Sustainability by regulators and guidelines of international institutions.

6.9 SUSTAINABILITY REPORTING

Sterling Holding Company shall regularly report on its sustainability performance. We shall also ensure our Sustainability initiatives are communicated to all internal stakeholders (staff) and external stakeholders (including regulators, shareholders, and customers).

Our sustainability report shall form a part of our annual report to be presented to our shareholders and the public. We shall also endeavour to report on sustainability using international guidelines such as the Global Reporting Initiative (GRI) index, the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards by the International Sustainability Standards Board (ISSB).

The Sterling Holding Company shall publish its Environmental and Social Risk policy statement and periodically report on the steps taken to advance the integration of social and environmental considerations into its operations and activities.

Sterling Holding Company shall share information with customers as appropriate, to strengthen their capacity to reduce potential social and environmental risks and promote sustainable development.

We shall foster openness and dialogue relating to social and environmental matters with relevant audiences, including shareholders, employees, customers, government entities, and the public. Sterling Holding Company is committed to sharing its experiences and knowledge to extend best practices and lessons learned.

6.10 CORPORATE SOCIAL RESPONSIBILITY

We have integrated sustainability within our Corporate Social Responsibility (CSR) programmes to complement our Environmental and Social Risk, including footprint management.

We promote Corporate Social Responsibility (CSR) by providing our customers with safe and high-quality products and services that are environmentally and socially beneficial. This way, we can play a broader role in the communities we operate in and offer beyond what we deliver through our core business activities.

Our CSR projects focus on investments in sustainable products and services, community impact projects, direct efforts of our employees through volunteering activities and other initiatives that would ensure the sustainable development of the immediate communities in which our business operations are located.

To enable a more structured approach to our CSR activities, we shall constantly maintain an effective CSR management system aligned with industry best practices.

7.0 ROLES AND IMPLEMENTATION

Implementation of this policy is the responsibility of all staff involved in the day-to-day business activities and operations of the Sterling Holding Company. However, the primary responsibility resides within the Risk Management Group.

Sterling Holding Company implements its ESG risk (Sustainability) Policy and underlying policies according to the company's 'Three Lines of Defense' (3LoD) risk management system. The first line of defense (business management) has risk ownership, the second line (risk management and supporting functions) has risk control, and the third line (audit) verifies risk assurance.

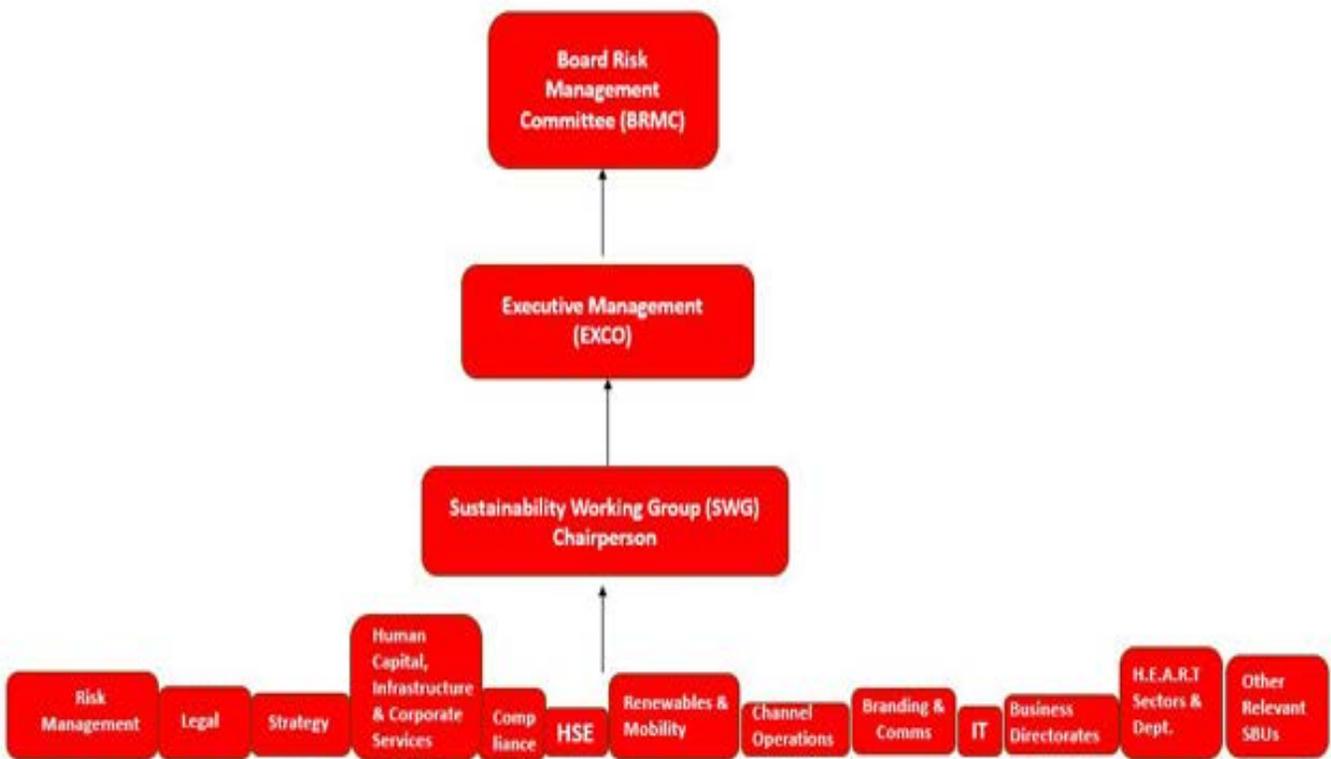
To ensure the effective implementation of the policy and adoption by all stakeholders, a Sustainability Working Group (SWG) comprising of representative(s) from units across the Group; from Risk Management Group, Human Capital, Infrastructure & Corporate Services, Brands & Communications, Channel Operations, Strategic Cost Management, Strategy & Innovation, Legal, Agriculture, Technology, Health, Safety, Security & Environment (HSSE) and other relevant units shall be created which would be saddled with the responsibility of implementing and monitoring sustainability initiatives.

The SWG shall be responsible for setting, implementing, and tracking sustainability-inclined targets for the Group, which aligns with the Sterling Holding Company's strategy. The SWG shall fulfill an advisory role and, as such, review and provide advice to the Board and Management regarding Sustainability initiatives. The SWG shall meet quarterly to monitor

and collate progress updates on set sustainability targets and to improve capacity building.

The Board of Directors in the Group has final oversight of Sustainability efforts in the Company.

SUSTAINABILITY WORKING GROUP GOVERNANCE STRUCTURE



To fully integrate sustainability into all areas of our work environment, all staff starting with the Board of Directors, Chief Executive and Senior Management, are encouraged to imbibe and practice sustainability principles.

The Internal Audit Department, as part of their annual audit plan shall carry out a detailed review of the integrity and quality of the Environmental and Social Risk governance and accountability practice and procedures for continuous improvement.

Full roles and responsibilities of all associated stakeholders are well defined below:

1. Board of Directors
 - The Board of Directors shall have the overall responsibility for approving and ensuring the implementation of the Environmental and Social Risk policy.
 - This responsibility shall be delegated to the Board Risk Management Committee (BRMC), which shall have oversight responsibility of implementing the policy framework.
 - Senior Management shall provide direction on Environmental Social and Governance Risk Management.
2. Executive Management (EXCO)
 - In cases of unresolved environmental and social issues or non-compliance associated with a transaction that cannot be resolved by the Loan Officers/Relationship Managers, the EXCOs shall determine the appropriate course of action to follow to reduce the Company's potential exposure to environmental and social risk.
 - The EXCOs are also expected to approve all policies and guidelines on E&S Risk.
 - The chairman of the Management Risk Committee (MRC) shall be responsible for the overall commitment of the Group towards the implementation of Sustainable Banking principles.
3. Group Chief Risk Officer (GCRO)
 - The GCRO shall be responsible for leading the Sterling Group's efforts to develop environmental and social risk management policy and communicate with senior management on environmental and social issues and concerns.
 - Also, the GCRO shall be responsible for approving updated procedure and documents that are part of the Group's E&S risk management.
 - The Environmental and Social Risk Management Department shall be responsible for developing and updating procedures and documents that are part of the Sterling Group's E&S risk management.
4. Environmental and Social Risk Management Team
 - The Environmental and Social Risk Management Department shall evaluate the environmental and social risks at the portfolio level and assist Loan Officers/Relationship Managers in assessing and monitoring customers' environmental performance.

S/N Stakeholders

Responsibility

	<ul style="list-style-type: none">· The Environmental & Social Risk Management Department shall also be responsible for all environmental and social risk regulatory reporting as well as making the company's annual sustainability report accessible to stakeholders (internal & external).· The Environmental and Social Risk Management Department shall constantly improve the Group's sustainability performance and outlook in line with best practice.· The Relationship Managers and Loan Officers shall be responsible for following the procedures of the Environmental and Social Risk Management framework at the transaction level.
5. Relationship Managers and Loan Officers	<ul style="list-style-type: none">· The Relationship Managers and Loan Officers shall also be expected to discuss and negotiate possible environmental and social mitigation measures with the customers as advised by the E&S risk team.· The Legal Department shall ensure that the company's environmental social and governance requirements are incorporated in legal agreements for transactions.
6. Legal Department	<ul style="list-style-type: none">· The Legal Department may advise if a customer's non-compliance with environmental and social clauses constitutes a breach of contract and is considered an event of default under the terms of the legal agreement that requires follow-up.
7. Human Capital, Infrastructure and Corporate Services	<ul style="list-style-type: none">· HC Infrastructure & Corporate Services shall drive the company's engagement with vendors and be the first point of call on facility management· They shall also be expected to be the focal point in waste management, procurement management, paper re-usage, and power and energy reduction to ensure that the company's operations are socially and environmentally friendly.
8. Human Capital Management	<ul style="list-style-type: none">· HCM shall be responsible for the enforcement of Human Rights, Gender balance and women empowerment, the inclusion of physically challenged individuals, employee welfare, whistleblowing, and employee feedback management.
9. Brands, Marketing and Communication	<ul style="list-style-type: none">· Branding shall be responsible for both internal and external projections of the Sterling Group on Sustainability and Environmental and Social Risk Management.
10. Retail Directorate	<ul style="list-style-type: none">· The Retail Directorate shall be responsible for the development of products in the retail segment, including developing products that are women-specific and· Promote financial inclusion

8.0 CARBON FOOTPRINT POLICY MANUAL

8.1 INTRODUCTION

There is increasing agitation globally for joint actions against climate change and management of environmental and social risks. This has triggered the launch of both International and National action plans to urgently address the impact of climate change, which represents a potentially irreversible threat to human societies and the planet.

The Paris Agreement, which was signed in December 2015 and implemented on October 5, 2016, builds on the United Nations Framework Convention on Climate Change (UNFCCC), to strengthen the global response to the threat of climate change by keeping global temperature rise below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius and increase climate adaptation strategies.

In September 2016, Nigeria ratified the Paris Agreement and consequently committed to reducing Green House Gas Emissions unconditionally by 20 percent and conditionally by 45 percent (based on 2010 emission data) by 2030.

The Central Bank of Nigeria mandated all banks, discount houses, and other financial services institutions to implement the Nigerian Sustainable Banking Principles (NSBPs) in furtherance of the Bankers Committees' commitment; to deliver positive development impacts on society while protecting the communities and environment in which financial institutions and their clients operate, basically via these two principles:

Principle 1: Management of Environmental and Social Risk in Our Business Activities and

Principle 2: Management of our Environmental and Social footprint in Business Operations.

These principles direct all banks, discount houses, and other financial services institutions to implement strategies to avoid, minimize, or mitigate the negative impacts of our business operations and activities on the environment and local communities in which we operate and, where possible, promote positive impacts.

As a socially and environmentally responsible financial institution, Sterling Financial Holdings recognizes that our business operations and activities and that of our clients may directly or indirectly generate greenhouse gases (GHGs) emissions, which contribute to

global warming, and thus climate change. We are therefore committed to mitigating such climate-related risks.

