Adherence to the Nigerian Sustainable Banking Principles

Sustainability is about taking care of societies where we live, work and does business, and being sensitive to their changing needs. Wema Bank will partner with all relevant stakeholders in analyzing all inherent risks in order to eliminate any contrary effects. We will strive for transparency in our conduct and operations.

Wema Bank Commitment

Wema Bank Plc is committed to delivering its Banking services in compliance with local and global best practices and ensuring compliance with environmental, social, cultural and economic principles. We believe we do not operate in isolation of competition, customers and the environment and therefore, must abide by a sustainable code of conduct.

As the Bank’s commercial objectives develop, we will remain committed to perpetual value addition to all interested parties by assessing the impact of our activities on the environments where we operate as well as the physical developmental impacts of deals brokered by our Bank. We will partner with all relevant stakeholders in analyzing all inherent risks in order to eliminate any contrary effects. We will strive for transparency in our conduct and operations. Being sustainable also means:

- Taking into account ethical, social and environmental criteria in our decision-making;
- Having long-term vision in stakeholder relationships;
- Contributing to progress in the communities in which we are present.

The Bank will achieve its commitment to actively assume environmental responsibility by subscribing to the global practice, which enables businesses to operate in a more sustainable and socially responsible manner. The bank will ensure that appropriate procedures are designed to meet these policy requirements.

We are committed to compliance with relevant environmental laws and regulations as a minimum level of performance and shall ensure that these standards are exceeded. Sustainability builds trust and confidence and now more than ever, generating trust and confidence is important. Our commitment to environmental sustainability is demonstrated in a number of ways.

Firstly, we are currently putting in place a planned integration of environmental and social (E&S) management systems with the aim of ensuring responsible lending in project financing as well as engaging in environmentally responsible practices. This on-going process will see us develop a broad-based sustainability policy, corporate responsibility governance structures and monitoring and evaluation framework amongst others.

Secondly, as part of the on-going sustainability embedding process, we have begun immediate environmental mitigating schemes such as using teleconferencing for meetings. The objectives include reducing the cost and risk associated with travelling.

The third approach to reducing our environmental impact is through print optimization strategy aimed at reducing paper consumption which helps reduce our carbon footprint. Since the launch of print optimization, the use of paper in the Bank has reduced reasonably. This is because employees are exploring alternative ways of sharing information such as paperless meetings, reworking of documents via email and the use of tablet devices during meetings.
Implementing Sustainability in Wema Bank

In Wema, being sustainable implies doing business and, at the same time, contributing to the economic and social progress of the communities where we are present, taking into account the environmental impact while fostering stable relationships with our main stakeholders.

This business model, together with a solid corporate governance structure, has enabled Wema Bank to retain its position among other banks in a very difficult economic and financial environment.

Sustainability is built into our strategy, business model, internal policies and processes. It affects different areas.

- Wema Bank offers responsible and sustainable products and services that meet our customers’ needs, providing innovative solutions and building long-term relationships. Wema Bank’s products and services not only take into account financial performance criteria, but also incorporate ethical, social and environmental aspects.

- Wema Bank takes into account and assesses social and environmental aspects in the risk analysis and decision-making processes for our financing operations.

- Wema Bank manages our purchasing processes in a coordinated way so that they are efficient and sustainable, and promoting compliance with our agreed SLAs with our suppliers.

- Wema Bank supports the communities where we are present by contributing to their economic strength and social development. The projects we sponsor focus on education, financial inclusion, entrepreneurship, culture and the environment.

Sustainability Management
Wema Bank has a well-defined governance structure at both corporate and local level. The main instrument of global reach is the Sustainability Committee.
Wema Bank has set up a committee composed of top managers who oversee the integration of Sustainability throughout its business model. For this, the committee defines the projects and the policies and submits them for approval by the Board of Directors.

This committee is chaired by the CEO and includes the heads of the Bank’s main business and support divisions, such as Corporate Banking, Commercial Banking, Human Resources, Information Technology and Operations, Enterprise Risk and Legal Services. The committee secretariat is the coordinator of the sustainability function. This area is responsible for managing and promoting sustainability throughout the Bank and coordinates the different actions.