8.1.1 CARBON FOOTPRINT-RELATED DEFINITIONS

- **Greenhouse gases (GHG)** refer to gases that can absorb infrared radiation in the atmosphere, thereby trapping heat within the troposphere, and increasing surface temperatures, a phenomenon known as the greenhouse effect. Examples of these gases include Carbon dioxide, Methane, Nitrous Oxide, Ozone, Chlorofluorocarbons, Sulfur Hexafluoride, etc.
- **Carbon Dioxide (CO₂)** is produced from the burning of fossil fuels. It is a significant contributor to the greenhouse effect, which in turn leads to climate change.
- **Carbon Dioxide Equivalent (CO₂e)** is a measure used to compare the emissions from various greenhouse gases based on their global warming potential.
- **Global Warming** refers to the rise in global temperatures due to the increasing greenhouse gas concentrations in the atmosphere.
- **Climate change** refers to significant changes in global temperature, precipitation, wind patterns, and other climate measures that occur over several decades or longer.
- **Carbon footprint** is defined as the number of greenhouse gases, primarily carbon dioxide, directly or indirectly being emitted by an organization, event, product or individual. The Carbon footprint of an organisation is calculated using both direct and indirect emissions sources (e.g., direct use of fuels and emissions from the extended service and supply chain - when fossil fuels burn, they emit greenhouse gases like CO₂ that contribute to global warming).
 - **Scope 1: Direct GHG Emissions** refer to emissions from combustion in owned or controlled facilities and equipment, e.g. company-owned vehicles, equipment leaks from joints, seals, packing, and gaskets; hydrofluorocarbon (HFC) emissions during the use of refrigeration and air conditioning equipment; and methane leakages from wastes.
 - **Scope 2: Indirect GHG Emissions** account for GHG emissions from the generation of purchased electricity consumed. Scope 2 emissions physically occur at the facility where electricity is generated.
 - **Scope 3: Other Indirect GHG Emissions** account for GHG emissions that are a

consequence of the company's activities but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are products and services, activities from vendors, vendors' vehicles, and employee business travel.

8.1.2 SCOPE

The Sterling Financial Holdings Carbon Footprint Policy manual shall propose ways to measure, manage, and reduce carbon emissions. The organisation plans to do this by:

1. Minimising emissions from our internal operations – grid electricity usage, diesel consumption and PMS consumption (company fleet), air travel, paper consumption, waste management practices, etc.
2. Supporting our clients to assess and mitigate their carbon footprint impacts, through vendor assessment.
3. Encouraging the provision of products and services that aid the mitigation and adaptation of Climate Change – Creating and adopting green initiatives such as Renewable energy, Biomass, and Recycling.

Potential Sources of Carbon Footprint by Industry

It has been proven that human activities are the driving factors behind the increasing greenhouse gas emissions levels leading to global warming and climate change. The main contributors to GHG emissions by industry are:

Power Generation: This generates the largest share of global greenhouse gas emissions. Approximately 70 percent of global electricity comes from burning fossil fuels, mostly coal and natural gas.

Deforestation - Trees capture carbon dioxide by taking it into their cells through photosynthesis. They then store the carbon within their structures which is made up of about 50 percent carbon. When trees are burnt, harvested, or otherwise die, they release the stored carbon back into the atmosphere, thus contributing the second-largest portion of GHGs to the global warming impact.

Road Transport – Road Transport is a significant contributor to greenhouse gas emissions. Road Transport emits CO₂, the most emitted GHG. Reducing emissions from the road transport sector is more costly than other industries as the transport industry still heavily relies on fossil fuels.

Agriculture – Most commercial agricultural processes within developed and developing nations include mass production of livestock, leading to significant methane gas being

released into the atmosphere. Greenhouse gas emissions from agriculture majorly come from crop cultivation and livestock such as cows, organic fertilizers usage, land clearing activities, and rice production.

Oil and Gas – This sector generates one of the largest shares of methane gas emissions. Methane, a potent greenhouse gas is produced as a by-product of wasted natural gas. Methane is 85 times more potent than CO₂ when measured over 20 years.

8.2.1 PURPOSE

The purpose of the Carbon Footprint policy manual is to ensure that the business operations and activities of the Sterling Group are designed, constructed, and operated to present as small a carbon footprint as practicable.

8.2.2 CARBON FOOTPRINT POLICY STATEMENT

At Sterling Financial Holdings, it is our goal to remain socially and environmentally responsible, and we believe we have a responsibility to minimize our impact on the environment. As a global company, we have a unique opportunity to contribute to the efforts being made in mitigating climate change impact, a cross-border challenge requiring global corporate carbon policies with a portfolio of actionable initiatives. Climate change is also closely linked to other essential sustainability topics such as water, biodiversity, public health, and other socio-economic issues. We have voluntarily tracked and reported on our environmental footprint for years and, more recently, have implemented internal policies to drive accountability throughout our organization for our environmental goals and commitments.

Sterling Holdings, as a socially and environmentally responsible financial institution, recognizes that our business operations and activities and that of our clients may directly or indirectly generate greenhouse gases, primarily carbon dioxide, which contributes to global warming, and thus climate change. We are therefore committed to mitigating such related risks by:

- Abiding with applicable environmental legislation and sustainability commitments.
- Setting carbon footprint targets by reducing energy consumption and efficiency. To achieve this, the Group will implement an action plan in line with the Carbon accounting standards and GHG Protocol to achieve our annual

objectives, including the necessary budgets and resources to enable investment in cost-effective technical improvement.

- Measuring and analysing our energy consumption to establish performance and identify trends and opportunities to reduce our carbon footprint further and improve energy efficiency.
- Training and promoting environmental awareness and responsibility amongst employees, partners, contractors, and customers on reducing GHG emissions and continuously improving their environmental performance.
- Collaboration with stakeholders on affordable and clean energy and climate action initiatives.

The articulation of the carbon footprint policy is an effort to guide the Sterling Group's daily business operations and activities that will enhance the company's Environmental and Social Risk Management (ESRM) process.

8.2.3 OBJECTIVES OF THE CARBON FOOTPRINT POLICY MANUAL

1. To propose ways and means by which the institution may improve on its 'green' credentials by accessing avenues of developing best practices on carbon footprint management.
2. To continuously put in place strategies and structures that will reduce carbon emissions within the Sterling Group's business operations and activities. This includes maintaining a GHG Inventory to ensure the efficient measurement and monitoring of our carbon resources.
3. Promote sustainable responsibility among our employees and supply chain, encouraging them to be corporate 'green citizens'.
4. Use energy, water, and other natural resources effectively.
5. Consider the environmental impact on our services and purchases, mainly purchases of fossil fuels.
6. To work with stakeholders and partner organizations, i.e., obligors, vendors, contractors, and other third parties that share our sustainability ethos.
7. Reduce the need for excessive and unnecessary transport and its impact on the environment.

8. We will focus on:

- a. Reducing waste
- b. Reducing material quantities at every opportunity
- c. Repairing rather than throwing materials away where possible
- d. Recycling as much as possible.

8.3 RISK INHERENT IN DYSFUNCTIONAL CARBON FOOTPRINT

Financial Institutions (FIs) can be directly exposed to different types and levels of carbon risks. They could also be exposed indirectly through third-party organizations financed by an FI, depending on the sector and geographic location of its operations and activities. Therefore, the need to be aware of the inherent risk in a dysfunctional carbon footprint has become significant.

There are three ways that carbon risk can have an impact on FIs, each of which carries its economic implications:

1. Regulatory Risk
2. Physical Risk
3. Business Risk

8.3.1 REGULATORY RISK

Regulatory risk is viewed in terms of an institution's record of compliance with statutory laws and carbon risk-related policies from Financial, Governmental, or Environmental bodies. CBN, the prime regulatory body for banks and other FIs in Nigeria, has issued principles to integrate sustainability into the financial sector. These principles also focus on monitoring and reducing the carbon footprint of the financial sector. Non-compliance to these regulatory laws, policies, and regulations would bring about sanctions.

Carbon exposure that leads to regulatory risk can be found in three levels of the value chain: emissions from a company's operations, indirect emissions from a company's supply chain, especially energy, and emissions linked to the use of the company's goods and services.

8.3.2 PHYSICAL RISKS

Physical risk arises from climate change's direct impact, such as floods, storms, and rising sea levels. Financed projects relating to the agricultural industry are particularly exposed to these risks. Similar weather developments can also negatively affect financed carbon-intensive sectors such as Oil & Gas and Power.

Rising emissions and a disrupted climate often leads to a range of impacts, including frequent heat waves, increased frequency, and severity of storms, flooding, wildfires, and droughts, as well as an extension of the geographic range and season for vector-borne diseases, which have a variety of economic and social effects. These changes ultimately lead to real financial losses.

8.3.3 BUSINESS RISKS

For a Financial Institution, these risks include legal, reputational, and key competitive concerns:

- I. Legal risks arise when litigation is brought against companies that breach environmental regulations that contribute to climate change.
- II. Reputational risks evolve in how financial industries respond to climate change, which alters the brand perception by customers, staff, suppliers, and investors. Companies that are viewed negatively concerning carbon management in their policies, products, or processes risk a backlash from consumers and shareholders in environmentally sensitive markets.
- III. Competitive risks can change depending on a company's response pattern to climate regulatory frameworks such as carbon emissions. Within this area, operational and market risks can crystallize as carbon constraints impinge on existing assets and capital expenditures, and input costs, thereby affecting investment valuations.

8.4 CARBON FOOTPRINT IMPLEMENTATION STRATEGIES

The most effective way to manage our carbon footprint is to develop and implement various strategies to assess and reduce carbon emission-contributing activities in our business operations and activities.

Below are the strategies developed by the Sterling Group to monitor and control the carbon emissions generated during daily business operations and activities:

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The Sterling Group has established an online ESG portal designed to capture carbon footprint metrics group-wide periodically. The portal has been deployed on Sterling Bank's application dashboard and is accessible to relevant stakeholders across the Group for periodic data capture and compilation of carbon footprint metrics. The portal is regularly reviewed to ensure that carbon footprint metrics are adequately captured. Examples of metrics to be captured in volume and value include but are not limited to electricity, diesel, water & paper usage, and waste disposal which in turn would be used to monitor and manage the carbon emissions of the company's business operations.

We shall continuously encourage our clients and vendors to establish similar systems and processes to capture their GHG emissions to improve their environmental performance adequately.

. **Technological solutions that reduce traveling:**

We shall strive to reduce the negative impacts of business travel on the environment- the more traveling, the more carbon emitted. We shall critically review the traveling hours to ensure that traveling is only done when necessary.

The Sterling Group is focused on using various technologies, such as the video conferencing facilities within its locations, online webinar tools, and other interactive remote e-trainings as a replacement for the former mode which required traveling. Another positive result of these techniques is that they have significantly increased and accelerated information-sharing processes.

The company's carpooling structure, particularly for the head office and the mail service, has been outsourced for effective delivery and reduction of fossil fuel consumption and traveling hours, thereby reducing the environment's impact, and improving cost savings.

We shall explore ride-hailing and carpooling initiatives which would further leverage sustainable practices to improve operational efficiency and manage our environmental footprint.

We also encourage our clients and vendors to adopt technological solutions that reduce travel time and efficiently plan trips in terms of time and route to ensure their employees can do more within a single trip to conserve time, money, and fuel, and reduce carbon emissions.

3. Energy Saving Measures:

Our consumption of fuel and energy shall be closely monitored to avoid waste through inefficiencies and indifference. We will choose vehicles with fuel efficiency and CO₂ emissions reduction in mind, monitoring these factors and mileage with the help of tracker systems.

Sterling Holding Company has commissioned a Compressed Natural Gas (CNG) generator for use at the Sterling Towers due to higher carbon emissions levels caused by diesel generator usage. Another measure the company has adopted to save energy is a 45Kwh Hybrid Solar Power system at the Head Office Annex, Ilupeju, Lagos. Renewable energy outsourcing solutions have also been deployed to branches and ATMs, reducing the reliance on diesel consumption to generate energy.

The Sterling Holdings head office building (Sterling Towers) has been completely retrofitted with solar energy; an installation of a 955 kilowatts peak (kWp) Building Integrated Photovoltaic (BIPV) solar retrofits aimed at significantly decarbonizing our operations and achieving net zero in the medium to long-term.

Energy audits are conducted to ensure electrical load optimization, which involves rightsizing and downsizing generators and electrical appliances at several branch locations.

Additionally, the Sterling Group has incorporated the practice of gradual replacement of modular fittings with energy-saving retrofitted light bulbs in all locations. This solution has a dual advantage of:

- a. Reducing energy consumption by 80%
- b. Reduction in the amount of heat energy released into the environment.

Aside from the initiative above, the Sterling Group has also resolved to adopt low- energy consumption and eco-friendly equipment in the business's day-to-day running. Efficient lighting systems are used for band lighting at ATMs, and within the same program, the company's signages are LED illuminated, which reduces energy consumption.

We also deployed administrative controls by promoting the early closure of branches to conserve energy consumption at the barest minimum.

We shall offer our clients and customers renewable energy products and encourage adopting internationally recognized environmental management standards such as ISO 14001 to demonstrate their commitment to the environment.

4. Create Carbon Footprint Awareness:

We shall engage all available media, both external and internal, to create awareness about the environmental and social impacts of carbon emissions; this awareness program will target the Sterling Group's internal and external customers.

We have established a dedicated Sustainability Working Group (SWG), made up of various strategic business units within the Sterling Holding Company to create awareness of managing our carbon footprint. Internal communication platforms, E-learning platforms, and our employee in-plant training programmes will be used to create awareness across the Sterling Group.

We also create awareness amongst our clients and vendors on the need to manage their carbon footprint within their business operations and activities by setting targets for/on the development and publication of regular sustainability reports to ensure efficient use of resources.

5. Efficient Paper usage and handling:

We shall continuously explore carbon-efficient solutions that will enhance the efficient use of paper in our offices while encouraging our customers to do so.

The Sterling Group currently minimizes paper use in its offices through various **carbon-efficient** strategies such as the deployment of centralized printers and copiers and promoting document sharing and collaboration using office 365. By implementing a print-less-as-a-service system, the Sterling Group has significantly reduced the consumption of paper and toners and the number of printers. Processing information electronically is also much more energy and carbon-efficient than physically sending hard-copy correspondence.

We have installed multi-function devices to handle faxing, printing, and photocopying demands in our offices. This helps reduce energy and paper usage significantly. Also, when we print, we use both sides of the paper and use recyclable paper.

We are committed to ensuring our carbon-efficient paper reduction strategy is shared by employees, our supply chain, and our clients. We also encourage the procurement of recycled A4 paper from our vendors and encourage our clients and vendors to manage their paper consumption.

6. Spreading environmentally friendly practices through supply chain management:

With emissions in the supply chain on average around four times greater than those from a company's direct operations, we will continuously encourage environmentally friendly practices throughout our supply chain.

The Sterling Group shall take steps to build a socially and environmentally friendly supply chain by adding a binding clause in supplier contracts to enhance full compliance with the Environmental and Social Risk Management Systems (ESRMS). Articles that aim to protect the environment will be included in the purchase processes in ESRMS procedures, ensuring that the company's sensitivity regarding its supply chain is comprehensively adopted.

We shall actively encourage our clients on the need to ensure the adoption of sustainable practices within their respective supply chains.

7. Sustainable Waste Management Practices:

We shall continuously explore innovative solutions to Reduce, Reuse, and Recycle wastes generated during our business operations and activities, thereby eliminating the combustion of waste and landfilling.

The Sterling Group shall ensure that waste generated during our business operations and activities is processed in line with best-disposal practices by mitigating its negative impact on the environment and society.

The Sterling Group has established a waste recycling initiative, where recyclable wastes (Plastics, Aluminium, Paper, Nylon, etc.) generated during our business operations and activities are collected and recycled.

Additionally, the Sterling Group has deployed an Integrated Waste Treatment Plant

(IWTP) bio-digester system to efficiently break down sewage waste and eliminate the need for sewage evacuation. The Group has adopted a sustainable electronic waste disposal methodology by ensuring that electronic waste generated is recycled through accredited and regulatory bodies.

Sterling Holdings Company is committed to supporting emerging waste management companies through investments and business engagements; we believe that wasting less and recycling more saves energy, saves money, and is one of the fastest, easiest, and most effective ways to curb climate change.

8. Environmental Preservation & Beautification:

The Sterling Holding Company shall seek every avenue to ensure a clean, beautiful, and eco-friendly environment at its business locations. We shall also encourage our customers to do the same.

The Sterling Group commenced an "eco-friendly" and "Green" initiative to plant flowers at branches and beautify the environment with grass. These plants serve as a carbon sink and remove a substantial amount of carbon dioxide emanating from various anthropogenic activities.

Through our Sterling Environmental Makeover (STEM) initiative, we demonstrate our commitment to a clean and sustainable environment by organizing periodic clean-up exercises where senior management and staff of the company nationwide volunteer to clean up designated locations and plant trees.

8.5 CARBON FOOTPRINT TARGET

We have set a 3-year rolling target to reduce our carbon footprint by a minimum of 10% within our business operations. This target is subject to review and renewal subject to a per-need basis.

8.6 POLICY IMPLEMENTATION AND RESPONSIBILITIES

1. The responsibility for the implementation of the Carbon Footprint Policy within the entire organization shall reside primarily within the Environmental & Social Risk Unit in

collaboration with other Strategic Business Units (SBUs) involved in Energy Management (Corporate Services & Projects, Cost Management, Renewable energy etc.). The E&S Risk Unit shall periodically monitor and evaluate the progress, commitments, and inclusion of Carbon Footprint strategies into the Sterling Group's business activities and operations.

2. This policy shall be subjected to continuous review on a three-year basis and based on changes in business conditions or internationally accepted standards.
3. The Group Chief Risk Officer will approve goals and targets related to Carbon Footprint for Sterling Holding Company.
4. Progress against the targets will be included in the Sterling Holding Company's annual reports.

9.0 THIRD-PARTY ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

9.1 SUPPLIER SUSTAINABILITY CODE OF CONDUCT

As a leading financial services organization that has pledged to protect the environment and align with best practices, Sterling Holdings acknowledges that our business social and environmental performance, customers, and suppliers play a substantial role in realizing our strategic goals and ultimate success.

While we admit that our suppliers are independent entities, we also believe that a supplier's business conduct and actions have the potential to impact our brand reputation and business success. As such, we expect that our suppliers adhere to the standards set out in this Supplier Sustainability Code of Practice.

The code is designed to:

- Improve the environmental and social performance of our procurement activities,
- Reduce the social and ecological risks associated with our procurement activities, and
- Detail our requirements and expectations of our suppliers.

Sterling Financial Holdings' Commitment

We have committed to:

- Understand and minimize our business operations and activities, social and

environmental impacts and activities in line with global best practice.

- Work collaboratively with our suppliers to encourage their support and practice of sustainable supply principles.
- Continue to embed Sustainability principles into our business practices, including through policies, training, communications, contracts, agreements, and due diligence processes.

Sterling Group shall ensure that suppliers of goods and services to its businesses comply with this code. Consequently, we reserve the right to verify compliance with this code and expect our suppliers to cooperate and provide supporting evidence as may be reasonably required. This may involve self-assessment by suppliers, requests for further information, site visits, and other means as deemed fit.

To this end, we will strive to manage the implementation of this code proactively through:

- Proactive analysis of risks, opportunities, and impacts of this code on our supply chain
- Extensive and continuous training and awareness programs to ensure employees are aware of this code and its implications for our suppliers.
- Engagement of our suppliers on the requirements of this code and related policies on an ongoing basis.
- The implementation of an assurance program to review suppliers' compliance with this code.
- Exercising our rights as regards agreements with suppliers, including termination of agreements where appropriate.

Expectations from our Suppliers:

- We expect our suppliers to share our commitment to adopting a fair, safe, responsible, and ethical business approach.
- Our suppliers, whether directly or through their supply chain, are therefore required to comply with all applicable laws and in all cases to adhere to the principles detailed in this code as a condition of doing business with Sterling Financial Holdings.
- We expect our suppliers to provide influence and guidance within their supply chain and related third parties, adopt a fair, safe, and ethical approach to business, and demonstrate compliance with this code or any code developed by them.

9.2 CRITICAL AREAS

Sterling Financial Holdings has identified five critical areas of supplier operations central to our environmental social and governance (ESG) performance. For each of these areas, we have itemized a set of minimum requirements for our suppliers. Adherence to

these minimum standards is essential if we are to reduce our social and environmental impact successfully. We also have detailed what we view as leadership expectations. All decisions relating to procurement will favorably optimize suppliers that have adopted these leadership expectations.

The five critical areas detailed in this code of practice are:

1. Governance
2. Performance reporting
3. Environmental management
4. Social Responsibility (Occupational Health and Safety (OHS) and Employee Practices)
5. Supplier Management.

9.2.1 GOVERNANCE

Our expectation is for suppliers to incorporate environmental and social (E&S) risk standards into their policies, procedures, and governance structures. The Sterling Group's leadership requires that all environmental social and governance policies and performance monitoring are formally approved and championed by the supplier's Board and/or Executive. This includes public disclosure of ESG performance where appropriate.

As a minimum, Sterling Financial Holdings requires suppliers to have in place:

- Responsibility for legal compliance within the relevant jurisdiction vested with senior management/board.
- Responsibility for monitoring social and environmental performance vested with senior management/board.
- A Policy or Charter for managing environmental and social performance established by its senior management/board.

9.2.2 PERFORMANCE REPORTING

Sterling Financial Holdings expects its suppliers to manage and report the progress of their environmental plans and workplace practices. As a business entity, we have identified several sustainability targets to measure our corporate responsibility performance. These figures are reported in our annual financial and sustainability reports to publish our performance against the targets.

Suppliers should consider the third-party assures/certifications on their sustainability performance report to comply with best practices and promote transparency and continuous improvements.

As a minimum, Sterling Financial Holdings requires suppliers to have in place:

- A baseline or equivalent for environmental and social performance reporting.
- A set of targets for improving environmental and social performance.
- A system to monitor progress towards all environmental and social targets.
- Reporting to stakeholders on progress towards environmental and social targets.
- An assurance mechanism for environmental and social performance reporting.

9.2.3 ENVIRONMENTAL MANAGEMENT

Sterling Financial Holdings expects its suppliers to have established and implemented an environmental plan or an environmental management system to monitor its environmental impacts. Our Environment Charter sets out our approach to assessing and managing the environmental issues in our business from the environmental impact of our operations and products and services to the indirect impact we have through our clients and suppliers' activities. A cornerstone of our environmental program has been the development of a robust framework for managing and tracking our environmental impacts through our Environment & Social Management System (ESMS).

As a minimum, Sterling Financial Holdings requires suppliers to:

- Implement and maintain an environmental management system and or processes appropriate for their business to support compliance with environmental regulations, standards, and environmentally responsible business practices.
- Embed environmental management principles within business operations and processes.
- Seek ways to maximize the efficient use of energy, water, resources and raw materials whilst minimising waste and pollution, especially greenhouse gas emissions.

9.2.4 SOCIAL RESPONSIBILITY (OH&S AND EMPLOYEE PRACTICES)

Sterling Financial Holdings expects its suppliers to put in place measures to manage risks and opportunities associated with Occupational Health and Safety (OH&S) and employment practices. The Sterling Group's Health, Safety and Security approach proactively supports our people's physical, emotional, and financial well-being. Our commitment to creating a safe and healthy work environment for all staff is described in our human resource and occupational health and safety policy.

The Sterling Group has a comprehensive Health and Safety Management System that includes annual Health, Safety and Environment Operational plans. In addition to its people, Sterling Holdings has principles, policies and practices that create a positive environment for our customers and the communities in which we operate. Sterling Financial Holdings values open communication and seek to establish relationships that are based on integrity and trust.

Suppliers should ensure that formal management plans, performance targets, systems, accountabilities and KPIs are established for all social aspects in line with international best practices and standards and externally verified (if applicable).

As a minimum, Sterling Financial Holdings require suppliers to have in place:

- Compliance with all applicable H&S legislative requirements.
- OH&S policy that clarifies the company's position and key initiatives.
- Compliance with International and National Labour Organisation and Human Rights Standards.
- Upon request, provide the company with evidence of compliance with health and safety practices.
- Provide a safe environment for employees, visitors, and third parties, by managing risk and employ safe systems of work and appropriate OH&S training for employees and contractors.