In 2013, the Bank continued to advance in implementation of the strategic corporate projects approved by the sustainability committee and responsibility lay with the heads of the different divisions. In 2013, the Bank held its first Sustainability Knowledge Sharing session. The concepts were explained by those who had learnt about it to other clusters of employees. This process will be continuous, and will be used to administer new learnings, as we learn about them.

Board Members and Senior Management staff were trained on Nigerian Sustainability Banking Principles during the year. These Sustainable Banking Training were organized by the Lagos Business School and the University of Edinburg.

**BOD, BRMC and MRC**

The Environmental and Social Risk Management committee is subject to the oversight and guidance provided by the Board of Directors (BOD), Board Risk Management Committee (BRMC) and Management Risk Committee (MRC) to ensure its initiatives follow established standards and are aligned with the Bank’s wide goals. Each business unit area reports and escalates issues to the MRC and BRMC as required by this Policy and at the direction of the Chief Risk Officer.

The Bank’s environmental and social risk management is subject to the oversight and guidance of other board and management-level committees as directed by MRC and BRMC to align the environmental and social risk management activities with oversight of other specialized risk categories (e.g. legal, regulatory, financial, operational, information technology and people risks).

**Environmental and Social Risk Management Committee**

The Bank has constituted an Environmental and Social Risk Management Committee to provide oversight for the management of environmental and social risks. The committee is domiciled in Enterprise Risk Management.

**Our Policies**

**Health, Safety & Environment**

It is the policy of Wema Bank to ensure, so far as is reasonably practicable, the safety of all employees, customers and the communities where we operate and any other persons who may be directly affected by the activities of the Bank.

The Health and Safety of our employees and esteemed customers are of utmost importance to us at Wema Bank. We are committed to the administration of a comprehensive program that promotes the health and safety of all of our employees, customers and immediate society. Protecting the wellbeing of employees and the public will always take precedence over the desire for expedience.

Safety is a two-fold commitment; a partnership wherein both parties share the burden of responsibility and accountability. The success of Wema Bank’s safety program relies not only on Management commitment to provide a safe working environment, but also on the individual commitment of each employee to uphold safe working practices. Good physical health and a serious safety attitude are key contributions which employees must take in order to reduce injuries and promote an environment marked by safety consciousness.
We will continue to do our best to create and provide the necessary programs; information and environment which will help promote an injury free workplace.

Guiding Principles

The following will be the order of priority for putting the right preventive and protective measures in place:

- Eliminating hazards: Removing from our normal work routine, any item, processes or policies that can endanger the health of employees.
- Controlling hazards: Using appropriate controls on potential hazards at the source e.g. local exhaust ventilation, acoustic insulation etc.
- Minimizing hazards: Through design of safe work systems and administrative or institutional control measures e.g. job rotation, work duration, safety education

So far as is reasonably practicable, Wema Bank will:

- Aim to achieve compliance with legal requirements through good occupational health and safety practices.
- Establish and maintain a safe and healthy working environment.
- Ensure that significant risks arising from work activities under our control are eliminated or adequately controlled/minimized.
- Implement appropriate occupational health and safety procedures, and safe working practices.
- Include the management of health and safety as a specific responsibility of managers at all levels.
- Involve employees in health and safety decisions through consultation and co-operation.
- Maintain workplaces under our control in a condition that is safe and without risk to health.
- Regularly review compliance with the policy and the management system that supports it.
- Ensure that employees receive appropriate health and safety training, and are competent to carry out their designated responsibilities

Environmental and Social Risk Management

Environmental and Social Risk Management describes the main areas of concern that have developed as the central factors in measuring the sustainability and ethical impact of an investment in a company or business. Within these areas, are a broad set of concerns that are increasingly being included in the non-financial factors in the valuation of equity, real estate, corporations and all fixed income investments. Environmental and Social Risk Management is the catch-all term for the criteria used in what has become known as Socially Responsible Investment.