9.2.5 SUPPLIER MANAGEMENT

Sterling Financial Holdings expects its suppliers to engage and influence their suppliers regarding their social and environmental performance in line with best practices. Sterling Financial Holdings has a framework in place to assess the social and environmental performance of its suppliers. We ask suppliers to provide us with information on how they manage the social and ecological issues associated with their business as a standard part of our tender process and conduct regular contract reviews. This includes identifying and managing risks to their business, whether they have systems to minimize their environmental impact, details of their employment and health and safety practices, and whether they engage with their stakeholders.

As a minimum, Sterling Financial Holdings requires suppliers to have in place:

Processes to manage their suppliers' environmental and social performance to ensure they meet the minimum requirements specified in this code.

9.3 LEADERSHIP EXPECTATIONS

Sterling Financial Holdings' leadership expectation of its suppliers in the Sustainability and E&S Management area is that they use their influence to engage with its suppliers to achieve the leadership expectations described in this code.

9.4 HUMAN RIGHTS AND WORKPLACE RELATIONS

9.4.1 HUMAN RIGHTS

- Comply with all applicable human rights-related laws in respect of their employees and business operations.
- Conduct their business activities in a manner that respects human rights as set out in the United Nations (UN) Universal Declaration of Human Rights and the core conventions of the International Labour Organization.

9.4.2 WAGES, BENEFITS & CONDITIONS

- Compensate employees in compliance with all applicable domestic wage laws, including those relating to minimum wages, overtime hours, and legally mandated benefits.
- Convey all relevant employment conditions clearly to employees.
- Restrict working hours to be within legally accepted maximums, including overtime , and ensure employees are afforded leave as due.
- Ensure any disciplinary wage deductions comply with applicable laws.

9.4.3 FORCED LABOUR AND INHUMANE TREATMENT OF WORKERS

- Not tolerate or support the use of forced trafficked or compulsory labour and extend this approach through all areas of their supply chain.
- Not engage in, or condone, the use of corporal punishments or mentally, physical, or sexually abusive or inhumane treatment of workers.

9.4.4 CHILD LABOUR

- Not engage in practices relating to or subcontracting to organizations that employ child labour at any manufacturing or service delivery process stage.
- Abide by all key international standards and domestic regulations relating to children's employment and maintain a clear policy stating the company's position about this.
- Ensure workers under the age of 18 do not perform hazardous work and are restricted from night work or unsupervised work (or advised minimum age in with the ILO standards)
- Abide by all national legislation on child and or forced labour.

9.4.5 GENDER BALANCE, DIVERSITY, AND INCLUSION

- Be committed to a workforce free of harassment and unlawful discrimination and ensure this commitment extends to all aspects of workplace relations.
- Provide a workplace that is free of direct and indirect discrimination, harassment, and bullying, and ensure this commitment extends to all aspects of workplace relations.
- Promote an inclusive and respectful workplace whereby race, religion, age, sexual orientation, gender, pregnancy, maternity, and/or disability do not impede recruitment and/or ongoing employment.
- Foster gender balance and greater diversity in the workforce, leadership pipeline , and senior executive ranks while ensuring that recruitment and advancement are based wholly on merit.

9.4.6 FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

- Encourage open communication and direct engagement between workers and management to resolve workplace issues without fear of reprisal, intimidation, or harassment.
- Respect the rights of workers to establish, join or not join trade unions and any other association of their choice and support the right of representative unions and staff to bargain collectively.

9.4.7 EMPLOYEE DEVELOPMENT & TRAINING

- Provide employees with the appropriate level of training to perform their regular employable duties to completion and necessary to comply with the principles outlined in this code.
- Be considerate to employee needs for leave and flexible work arrangements where education or training courses directly relate to normal or pre-agreed future duties.
- Support the use of legitimate workplace apprenticeship programs, which comply with all relevant laws and regulations.

9.5 ETHICAL BUSINESS PRACTICES

9.5.1 RESPONSIBLE SOURCING OF MATERIALS

- Conduct due diligence to understand the source of the raw materials used in their products.
- Do not knowingly provide products containing raw materials that contribute directly/indirectly to human rights abuses/child labour.

9.5.2 IMPROPER ADVANTAGE

- Act in an ethical, fair, and professional manner in all discussions and negotiations with Sterling Holdings and its associated agencies, consultants, and contractors.
- Conduct themselves ethically and fairly, free from bias, unfair advantage, or any other behavior that may cause the Institution financial loss or damage to its reputation.
- To not engage in fraud, bribery, or corrupt conduct.
- Comply with all local and national regulatory requirements concerning bribery, corruption, and prohibited business practices.

9.5.3 GIFTS AND ENTERTAINMENT

- Not offer or receive gifts or entertainment or sponsored travel that could affect or be perceived to influence the outcome of business transactions or are not otherwise reasonable and justified.

9.5.4 USE OF ASSOCIATION

- Not publicly disclose their supply association with Sterling Financial Holdings in any form without express written permission from an authorized Sterling Financial Holdings representative.
- Not use any Sterling Financial Holdings image or brand elements without the express written permission from an authorized Sterling Financial Holdings representative and then strictly under any conditions specified by the Sterling Group.

9.5.5 ASSOCIATION AND DISCLOSURE

- Not associate with criminal organizations or criminal activity, whether implied or specific.
- Not disclose or release any Sterling Financial Holdings proprietary information to any third party, particularly where that information may provide an actual or perceived competitive advantage or market knowledge.

9.5.6 TRADE SANCTIONS

- Not engage in trade activities or include in the supply chain of any goods or services sourced from sanctioned persons, countries, or organizations by current local, regional, and international sanctions as mandated by the Government for the relevant jurisdiction.

9.6 RAISING A CONCERN (WHISTLEBLOWING)

Sterling Group expects its suppliers to help our business succeed and promote our values and high professional standards. To help meet this expectation, the Group is committed to fostering an environment where our suppliers and subcontractors can raise concerns about

any actual or suspected breach of this code. In this regard, a whistleblowing policy is easily accessible to all stakeholders, through its deployment on the Group's website, along with dedicated whistleblowing lines for confidential reporting. This is in addition to the grievance mechanism that is already in place.

10.0 COMPLIANCE WITH LEGISLATION, REGULATIONS & GUIDANCE

Sterling Financial Holding Company recognizes the importance of appropriate legislative and regulatory guidelines for achieving sustainable development while taking cognizance of environmental social, and governance issues. The company shall commit to comply with relevant Environmental & Social Laws and Regulations, including the Central Bank of Nigeria (CBN) 's Nigerian Sustainable Banking Principles (NSBPs) and/or other applicable principles.

We implement and ensure compliance with the Nigerian Sustainable Banking Principles. They serve as the benchmark for a minimum level of environmental and social risk management performance within our business activities and operations.

Sterling Financial Holdings is committed to meeting regional and international environmental and social standards applicable to our business operations and services such as the United Nations Environmental Programme (UNEP) Statement by Financial Institutions (UNEP FI) on Environment & Sustainable Development, UN Global Compact Communication on Progress (CoP), Equator Principles for Project Finance, International Finance Corporation (IFC), International Sustainability Standards Board (ISSB) guidelines, United Nations Framework Convention on Climate Change (UNFCCC), among others.

APPENDICES

APPENDIX 1 –EXCLUSION LIST (IFC ALIGNED)

Environmental and Social Risks Exclusion List	
1	Production or trade in any product or activity deemed illegal under the Nigerian laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products
2	Production or trade in weapons and munitions
3	Production or trade in alcoholic beverages (excluding beer and wine)
4	Production or trade in tobacco
5	Gambling, casinos and equivalent enterprises
6	Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
7	Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
8	Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
9	Production or activities involving harmful or exploitative forms of forced labor/harmful child labor. Forced labor: Means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty
	Harmful child labor: Means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.
10	Commercial logging operations for use in primary tropical moist forest.
11	Production or trade in wood or other forestry products other than from sustainably managed forests.
12	World Health Organization (WHO) Class 1a & 1b Agrochemicals (Appendix 1b)
13	Farms established or involving land conversion more than 10 years before the lending year



Sterling Bank’s Negative/Prohibited Lending List

The Sterling Bank Exclusion List defines the category of potential obligators/projects that cannot be financed by the Bank.

The Bank shall not knowingly finance potential obligors or projects with the elements highlighted below:

General Exclusions	Contract/project-based facilities with uncertain or speculative repayment source(s) and lack of evidence of potential obligor’s stand-alone financial capacity to indemnify the Bank against the risk(s) inherent in the contract/project
	Loss-making entity – Facility to organizations that have reported losses in their audited financial reports for two consecutive financial period.
	Potential obligors with negative or inadequate shareholders’ equity relative to proposed loan amount.
	Highly leveraged transactions: The maximum acceptable ratio shall be 1:1 for manufacturing and trading industry
	Low equity - The Bank shall not finance any obligor’s whose facility request is more than 50% of its equity.
	The Bank’s principal independent accounting firm or any of its individual partners.
	Customers and project sponsors on the Bank’s blacklist.
	Any corporate customer with an ORR of CCC and below, excluding transactions for which a customer has full cash collateral or cash equivalents (e.g. government securities, etc.) and holds the underlying security documentation
	Businesses dependent on a sole counterparty for patronage and source of cash flows.
	Start-up projects and businesses without alternative cash flows from verifiable sources for the repayment of the facility being proposed.
	Special Purpose Vehicles without a financially capable Project Sponsor that can indemnify the repayment of credit facilities.
	Proposed facilities with gestation periods longer than 12 months with no alternative source of repayment.
	Proposed facilities requiring moratorium periods exceeding 12 months
	Syndicated loan arrangements that limit the Bank’s exit strategy and ability to recover loans in the event of default.

Sterling Bank Exclusion List

	Companies without processing plants cannot access working capital loans to finance raw materials.
	Businesses and projects within sectors that the Bank does not have the requisite expertise and skill to manage their risks e.g. Solid Minerals' mining.
	Production, or activities involving the harmful or exploitative forms of forced labour and harmful child labour.
	Projects which result in limiting people's individual rights and freedom, or violation of human rights.
	Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and treaties, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, PCB, wildlife or products regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora).
	Businesses that support terrorist activities.
	Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
	Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where Sterling Bank considers the radioactive source to be trivial and/or adequately shielded.
	The pricing of the facility shall not be below the Bank's target risk adjusted return on capital (RAROC).
Agriculture & Forestry	Commercial logging operations for use in primary tropical moist forest.
	Production or trade in wood or other forestry products other than from sustainably managed forests.
	Exportation of Agric products on the export prohibition list as approved by the Government.
	Production or trade in Raw hides and skin (including Wet Blue and all unfinished leather).
	Oil palm, crop plantation, etc. with gestation periods exceeding 12 months and not supported with insurance policies covering flood, perils, natural and non-natural capable of destroying cultivated farmlands before harvest.
	Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
Beverages	Production or trade in alcoholic beverages (excluding beer and wine).

Sterling Bank Exclusion List

Defence	Production or trade, in weapons, and ammunition. Production and sale of Armaments i.e., military weapons and equipment
Credit Reports	Requests shall not be entertained from customer with any bad credit report as any facility disbursed to a customer with a bad credit report will be classified when the CBN officers visit during their examination.
Gambling	Gambling activities including casino games, electronic gaming, non-casino games, fixed odd betting, sports betting and all other forms of gambling
Lack of Adequate Secondary Way-out	Any transaction that has no or unrealisable secondary way-out in terms of tangible collateral. The Bank may finance customers on a clean or unsecured basis where the EXCO deems such financing to be of strategic benefit to the Bank.
Tenor-less Instruments	Issuance of tenor-less instruments e.g. Bank Guarantees, except supported with cash over which the Bank will establish an unconditional right of set-off
Mining	Quarry - Production or trade in granite All mining activities
Top Govt. Officials or Politically Exposed Persons (PEPs)	No credit facility must be extended to government officials or politically exposed persons except such exposures will be cash-backed
Drugs	Production or trade in tobacco, and other harmful substances.
Facility Tenor	The tenor of facilities to non-investment grade clients shall not exceed 5 years, i.e., the maximum tenor for a facility to a non-investment grade client shall be 5 years.
Transportation	Acquisition of Vessels where the source of repayment is restricted to cash flows to be generated from the operations of the asset Bus Rapid Transport arrangements without the financial guarantee of the State Government and an alternative source of repayment. Acquisition of aircrafts, where the project sponsor is unable to provide at least 70%, of the purchase cost.
Stock/Warehouse Financing	The comprehensive insurance policy secured under stock/warehouse financing arrangements must cover financial losses arising from riots, looting outside of the usual cover for fire, burglary and theft.