As the furore surrounding the threat of climate change and the depletion of resources grows, so have investors become increasingly aware of the need to factor sustainability issues into their investment choices. The issues often represent externalities, i.e. impacts on the functioning and revenues of the company that are not exclusively affected by market mechanisms. As with all areas, major possible concerns include climate change, energy, food safety and production, human rights, corruption and poverty.

These environmental and social issues in combination with today’s complex business structures, resources and customer networks, highlight the importance of attentiveness to stakeholders. For most companies, there are categories of stakeholders with whom positive relationships are important for long-term success: investors and lenders, customers, employees, suppliers. Communities also have significant impacts on companies as well as stakeholders.

Environmental and Social Risk Management Performance

The Bank shall attempt to minimize the direct and indirect impacts of its operations on the environment and shall continuously work to improve environmental and social risk management performance. The Environmental and Social Risk Management Program of the Bank shall shelter all business operations.
targeted at achieving minimum adverse impact on the environment in the course of her business activities.

We proactively manage our environmental and social risk, seeking to go beyond compliance towards best practice performance. The bank shall improve the way it identifies and manages these risks, reducing our direct environmental footprint and embedding environmental and social risk assessments into the screening processes applied to our corporate transactions.

Our Sustainability Management unit shall be mandated to create a consistent approach to environmental and social risk management by facilitating policy and performance standards, as well as monitoring and evaluating the bank’s performance. The unit supports business areas and shall raise awareness through relevant stakeholder engagement including the following:

I. Recycling and Waste Disposal Management
II. Procurement from sustainable sources
III. Health and Safety Management
IV. Responsible low energy and water consumption
V. Facility management contractor compliance

National Endangered Zones

The Bank shall not finance any project or provide loans where the use of proceeds is targeted at critical natural environments, except the sponsor or borrower, as applicable, has proven the following to Wema Bank’s satisfaction:

- Project-related land acquisition and/or restrictions on land use may result in the physical displacement of people as well as their economic displacement. Consequently, requirements of this Performance Standard in respect of physical and economic displacement may apply simultaneously.
- For persons whose livelihoods are natural resource-based and where project-related restrictions on access envisaged apply, implementation of measures will be made to either allow continued access to affected resources or provide access to alternative resources with equivalent livelihood-earning potential and accessibility.

Direct Environmental and Social Impacts (Operations)

The Bank shall be committed to reducing direct environmental impacts through the implementation of the following practices:

- Monitoring and reduction of our energy use and gas emissions.
- Investing in energy efficient technologies, where cost effective
- Monitoring and reduction of water usage where possible
- Ensure the space we occupy is designed, occupied and operated with objectives of best practice environmental performance.
- Develop process for assessing environmental impacts in our operations

Indirect Environmental and Social Impacts (Customers)

We acknowledge that our lending and investing activities have impacts on the environment. Our lending policy shall require that risk assessment and annual review for relevant credit applications be considered at deal initiation.

- As our understanding of environmental risk grows, we shall continually seek to enhance our governance processes, reporting practices and staff training to ensure we strengthen our risk management policies and procedures.
- Develop processes to assess the environmental issues associated with our products and identify ways to encourage an improved environmental outcome.
• We shall actively seek to identify opportunities to assist our customers to meet their environmental goals through the provision of appropriate financial products and services.
• Where possible, we shall integrate environmental considerations into the investment decision making processes across all asset classes in line with their commitments.

Indirect Environmental and Social Impacts (Suppliers)

Wema Bank identifies that its operations have an indirect impact on the environment through the goods and services it acquires from its suppliers (e.g. branch development, installation of power plant, waste management, etc.). Therefore, it has:
• Implemented a Corporate Social Responsible procurement policy, which sets out its approach to procurement.
• Resolved with suppliers to reduce indirect environmental and social impact of its activities and to encourage suppliers to do the same.

Human Rights

Wema Bank has a corporate responsibility to respect human rights, which means to act with due diligence to avoid infringement on the rights of employees and other stakeholders. The Bank also has a responsibility to establish access to effective remedy, judicial or non-judicial, should any human rights related disgruntlement occur.