Sterling Bank Exclusion List

Start-up Businesses	A great caution shall be exercised in availing facilities to start-up entities, especially customers operating in sectors with history of poor performance e.g. Iron & Steel importation/production. Exceptions shall be granted to start-up businesses whose promoters have proven experience and past record of success in managing entities in identical or similar lines of business.
Footnotes	
<ol style="list-style-type: none"> 1. This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations. 2. Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. 3. Harmful child labor means the employment of children that are economically exploitive or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development. 4. A reasonableness test will be applied when the activities of the project company would have a significant development impact on the environment. 	
Sterling Bank Exclusion List	

APPENDIX 1 b – LIST OF W.H.O CLASSES 1A & 1B PROHIBITED AGROCHEMICALS

Extremely hazardous (Class Ia) technical grade active ingredients in pesticides (Common name)

Aldicarb, Brodifacoum, Bromadiolone, Bromethalin, Calcium cyanide, Captafol, Chlorethoxyfos, Chlormephos, Chlorophacinone, Difenacoum, Difethialone, Diphacinone, Disulfoton, Ethoprophos, Flocoumafen, Hexachlorobenzene, Mercuric chloride, Mevinphos, Oxamyl, Parathion, Parathion-methyl, Phenylmercury, Phorate, Phosphamidon, Sodium fluoroacetate, Sulfotep, Tebupirimfos, Terbufos, Table

Highly hazardous (Class Ib) technical grade active ingredients in pesticides (Common name)

Abamectin, Acrolein, Allyl alcohol, Azinphos-ethyl, Azinphos-methyl, Blastocidin-S, Bromophos-ethyl, Butocarboxim, Butoxycarboxim, Cadusafos, Calcium arsenate, Carbofuran, Chlorfenvinphos, 3-Chloro-1,2-propanediol, Coumaphos, Coumatetralyl, Cyfluthrin, Beta-cyfluthrin, 24, Demeton-S-methyl, Dichlorvos, Dicrotophos, Dinoterb, DNOC, Edifenphos, Ethiofencarb, Famphur, Fenamiphos, Flucythrinate, Fluoroacetamide, Formetanate, Furathiocarb, Heptenophos, Isoxathion, Mecarbam, Mercuric oxide, Methamidophos, Methidathion, Methiocarb, Methomyl, Monocrotophos, Nicotine, Omethoate, Oxydemeton-methyl, Paris green (Copper-arsenic complex), Pentachlorophenol, Propetamphos, Sodium arsenite, Sodium cyanide, Strychnine, Tefluthrin, Thallium sulfate, Thiofanox, Thiometon, Triazophos, Vamidothion, Warfarin, Zinc phosphide

***Please visit the [WHO website](#) for full details

APPENDIX 1C: THE ALTERNATIVE BANK SPECIFIC LIST OF EXCLUDED ACTIVITIES

The Alternative Bank Prohibited/Excluded Investments

In line with Shariah principles and the Bank's commitment to ethical and responsible financing, the following categories of businesses, operations, or transactions are excluded from financing or investment:

1. Shariah Non-Compliant Activities

- Any operations, businesses, or processes deemed non-compliant by the Advisory Committee of Experts (ACE).
- Production, trade, or distribution of alcohol and related products.
- Production, trade, or distribution of tobacco, cannabis, and other intoxicants.
- Production, trade, or distribution of swine or swine-derived products, and any other items inconsistent with Shariah principles.
- Gambling, casinos, betting, and related activities, including products and services derived from such activities.
- Investments in conventional interest-bearing instruments.

2. Speculative and High-Risk Ventures

- Investments made purely for speculative purposes, including ventures with extreme or unmanageable risk.
- Start-up businesses or companies, except on an exceptional basis where the business plan is feasible, viable, and the underlying revenue source is acceptable under Shariah principles.

3. Financial Integrity and Transparency

- Companies or businesses that lack reliable financial information or evidence of their capacity to generate sustainable revenue.
- High-risk businesses, as determined by verifiable data and evidence, without adequate risk mitigation.

APPENDIX 2 – REQUIRED INPUT AND SOURCES OF DATA FOR CBN ONGOING REPORT

S/N	Principle 1: E&S Management System for Business Activities	Responsible Group
1.1	Total number of transactions approved during the reporting period	Credit administration Agric. Finance Cooperate Banking team
1.2	Total Value of transactions	Credit administration Agric. Finance Cooperate Banking team
1.3	Number of transactions screened/assessed for E&S Risks	E&S Risk/ Sustainability
1.4	Value of transactions screened/assessed for E&S risks	E&S Risk/ Sustainability
1.5	Percentage of total portfolio screened/assessed for E&S risk	E&S Risk/ Sustainability

1.6	Attach the list of transactions or Client risk categorization (i.e. Category A/B/C or High/Medium/Low risk)	E&S Risk/ Sustainability
1.7	Attach the risk categorization by financial product type	E&S Risk/ Sustainability
1.8	Attach the risk categorization by industry sector	E&S Risk/ Sustainability
1.9	Attach the risk categorization by location (state and/or region)	E&S Risk/ Sustainability
1.10.	Number of Clients or relationships exited for poor E&S performance, non-compliance with agreed E&S Action plans or breach of loan documentation covenants/conditions	E&S Risk/ Sustainability
1.11	No. of Clients engagements on E & S issues which resulted in positive outcome for the Clients and the bank	E&S Risk/ Sustainability
1.12	Amount of lending to companies or projects that have a high climate risk exposure. These include, but are not limited to the following industries: Chemicals, Utilities, Healthcare Management Services, Multi-line insurance & Non-renewable Energy	E&S Risk/ Sustainability
1.13	Description of origination, underwriting or securitization of environmental products (e.g. securities based on renewable energy storage, etc.)	E&S Risk/ Sustainability
1.14	Amount of lending: (1) for environmentally beneficial purposes (e.g. energy efficiency measures, renewable energy projects, etc.) or (2) for general purposes to environmentally focus companies (e.g. low-carbon technologies, renewable energy storage, etc.)	E&S Risk/ Sustainability
1.15	Number of Corrective Action Plans developed for category A and B projects	E&S Risk/ Sustainability
1.16	Percentage of category A projects supervised on annual basis	E&S Risk/ Sustainability
1.17	Percentage of category A and B projects with regular reporting from borrowers.	E&S Risk/ Sustainability
Principle 2: E&S Footprint Management for Business Operations		
i	Total number of buildings/branches and facilities in use by the bank	Procurement/Facility Management/ Strategy (via Branch report update)
ii	Number of buildings/branches and facilities included in this report out of total facilities	E&S Risk/ Sustainability
iii	Total floor space of buildings included in this report out of total floor space	Facility Management E&S Risk/ Sustainability
iv	Total number of employees	HRPM
Environmental Footprint		
2.1.1	Energy consumption - from the national grid and from generators	
2.1.1.1	Total amount of electricity purchased from the national grid in Gwh or Kwh	Facility Management E&S Risk/ Sustainability (Branches via Report portal)
2.1.1.2	Total amount used per employee in kilowatts hour	E&S Risk/ Sustainability
2.1.1.3	Total liters of fuel used to run the generator	Facility Management E&S Risk/ Sustainability (Branches via Report portal)
2.1.1.4	Total Liters used per employee	E&S Risk/ Sustainability
2.1.1.5	Number of branches/business offices powered by alternate sources of energy (e.g. solar energy)	Technology
2.1.1.6	Number of ATMs powered by alternate sources of energy (e.g. solar energy)	Technology
2.1.1.7	Percentage of Total number of ATMs	Technology

2.1.1.8	Co2 footprint per employee from electricity use	E&S Risk/ Sustainability
2.1.2	Paper use - Kgs/tonnes	
2.1.2.1	Total paper consumption in kilograms (2.4kg for a ream of A4)	Facility Management (Sterling towers) Sustainability (Branches via Report portal)
2.1.2.2	Use of recycled paper as a percentage of total paper consumption	Facility Management (Sterling towers) Sustainability (Branches via Report portal)

2.1.2.3	Total paper consumption per employee	E&S Risk/ Sustainability
	**Note: recycled paper refers to new paper products made from wastepaper.	
2.1.3	Water use	
2.1.3.1	From the main water supply -Total consumption	Facility Management (Sterling towers) E&S Risk/ Sustainability (Branches via Report portal)
2.1.3.2	From the main water supply - Use per employee	E&S Risk/ Sustainability
2.1.3.3	From own sources (e.g. water dispense bottles) - Total consumption	Facility Management - Sterling towers E&S Risk/ Sustainability (Branches via Report portal)
2.1.3.4	From own sources (e.g. water dispense bottles) - Use per employee	E&S Risk/ Sustainability
2.1.3.5	Total value of water efficiency investments made and expected efficiency gains in cubic meters.	Facility Management E&S Risk/ Sustainability
2.1.3.6	Water consumption per employee reduced by ...%	Facility Management E&S Risk/ Sustainability
2.1.4	Solid waste production - in kgs/tonnes	
2.1.4.1	Total amount of solid waste generated	Facility Management - Sterling towers Sustainability (Branches via Report portal)
2.1.4.2	Total amount of solid waste generated per employee	E&S Risk/ Sustainability
2.1.4.3	Amount of solid waste disposed to recycling plants as a percentage of total generated	Facility Management E&S Risk/ Sustainability
2.1.5	Business travel (miles travelled, mode of transport, number of trips and number of employees traveling)	
2.1.5.1	Company Fleet	
2.1.5.1.1	No. of vehicles in the company fleet (Company fleet excludes those cars that are not maintained by the institution)	Facility Management /Fleet Management
2.1.5.1.2	Total mileage clocked by company fleet (6.21 miles/1 liter of petrol)	Facility Management /Fleet Management
2.1.5.1.3	Total fuel consumption by fleet cars	Facility Management /Fleet Management
2.1.5.1.4	Total number of employees using fleet cars	Facility Management /Fleet Management
2.1.5.1.5	Average fuel use per employee	Facility Management /Fleet Management
2.1.5.1.6	Use of gasoline by the bank's fleet reduced by ...%	Facility Management /Procurement E&S Risk/ Sustainability
2.1.5.2	Air Travel	

2.1.5.2.1	Total number of business trips	Facility Management /Fleet Management
2.1.5.2.2	Total mileage and CO2 footprint	E&S Risk/ Sustainability
2.2	Social Footprint	
2.2.1	Attach the list showing the composition of employees by gender, race, ethnicity or nationality	HRPM
2.2.2	Attach a list showing gender distribution of employee workforce in management positions	HRPM
2.2.3	Rate of Absenteeism/lost hours	HRPM
2.2.4	Number of employees participating in employee education and counselling programs conducted on health & safety, e.g. serious diseases, such as HIV/AIDs	HRPM
2.2.5	Number of employees participation in education/training/other career enhancement programs designed for minority/disadvantaged groups, especially women employees	HRPM
2.2.6	Number of employees that utilized grievance mechanisms or procedures in place	HRPM
2.2.7	Number of physically challenged employees in the workforce	HRPM
2.2.8	Number of branches that are friendly to physically challenged Clients	E&S Risk/ Sustainability Financial Inclusion
2.2.9	Percentage of total number of friendly branches (to physically challenged Clients) to total number of branches	E&S Risk/ Sustainability Financial Inclusion
2.2.10	Number of children in crèches in the institution's facilities to cater for nursing-mother employees	HRPM
2.2.11	Number of stress management programmes organized for employees	HRPM
2.2.12	Number of gymnasium and other recreational facilities provided for staff	HRPM
2.2.13	Number of retired employees granted access to health care	HRPM
2.3	Community Support and Investment	
2.3.1	Total number of employees involved in voluntary community activities	Branding & Communications HRPM
2.3.2	Total time(hours) spent by employees in voluntary community activities	Branding & Communications HRPM
2.3.3	Donations per capita (based on total number of employees in the workforce)	Branding & Communications
2.3.4	Gifts-in-kind	Branding & Communications
2.3.5	Value of donations to orphanages	Branding & Communications
2.3.6	Number of boreholes constructed	Branding & Communications
2.3.7	Value of sports sponsorships	Branding & Communications
2.3.8	Value of hostels and lecture theatres provided	Branding & Communications
2.3.9	Value of schools/classroom blocks donated and renovation of schools	Branding & Communications
2.3.10	Value of transportation vehicles donated	Branding & Communications
2.3.11	Value of hospital equipment provided	Branding & Communications
2.3.12	Number of employees seconded to a community organization	Branding & Communications
2.3.13	Value of furniture or equipment donated (In estimated market value)	Branding & Communications

2.3.14	Others (Please Specify)	Branding & Communications
2.4	Number of community complaints resolved via grievance mechanisms	Customer experience
2.5	Third-party E & S standards	Human Capital, Infrastructure & Corporate Services
2.5.1	Number of suppliers, contractors and third-party service providers screened	Human Capital, Infrastructure & Corporate Services
2.5.2	Number of third-party relationships exited due to poor E & S performance/standards or lack of E & S policies	Human Capital, Infrastructure & Corporate Services
Principle 3: Human Rights		
3.1	Number of transactions assessed for human rights risks such as child labor, discrimination on the basis of gender, ethnicity, religion, political persuasion, etc.	E&S Risk/ Sustainability
3.1(a)	Percentage of total transactions booked	E&S Risk/ Sustainability
3.2	Number of retired employees granted access to free health care.	HRPM E&S Risk/ Sustainability
3.3	Number of transactions where (potential) human rights violations have been identified	E&S Risk/ Sustainability
3.3(a)	Percentage of total transactions booked	E&S Risk/ Sustainability
3.4	Number of transactions where , based on the human rights risk profile, mitigations requirements have been included in the loan documentation	E&S Risk/ Sustainability
3.5	Number of transactions that were cancelled/terminated based on the human rights risk.	E&S Risk/ Sustainability
3.5(a)	Percentage of total transactions booked	E&S Risk/ Sustainability
Principle 4: Women's Economic Empowerment		
4.1	Total number of female employees	HRPM
4.1(a)	Percentage of total employees	HRPM
4.2	Attach a list of female employees by business unit	HRPM
4.3	Number of female employees in management positions	HRPM
4.3 (a)	Percentage of total number of employees in management positions.	HRPM
4.4	Number of females on Board of Directors	HRPM E&S Risk/ Sustainability - via the latest annual report LEGAL
4.4(a)	Percentage of total directors	HRPM E&S Risk/ Sustainability
4.5	Total expenditure on capacity building for female employees	HRPM
4.5(a)	Percentage of total expenditure on capacity building	HRPM
4.6	Number of women Inclusive policies	HCM E&S Risk/ Sustainability
4.7	Number of reviewed policies barring women from registering their spouses for health benefits and/or claim allowances for their husband and children	HCM
4.8	Number of new female-oriented products and services developed and brought to market	Branding & Communications Agency banking Retail finance
4.9	Number of loans made to women:	Retail finance
	(a) Individuals	Retail finance
	(b) Women-owned businesses	Retail finance
4.10.	Total value of all lending made to women:	Retail finance
	(a) Individuals	Retail finance

	(b) Women-owned businesses	Retail finance
	(c) Percentage of total loan portfolio	Retail finance
Principle 5: Financial Inclusion		
5.1	Number of new/innovative products or service offerings designed for disadvantaged groups and amounts involved:	
	(i) Deposits (Agent banking deposits)	Agency banking
	(ii) Loans/advances (SME loans)	Retail finance

5.2	Number of previously unbanked individuals who received financial services or products for the first time.	Agency banking
5.3	Attach a list of agent banks established by state	Agency banking
5.4	Number of individual and SME accounts held with the bank:	Agency banking
	(i) Individual	Agency banking Retail finance
	(ii) SME	Agency banking Retail finance
5.5	Number of branches that can be easily accessed by physically challenged persons such as visually impaired and/or those on wheelchairs. Etc.	Agency banking
5.6	Percentage of total domestic loans and other banking products focused on underserved and under-banked business segments (e.g. low-income neighborhoods, minority-owned businesses, small and medium enterprises), by category.	Sustainability
5.7	Description of initiatives to enhance Clients' financial literacy, including efforts to attract unbanked, under-banked or underserved Clients. Include the number of participants in each initiative.	Agency banking
Principle 6: E & S Governance		
6.1	Review of E & S Governance	E&S Risk/ Sustainability
6.2	Number of internal audit reviews conducted to assess progress and monitor effectiveness of E & S governance structures	E&S Risk/ Sustainability
6.3	External audit conducted to review the bank's compliance with Sustainable Banking (Answer Yes or No)	E&S Risk/ Sustainability
6.4	Description of legal and regulatory fines and settlements associated with failure to provide adequate, clear, and transparent information about products and services, including truthful advertising, transparency of small print, marketing to vulnerable groups (e.g. small investors), and transparency of fees, miss-selling products, overcharging Clients and legal responsibility of firm. Include naira amount of fines and settlements and a description of corrective actions implemented in response to events	E&S Risk/ Sustainability Legal
Principle 7: Capacity Building		
7.1	Training:	
7.1.1	Sustainable Banking training programs developed and delivered including:	Agency banking HCM E&S Risk/ Sustainability
7.1.1.2	Mode of Delivery (Attach) e.g. classroom, webinar, online, on-the-job-seminars, conferences	Agency banking HCM E&S Risk/ Sustainability
7.1.1.3	Number of participants trained and in what functions/roles within the institution (Attach)	Agency banking HCM E&S Risk/ Sustainability
7.2	Number of other capacity building activities:	

7.2.1	General awareness raising	Agency banking Branding & Communications HCM E&S Risk/ Sustainability
7.2.2	Seminars	Agency banking Branding & Communications HCM E&S Risk/ Sustainability
7.2.3	Press releases & bulletins	Agency banking Branding & Communications HCM E&S Risk/ Sustainability
7.2.4	In-plant programmes	Agency banking Branding & Communications HCM E&S Risk/ Sustainability
7.2.5	Study tours, Knowledge sharing, community of practice.	Agency banking HCM E&S Risk/ Sustainability
Principle 8: Collaborative Partnerships		
8.1	Membership and/or leadership roles in Nigerian Sector-wide Sustainable Banking initiatives, programs or working groups (Attach)	E&S Risk/ Sustainability
8.2	Membership and/or leadership roles in international Sustainable Banking or other sustainability-related initiatives, forums, or events (including the Equator Principles) (Attach)	E&S Risk/ Sustainability
8.3	Number of Development Finance Institution(s) collaborated with on sustainability issues (to be reported once a year - Q4 only)	E&S Risk/ Sustainability
Principle 9: Reporting		
9.1	Sustainable Banking included in Annual Report or publication of Standalone Sustainability Report (Answer Yes or No)	E&S Risk/ Sustainability Branding & Communications

9.2	Annual report presented and approved by the Board	E&S Risk/ Sustainability Branding & Communications
9.3	Annual Report submitted to CBN (Answer Yes or No)	Sustainability Branding & Communications
SECTORAL REPORT		
AGRICULTURE		
1.1	Number of agriculture-related transactions booked:	Credit administration Agric. Finance
1.1.1	Total	Credit administration Agric. Finance
1.1.2	By Agricultural value chain category and name (attach)	Credit administration Agric. Finance
1.1.3	By type of commodity (attach)	Credit administration Agric. Finance
1.2	Value of agriculture - related transactions booked:	
1.2.1	Total	Credit administration Agric. Finance
1.2.2	By Agricultural value chain category and name (attach)	Credit administration Agric. Finance
1.2.3	By type of commodity (attach)	Credit administration Agric. Finance
1.3	Number of transactions by E & S Categorization (A, B or C)	E&S Risk/ Sustainability
1.3.1	By state (attach)	E&S Risk/ Sustainability
POWER		
2.1	Number of power related transactions booked	Credit administration Corporate Banking team

2.1.1	Total	Credit administration Corporate Banking team
2.1.2	By category	Credit administration Corporate Banking team
2.1.3	Power generation sources and associated facilities	Credit administration Corporate Banking team
2.1.4	Electricity transmission	Credit administration Corporate Banking team
2.1.5	Electricity distribution	Credit administration Corporate Banking team
2.2	Value of power-related transactions booked	
2.2.1	Total	Credit administration Corporate Banking team
2.2.2	By category	Credit administration Corporate Banking team
2.2.3	Power generation sources and associated facilities	Credit administration Corporate Banking team
2.2.4	Electricity transmission	Credit administration Corporate Banking team
2.2.5	Electricity distribution	Credit administration Corporate Banking team
2.3	Number of power related transactions screened/assessed for E&S risks	E&S Risk/ Sustainability
2.4	Number of transactions by E & S Categorization (A, B or C)	E&S Risk/ Sustainability
2.5	Amount of lending to:	E&S Risk/ Sustainability
2.5.1	Energy efficient projects	E&S Risk/ Sustainability
2.5.2	Clean Technology	E&S Risk/ Sustainability
2.5.3	Renewable energy (please specify: solar, clean, coal, wind, biomass, etc.)	E&S Risk/ Sustainability
	OIL AND GAS	
3.1	Number of oil & gas related transactions booked:	
3.1.1	Total	Credit administration Corporate Banking team
3.1.2	By category	Credit administration Corporate Banking team
3.1.2.1	Upstream	Credit administration Corporate Banking team
3.1.2.2	Midstream	Credit administration Corporate Banking team
3.1.2.3	Downstream	Credit administration Corporate Banking team
3.1.2.4	Servicing (i.e. provision of technical support services for upstream, midstream and downstream segments in the areas of drilling, well completion, well simulation, logistics, equipment supplies, etc.)	Credit administration Corporate Banking team
3.2	Value of Oil and Gas-related transactions booked:	
3.2.1	Total	Credit administration Corporate Banking team
3.2.2	By category	Credit administration Corporate Banking team

3.2.2.1	Upstream	Credit administration Corporate Banking team
3.2.2.2	Midstream	Credit administration Corporate Banking team
3.2.2.3	Downstream	Credit administration Corporate Banking team
3.2.2.4	Servicing	Credit administration Corporate Banking team
3.3	Number of oil & gas related transactions screened/assessed for E & S risks	E&S Risk/ Sustainability
3.4	Number of transactions by E & S Categorization (A, B or C)	E&S Risk/ Sustainability

APPENDIX 3: SECTOR SPECIFIC GUIDELINES FOR E&S RISK ASSESSMENT OF CREDITS (APPLICABLE TO BANK SUBSIDIARIES)

Oil and Gas

The oil and gas industry remains a vital pillar of Nigeria's economy, serving as the primary source of government income and foreign exchange. Despite its economic importance, the sector continues to face serious technical hurdles, particularly the widespread use of outdated infrastructure. A large portion of the nation's pipeline system has operated far beyond its original design life, creating notable safety hazards, operational challenges, and increased financial demands for system overhaul and modernization. The industry is also undergoing a strategic shift toward natural gas commercialization, driven by the [Decade of Gas Initiative](#), which seeks to optimize Nigeria's 206 trillion cubic feet of proven gas reserves as a transition fuel.

From an environmental and social (E&S) perspective, the oil and gas sector is one of Nigeria's largest contributors to greenhouse gas emissions, primarily due to gas flaring and operational leaks. The industry is also associated with significant environmental risks such as oil spills, ecosystem damage, and tensions with local communities—especially in oil-producing regions.