Wema Bank expressly supports Human Rights as contained in the 1948 United Nations Universal Declaration of Human Rights (UDHR) and the Human Rights Chapter as stated in the Constitution of the Federal Republic of Nigeria. The policy applies to all Wema Bank employees and offers protection on the grounds of ethnic/national origin, color of skin, gender, physical disability, age, health and marital status.

Wema Bank operates zero tolerance to any form of discrimination or harassment targeted at any of these protected groups. All allegations of discrimination or harassment are handled seriously and confidentially. Harassment is deemed any behavior that threatens, humiliates, intimidates, patronizes, denigrates, bullies or distresses the victim. Discrimination is deemed any form of unequal treatment whether by imposing extra burdens or denying benefits.

Wema Bank does not condone discriminatory practices with respect to employment; the Bank promotes and embraces diversity in all aspects of its business operations. The Bank supports the human rights of the individual and is committed to maintaining a positive, professional and safe work environment for staff and other stakeholders. Management owns the responsibility to protect the human rights of staff and other stakeholders.

Employees and Human Rights

Wema Bank recognises that our human capital as our most valuable asset and are a key competitive advantage. Our business success is a reflection of our people and we are committed to providing an inclusive workplace where everyone is valued.

As part of its commitment to diversity, the Bank has developed a Diversity & Inclusion Policy which seeks to the development of a work environment built on the premise of diversity and inclusion equity that encourages and enforces the attraction, motivation and retention of a diverse and talented workforce. Our workplace is a meritocracy where our goal is to attract, develop, promote, and retain the best people from all cultures and segments of the population, based on ability.

Wema Bank recognizes the impact of positive health and wellbeing on staff performance and has put in place a medical scheme that covers all staff and their dependants i.e. a spouse and maximum of 4
children. Leave of absence is granted to staff that need time off work to take care of the health issues of themselves and their dependants.

The Bank is committed to promotion of a healthy work environment, safety practices and standards. In furtherance of the Bank’s commitment to the recognition of human rights and non-discrimination in its Human Rights Policy, HIV/AIDS is recognized as a serious workplace issue and the Bank does not use HIV test screening as a precondition for employment or work related entitlement. In commemoration of World Cancer Day, female staff had free breast cancer screening.

At Wema Bank, we ensure that our staff have access to the best training and development resources in order for them to develop their individual skills. We believe that training and development is a continuous process and staff are adequately trained – across all levels and functions – to acquire the competencies required for the performance of their jobs and to keep abreast of developments within their own area of expertise particularly and the industry generally.

In 2013, the Bank deployed its training budget to developing the capabilities of all staff and board members. Training programmes were structured towards building technical skills, process and organisational knowledge, leadership development and organisational loyalty.

All temporary and permanent staff are employed under a written contract of employment detailing the terms and conditions of employment. The Human Capital Management (HCM) policy further details guiding principles of employment for staff knowledge.

Integrity, openness, and mutual respect are important values for the Bank. We are convinced that a work environment that is characterized by a diverse workforce, inclusion, and equal opportunities is vital for sustainable satisfaction of our staff, as well as our acceptance as a responsible financial institution.

Wema Bank will ensure that within the sphere of all our operations, no staff, customer, contractor or business associate is subject to discrimination, either directly or indirectly, on the grounds of ethnic/national origin, color of skin, gender, physical disability, age, health or marital status. Management will also ensure that fair access is given to business related information, services, premises and employment opportunities.

Wema Bank believes it is in our best business interest to offer both employees and potential employees a fair and consistent environment in which they can contribute their best effort and talent. The Bank, using fair, objective and innovative employment practices, will ensure all staff enjoy their right to be free from harassment, discrimination or other forms of unwanted behavior.

**Safe Working Environment**

Wema Bank, as an employer, cares for the health and wellbeing of its staff, customers, contractors and business associates. Operational safety and health protection are significant in our business. It is our goal to embed a work-life balance culture for our employees, and a positive safety culture for our staff, suppliers and contractors alike. Every Manager and employee has a duty of care to help identify, evaluate, and eliminate any kind of risk to a safe working place.