To ensure responsible financing and alignment with both national and international sustainability frameworks, this guideline will be governed by:

Internal Frameworks:

- The Bank's Environmental and Social Risk Management (ESRM) Policy
- Enterprise Risk Management (ERM) Framework and Credit Policy Guide
- Risk categorization and transaction-level E&S due diligence protocols

Applicable Standards and Regulations:

- Nigerian Sustainable Banking Principles (NSBP)
- Petroleum Industry Act (PIA) 2021 and related sector regulations
- Nigeria's Energy Transition Plan and National Determined Contributions (NDCs)
- IFC Performance Standards, particularly:
 - **PS1** – Assessment and Management of Environmental and Social Risks and Impacts
 - **PS3** – Resource Efficiency and Pollution Prevention
 - **PS6** – Biodiversity Conservation and Sustainable Management of Living Natural Resources
- International best practice benchmarks and standards such as the Equator Principles (where relevant to project-related transactions)
- Relevant DFI policies and lender requirements (where applicable)

This sectoral guideline serves to enhance the Bank's capacity to assess, manage, and monitor the distinct E&S risks associated with oil and gas operations. It enables structured, informed engagement with clients while supporting Nigeria's long-term transition to a more resilient and lower-carbon energy system.

Power Sector

Nigeria's power sector faces a substantial energy shortfall, with millions of citizens lacking consistent access to electricity. Less than half of the population enjoys reliable supply, and the national grid struggles with inefficiencies such as transmission losses and outdated infrastructure. Addressing these issues will require significant annual investment to expand grid capacity and meet rising demand.

Despite these constraints, the sector holds strong potential for sustainable growth. Renewable energy solutions, particularly solar power, are gaining momentum and offering practical alternatives for off-grid and underserved areas. The increasing deployment of solar mini grids is helping bridge the energy access gap in many rural communities, highlighting the role of clean energy in tackling energy poverty and supporting inclusive development.

The power sector presents significant environmental and social (E&S) risks. Hydropower developments can lead to habitat destruction and threaten vulnerable wildlife, while gas flaring from thermal plants contributes to air pollution at a substantial scale. In the absence of proper safeguards, power infrastructure projects may also cause community displacement, strain water resources, and disrupt local ecosystems. On the economic front, expanding access to electricity holds strong potential to increase national GDP and drive inclusive growth, making sustainable electrification a critical development priority.

To ensure responsible investment and alignment with Nigeria's energy and climate ambitions, this guideline is grounded in the following frameworks:

Internal Frameworks:

- The Bank's Environmental and Social Risk Management (ESRM) Policy
- Enterprise Risk Management (ERM) Framework and Credit Policy Guide
- Risk categorization and transaction-level E&S due diligence protocols

Applicable Standards and Regulations:

- Nigerian Sustainable Banking Principles (NSBP)
- Applicable national energy regulations
- Nigerian Electricity Regulatory Commission (NERC) guidelines and codes
- IFC Performance Standards, particularly:
 - PS1 – Environmental and Social Risk Assessment and Management
 - PS3 – Resource Efficiency and Pollution Prevention
 - PS6 – Biodiversity Conservation
- Sustainable Energy for All (SE4ALL) principles (where relevant)
- International best practice benchmarks and other relevant international standard (where applicable)
- Relevant DFI policies and lender requirements (where applicable)

This sectoral guideline will support the Bank in ensuring that power sector financing decisions promote inclusive energy access, climate resilience, and environmental integrity—while upholding international best practices and national development objectives.

Agriculture

Agriculture remains a cornerstone of Nigeria's economy, employing a significant portion of the workforce while contributing a comparatively smaller share to the nation's Gross Domestic Product—a gap that underscores persistent productivity challenges across the value chain. A major technical hurdle is the high level of post-harvest losses, often exceeding 40%, driven by inadequate storage, limited processing capacity, and inefficient logistics.

Despite these challenges, the sector is experiencing a wave of transformation driven by innovation. There is growing investment in agricultural technology, with increased adoption of digital platforms and tools that help smallholder farmers boost productivity and gain better access to markets. This marks a broader shift toward modernization and data-driven farming solutions.

At the same time, agriculture poses significant environmental and social (E&S) risks. It is a leading cause of deforestation and freshwater use, placing considerable pressure on ecosystems and water availability. Other concerns include soil degradation, chemical runoff, insecure land tenure, child labor, and gender disparities in land ownership and access to finance. Addressing these challenges while enhancing productivity offers a powerful pathway to economic growth and rural development. According to estimates from [McKinsey & Company](#) (2023), increased sector performance could unlock up to \$40 billion in additional GDP by 2030, driven by higher yields, expanded value chains, and reduced dependence on food imports.

To ensure the Bank's financial interventions support sustainable growth while managing these risks, this sectoral guideline is grounded in the following frameworks:

Internal Frameworks:

- The Bank's Environmental and Social Risk Management (ESRM) Policy
- Enterprise Risk Management (ERM) Framework and Credit Policy Guide
- Risk categorization and transaction-level E&S due diligence protocols

Applicable Standards and Regulations:

- Nigerian Sustainable Banking Principles (NSBP)
- The Nigerian Agricultural Promotion Policy (APP) – which provides a national roadmap for improving productivity and food self-sufficiency
- FAO Climate-Smart Agriculture (CSA) Principles – focusing on productivity, resilience, and emissions reduction
- IFC Performance Standards, especially:
 - **PS1** – Environmental and Social Risk Assessment and Management
 - **PS2** – Labor and Working Conditions
 - **PS3** – Resource Efficiency and Pollution Prevention
 - **PS5** – Land Acquisition and Involuntary Resettlement
 - **PS6** – Biodiversity Conservation and Natural Resource Management
- Relevant provisions from FMARD, NAQS, and environmental guidelines from NESREA
- Other relevant international standards.
- Relevant DFI policies and lender requirements (where applicable)

This guideline ensures that the Bank's engagement in the agriculture sector supports climate-resilient, socially inclusive, and environmentally sustainable practices, in alignment with national priorities and global sustainability benchmarks.

Construction

Nigeria's construction sector is among the fastest growing in the region, recording strong annual expansion in recent years. However, this rapid growth is occurring against the backdrop of a significant infrastructure gap, with urgent needs across transportation, housing, utilities, and public services. Technically, inefficiencies persist throughout the construction process. A considerable portion of materials is often lost due to poor planning, on-site mismanagement, and frequent design alterations. In addition, a large share of buildings in the country do not meet recognized environmental standards, which limits progress toward energy efficiency, sustainable resource use, and climate adaptation. Encouragingly, there has been growing momentum in the adoption of green building practices. Climate-smart construction is gaining traction, supported by increasing awareness and access to green finance, and more developers are now seeking environmental certifications for their projects.

Nonetheless, the sector's environmental and social footprint remains significant. Construction contributes heavily to solid waste generation, with materials such as debris, concrete, and packaging forming a major portion of urban waste. From a labor perspective, the industry is linked to a high rate of workplace injuries and fatalities, often resulting from unsafe conditions, inadequate protective gear, and improper equipment use. These challenges highlight the importance of embedding sustainability, safety, and efficiency into the construction value chain.

Internal Frameworks

(2021),

- The Bank's Environmental and Social Risk Management (ESRM) Policy
- Enterprise Risk Management (ERM) Framework and Credit Policy Guide
- Risk categorization and transaction-level E&S due diligence protocols

Applicable Standards and Regulations

- The Nigerian Sustainable Banking Principles
- IFC Performance Standards, particularly:
 - **PS1** – Environmental and Social Risk Assessment
 - **PS 2**- Labor and Working Conditions
 - **PS3** – Resource Efficiency and Pollution Prevention
 - **PS4** – Community Health, Safety and Security (including occupational health and safety)
- Nigerian Building Code and FMLHUD guidelines on structural safety, energy efficiency, and planning
- National E&S enforcement from NESREA and FMLP
- International best practice benchmarks and other relevant international standard(where applicable)
- Relevant DFI policies and lender requirements (where applicable)

Manufacturing

The manufacturing sector plays a key role in Nigeria's strategy to diversify its economy and drive industrial growth. It contributes a modest share to national output but continues to operate below optimal capacity due to persistent challenges such as unreliable electricity, poor logistics infrastructure, and outdated equipment. Technically, the sector is highly energy intensive. Most manufacturers rely on diesel generators as their primary power source, which significantly raises production costs, increases greenhouse gas emissions, and affects overall competitiveness. The sector, however, presents strong growth opportunities. Circular economy models—focused on recycling, reuse, and converting waste into resources—are gaining traction, especially in areas like plastics, textiles, and Agro-processing, with the potential to unlock substantial market value.

At the same time, the manufacturing sector is associated with significant environmental and social risks. Industrial effluents contribute to widespread water pollution, particularly in manufacturing zones, where untreated chemicals and heavy metals are often discharged into the environment. Workplace safety incidents are also common, frequently linked to poor compliance with occupational health and safety standards and the lack of structured safety systems.

With the right interventions, the manufacturing sector can serve as a powerful driver of inclusive growth. It has strong job creation potential across supporting industries such as logistics, retail, maintenance, and services, offering widespread economic benefits across the value chain.

To support responsible industrial growth, improve environmental performance, and promote worker welfare, this sectoral guideline is structured around the following frameworks:

Internal Frameworks

- The Bank's Environmental and Social Risk Management (ESRM) Policy
- Enterprise Risk Management (ERM) Framework/Credit Policy Guide
- Risk categorization and transaction-level E&S due diligence protocols

Applicable Standards and Regulations

- Nigerian Sustainable Banking Principles
- IFC Performance Standards, with focus on:
 - **PS1** – Environmental and Social Risk Assessment and Management
 - **PS2** – Labor and Working Conditions
 - **PS3** – Resource Efficiency and Pollution Prevention
 - **PS4** – Community Health, Safety and Security (including occupational health and safety)
- ISO 14001 (Environmental Management Systems), IISO 45001 (Occupational Health and Safety Management Systems), ISO 50001 (Energy Management Systems) and ISO 9001 (Quality Management Systems)- where relevant and as applicable
- International best practice benchmarks and other relevant international standard (where applicable)
- Relevant pollution control and occupational health and safety requirements issued national/state authorities

Component		Sector				
		Oil & Gas	Power	Agriculture	Construction	Manufacturing
Objectives		Identify, manage and mitigate E&S risks in upstream/downstream operations. Align with ESRM and DFI requirements. Avoid negative impacts through international best practices	Manage E&S risks in power financing. Supplement and adopt the Nigerian Sustainable Banking Principles and IFC Performance Standards, and international best practices Promote clean energy transition	Manage complex E&S risks in agribusiness. Position agriculture as sustainable investment by supporting rural incomes. Drive value chain transformation and food security	Promote sustainable construction practices and drive innovation in building technologies. Establish minimum E&S standards Position sector for green financing	Promote sustainable industrial practices and drive circular economy adoption. Position sector for ESG investments. Set minimum E&S standards
Scope & Applicability	Coverage	All financial services for exploration, drilling, production, refining, storage, distribution	Generation (non-nuclear), transmission, renewables. Applies to all corporate lending to new and existing clients.	All agricultural lending	All financing related to construction projects (residential, commercial, infrastructure).	All manufacturing subsectors
	Client Type	Operators, service providers	Generators, distributors, power transmitters, renewable and alternative energy developers. Size-based (e.g., 1-50MW-small scale, 50-100MW-medium scale; ≥100MW- large scale generation)	Farmers, aggregators, processors, input suppliers. Based on activity scale	Contractors, developers, material suppliers. Based on Project scale/sensitivity	Processors, factories, plants. Based on Scale/hazard level
	Special Cases	DFI co-financing may trigger additional requirements	Asset management/insurance may be excluded. DFI co-financing may trigger additional requirements	Limited-influence scenarios excluded. DFI co-financing may trigger additional requirements	Heritage site projects require enhanced due diligence. DFI co-financing may trigger additional requirements	High-hazard industries require enhanced due diligence. DFI co-financing may trigger additional requirements
Key E&S Risks (Non-exhaustive)	Environmental	Gas flaring (GHG), spills/leaks, habitat destruction (onshore/offshore), water consumption, ship pollution (MARPOL)	Habitat fragmentation (hydro), GHG emissions (thermal), water use conflicts, hazardous waste (biomass), air pollution	Deforestation, soil degradation, chemical runoff, water depletion, GHG emissions (livestock), post-harvest waste	Resource depletion (materials/energy/water), construction waste (40-50% landfill), site runoff pollution, habitat fragmentation	Industrial effluents, air emissions (VOCs/PM), hazardous waste, soil contamination, supply chain impacts
	Social	Security force conduct, community displacement, indigenous rights violations, corruption	Resettlement (dams), community health impacts, land access restrictions, visual intrusion	Land tenure conflicts, child labour, gender disparities, community health risks, cash crop displacement	Worker safety, community displacement, heritage	Chemical exposure risks, machinery accidents, wage violations, community odour/noise pollution

Component	Sector				
	Oil & Gas	Power	Agriculture	Construction	Manufacturing
				site damage, migrant labour exploitation	
Operational	Legacy contamination, remote site management, supply chain risks	Grid reliability issues, fuel supply risks, technology obsolescence	Input access barriers, weak extension services, market linkage failures, climate vulnerability	Climate vulnerability (flooding/extreme heat), design-life shortcomings, supply chain accountability	Resource inefficiency, regulatory non-compliance, product liability, circularity gaps
Banking Requirements	Compliance (As Applicable) EITI reporting compliance; Gas flaring reduction targets; MARPOL Annex VI enforcement; VPSHR implementation; NESREA, NUPRC, NMDPRA, NOSDRA, National Gas Policy, PIECA, OGP, IMO	EIA for new projects and EA for existing projects; NERC; NEMSA; NESREA, REA, WB EHS Guidelines, GRI, Equator Principles	Fertilizer distribution models; Quality seed financing; Mechanization/irrigation tech; Rainforest Alliance/Regen10 certification FMARD, NAQS, NAFDAC, NESREA, FAO Guidelines, Equator Principles, GRI (Food & Agri), UN SDGs.	Sustainable site planning; Climate-resilient designs; Heritage impact assessments; Resettlement action plans; GRI, Equator Principles, Living Wage Verification; Safety certifications (OSHA); FMLHUD, NESREA, Nigerian Building Code.	Cleaner production tech; ISO 50001 energy systems; ISO 45001 certification; Water recycling loops; NESREA, FMLP, SON (Standards Org.), MAN., OHSAS, GRI Manufacturing, UNGC, Equator Principles
	Technical Standards (As Applicable) Reuse ≥90% or reinjection; discharge ≤10mg/L hydrocarbons; No-go zones: IUCN I-IV protected areas; offset ratios 3:1 for habitat loss; Zero routine flaring; ≤0.25% methane slips from combustion devices	BAT for emissions control, Fish passage systems (hydro), Grid loss reduction tech. New thermal plants must achieve ≤0.45 tCO2/MWh	IPM/chemical reduction, Water conservation, Climate Smart Agriculture	Waste management plans (90% diversion), Erosion/sediment control, Noise/dust mitigation	ERG programs; Take-back programs; Effluent treatment plants; Hazardous Waste Management; Full MSDS disclosure; ≤1% APEO in textiles; phthalate-free plastics
	Financing Priorities Methane Abatement, Energy Transition Enablers; Ecosystem Resilience	Renewable Integration, Clean Thermal Transition, Demand-Side Innovation (Industrial load-shifting systems; Distributed microgrids (>50% renewables, Smart meter rollout with prepaid APIs)	Input Efficiency (Drip irrigation with soil moisture sensors, Biofertilizer production facilities, Solar-powered cold chains etc.); Drought-resistant seed R&D (e.g., NERICA rice); Solar micro-irrigation systems; Regenerative Transition; Value Chain Technology; Climate Information Services	Circular Material Systems; Climate Resilient Infrastructures; Digital Enablers	Resource Productivity; Clean Production; Ethical Digitalization
Risk Categorization	High-Risk Transactions Offshore and Onshore drilling, Large-Scale Oil & Gas Pipelines - >50 km (Cross-Country or Cross-Border), refining with flaring, Refineries in populated areas, LNG	Medium/Large-scale thermal (>50MW) all hydro projects >1MW, Dams >15m height, international waterways, biomass with hazardous waste. New generation	Land clearing, pesticide-heavy farming, large farms >20 hectares (for crops); >1,000 birds or livestock, large processing facilities, Large-scale deforestation, High-chemical input systems, Irrigated	Dams, highways (>20 km and Involves land acquisition, resettlement, or relocation of community infrastructure), dense	Chemical and Pharmaceutical plants, large-scale Textile and Tannery Plants, metal smelting, Mining/metallurgy, Cement, Asphalt, or Lime

Component		Sector				
		Oil & Gas	Power	Agriculture	Construction	Manufacturing
		Plants (Liquefied Natural Gas Terminals), Large Oil Depots and Bulk Terminals, Large-Scale Oilfield Waste Disposal Facilities (Coastal or Inland), Bitumen or Oil Derivatives Processing Plants, Projects Near Conflict Zones or Insecure Areas	>1MW, Transmission corridors/pipelines ≥132 kV or >50 km in length	Commercial Rice Farms (e.g., >100 ha), Significant water abstraction compared to aquifer recharge rates, Indigenous land impacts	urban construction, projects in sensitive areas, High-rise in seismic zones, Large-Scale Port, Airport, or Rail Infrastructure	Production, Large waste volumes
	Medium-Risk Transactions (subject to site-specific screening)	Retail Fuel Stations (with proper design and permitting), Gas Distribution Networks (within cities or industrial zones), Used Oil or Lubricant Recycling Facilities, Oilfield Support Services (e.g., Chemical Warehousing, Mud Logging), Pipeline Maintenance or Minor Extension (≤10 km), Small Onshore Oil Depots (Storage Facilities), LPG Bottling or Refilling Plants (Small to Medium Capacity)	Small combustion units, solar/wind >1MW, Small thermal (1-50MW), Run-of-river hydro <1 MW, Battery Energy Storage Systems (BESS), Captive power plants (within industrial estates), Transmission corridors/pipelines <132kV	Mid-size farms, processing with medium-low pollution, Short-term harvest, working capital for certified low-risk crops, Fish Farms (Aquaculture, Catfish or Tilapia) Medium-scale irrigation, Controlled input use, Outgrower Schemes (No Land Take, Fair Contracts), Agro-processing Facilities (e.g., cassava or maize processing <10 tons/day)	Midstream services with standard controls, Commercial complexes ≤5 storeys, Industrial facilities, medium housing, renovations, Small-Scale Roadworks (≤20 km) or road upgrades	Food processing, small consumer goods, Pharmaceutical Blending or Packaging (not synthesis), textile assembly, Bottled Water or Sachet Water Production Electronics assembly, Light assembly.
	Technical Assessment Criteria (Indicative)	Flaring Volume → Routine gas flaring (m ³ /day) Spill/Explosion Probability → Secondary containment adequacy (% tank capacity) Community Proximity/Displacement → Households physically relocated Habitat Fragmentation → Km ² critical habitat impacted Methane Leakage → % fugitive emissions (OGMP 2.0 standard) Corrosion Risk → Pipeline integrity rating (1-5 scale)	Water Stress → Withdrawal as % of available supply Emission Intensity → tCO ₂ e/MWh generated Resettlement Scale → Families requiring relocation Avian Mortality → Fatalities/MW/year (wind) Cooling Technology → Once-through vs. closed-loop Grid Vulnerability → Outage frequency (events/year)	Deforestation Risk → Hectares primary forest cleared Water Stress → Irrigation efficiency (%) Chemical Load → kg active pesticides/ha Soil Degradation → Organic carbon content (%) Labor Intensity → Temporary workers (%) Post-Harvest Loss → % total production wasted	Resettlement Scale → Households displaced Heritage Significance → Proximity to protected sites (meters) Traffic Management Worker Safety → Lost-time injury rate/200k hrs Material Waste → % landfill diversion Noise Pollution → dB levels at site boundary Embodied Carbon → kgCO ₂ e/m ² structure	Toxicity Levels → ZDHC MRSL; WHO; NAFDAC non-compliant chemicals (%) Emission Intensity → kg VOC/ton product Water Pollution → Effluent COD/BOD (mg/L) Labor Intensity → Workers exposed to hazards (%) Resource Efficiency → Energy/water per unit output Waste Hazard → Tons hazardous waste/₦1M revenue

Component		Sector				
		Oil & Gas	Power	Agriculture	Construction	Manufacturing
Assessment & Monitoring	E&S Assessment (As Applicable)	IFC PS1-PS8 Compliance + EIA/EMP (PS1,2, 3, 4 for medium risk transactions) Review Environmental & Social Impact Assessment (ESIA) for: Flaring reduction plans (aligned with World Bank's Zero Routine Flaring Initiative) and Spill Prevention, Control & Countermeasure (SPCC) plans (NUPRC/NMDPRA /API 2350 compliance); Verify Resettlement Action Plan (RAP) (if >50 persons displaced); Confirm Biodiversity Offset Plan (for IUCN I-IV protected areas); Valid NUPRC or NMDPRA Environmental Compliance Certificate; NUPRC Gas Flaring Permit (if applicable); Community Development Agreement (CDA) (Petroleum Industry Act 2021); ILO-compliant worker grievance logs	IFC PS1-PS8 Compliance + EIA/EMP (PS1, 2, 3, 4 for medium risk transactions) Review Emissions Modelling Report (≤50mg/Nm³ SOx for thermal plants); Avian & Bat Protection Plan (for wind farms); Downstream Flow Assessment (for hydropower >1MW); NESREA Permits (air/water emissions); Transmission Right-of-Way Agreements (with affected landowners); Power purchase agreement; Black-start capability test records; Vegetation clearance logs (to prevent wildfires)	IFC PS1-PS8 Compliance + EIA/EMP (PS1, 2, 3, 4 for medium risk transactions); Land Title & Crop Maps (no deforestation post-2020-National REDD+ Strategy (2021)); Water Use Permit (from state Ministry of Water Resources); Child Labor Mitigation Plan (aligned with ILO Convention 182); Brownfield Redevelopment Plans Climate-Smart Practices; Market Access (Off-taker contracts to reduce post-harvest losses)	IFC PS1-PS8 Compliance + EIA/EMP (PS1,2, 3, 4 for medium risk transactions) Construction Waste Management Plan (≥75% recycling); Heritage Impact Assessment (for sites within 5km of monuments); LEED/EDGE certification; Review Labor for standards: OSHA-compliant Safety Training/ Certificates and Proof of Living Wage Payments (per Nigeria's Minimum Wage Act); Grievance Redress Mechanism	IFC PS1-PS8 Compliance + EIA/EMP (PS1,2, 3, 4 for medium risk transactions) Effluent Discharge Reports (COD ≤250mg/L); Chemical Inventory (ZDHC MRSL v3.0/WHO/NAFDAC compliance); Occupational Health & Safety (OHS) Manual; ISO 45001 certification; Waste-to-Resource Contracts, Extended producer responsibility systems
	Monitoring	Annual Site Visits for all High-Risk Transactions Medium Risk Transactions- >₦100 million/>1 year tenor where more than 2 Technical assessment criteria are triggered; Physical Checks; Community Engagement	Annual Site Visits for all High-Risk Transactions Medium Risk Transactions- >₦100 million/>1 year tenor where more than 2 Technical assessment criteria are triggered; Physical Checks, Stakeholder feedback	Annual Site Visits for all High-Risk Transactions Medium Risk Transactions- >₦100 million/>1 year tenor where more than 2 Technical assessment criteria are triggered; Physical Checks, Farmer interviews	Annual Site Visits for all High-Risk Transactions Medium Risk Transactions- >₦100 million/>1 year tenor where more than 2 Technical assessment criteria are triggered; Physical Checks, Worker interviews	Annual Site Visits for all High-Risk Transactions Medium Risk Transactions- >₦100 million/>1 year tenor where more than 2 Technical assessment criteria are triggered; Physical Checks, Worker interviews



INTERNAL MEMORANDUM

To: Group Chief Risk Officer
From: Group Head, Company Secretariat
Date: 26th November 2025
Subject: **BOARD DECISION - APPROVAL OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK POLICY**

The Board at its meeting of 26th November 2025 considered the paper on the subject.

Upon deliberation, the Board approved the Environmental, Social and Governance Risk Policy as presented.

Kindly implement the above decision accordingly.

Thank you.

A handwritten signature in blue ink, appearing to read "Adeyoola Temple", is written over the printed name.

Adeyoola Temple
Group Head, Company Secretariat