**Business Ethics**

Our operating standards require that business is conducted with honesty and integrity, and in full compliance with all applicable laws and regulatory requirements. Company policies establish clear ethical standards and guidelines for how we do business and establish accountability. All company employees are required to obey the law and comply with specific standards relating to regulation, ethics, and general business conduct. Wema has clear accountability mechanisms in place to monitor and report on compliance with these directives.

**Employee Awareness and Community Involvement**
Wema Bank supports the personal philanthropy of its employees and encourages them to become involved in the communities they serve, by promoting the efficient use of resources, reducing and preventing pollution and enhancing biodiversity protection; looking for opportunities to partner sponsorships and community programs with selected organizations that are actively working to protect the environment and educate the community about environmental issues.

Complaints

All complaints of breach of human rights will be managed via the Bank’s grievance procedure which is set out in the HCM policy manual. All cases will be treated seriously and confidentially.

Gender Inclusion

Diversity, we recognize, is along many dimensions. As part of our commitment to diversity, the Bank is committed to addressing gender equality and actively facilitating a more diverse and representative workforce and management structure.

People are recruited from all around the country. We recruit women candidates and retain women employees from traditionally underrepresented groups and for non-traditional positions. We believe that our employees from many different cultural and linguistic backgrounds provide us with valuable knowledge for understanding different markets. Care is taken to ensure that neither job description nor job specifications are discriminatory.

We seek to achieve a minimum of 30% female representation at Senior Management levels subject to identification of candidates with appropriate skills. Senior Management positions for the purpose of this statement refer to the levels of Assistant General Manager Designate to MD/CEO and all Heads of Department.

Board selection seeks to achieve a minimum of 30% female representation at Board level subject to identification of candidates with appropriate skills. The Bank is also committed to a culture of that embraces gender diversity in the recruitment of qualified senior management professionals.

1. Employment of Disabled Persons
   The Bank is an equal opportunity employer and maintains a policy of non-discrimination of any staff or job applicant because of disability. The Bank seeks to employ people with disabilities in jobs suited to their aptitudes, abilities, and qualifications.
   The Bank commits to assist any staff who develops a disability during their employment to adapt to the disability and, where reasonable changes to premises or employment arrangements can be made, to enable them to continue in post or take alternative employment.

2. Health, Safety and Welfare at Work
   The Bank enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. In addition, staff and their immediate families benefit from the Bank’s sponsored medical scheme.

   Fire prevention and fire-fighting equipment are installed in strategic locations in all the Bank’s locations and staff are regularly trained on the use of the equipment and general safety.

   The Bank operates Group Life Insurance, Group Personal Accident and Employee Compensation Insurance cover for the benefit of its employees. It also operates contributory pension plan in line with the Pension Reform Act. 2004

3. Training Employee and Involvement
Wema recognizes its talented and diverse workforce as a key competitive advantage. Our business success is a reflection of the quality and skill of our people. We are committed to seeking out and retaining the finest human talent to ensure top business growth and performance. The Bank ensures employees are informed on issues that concern the Bank. Employees are consulted and participate in decision making.

In accordance with the Bank’s policy of continuous development, the Bank draws up annual training programs which all employees undergo during the year. The programs include on the job training, classroom sessions, web-based training programs, and regulatory programs.

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Banking the Unbanked

Wema Bank has launched 3 products targeted at improving access to financial services for different customer segments. The products are Royal Kiddies, Purple Account and Moment Account which are targeted at children, young adults and those that were previously unbanked respectively.

The benefits to the Customers are the ability to save in a formal and structured financial institution; access to funds using Debit Card & Mobile banking, where desired; low account opening and minimum operating balance; and minimal account opening documentation.

The Bank has also engaged industry subject matter experts and product managers to develop and launch Mobile & Agency Banking products that will increase access to Banking services in the country. The mobile product will tap into the large and growing mobile telephony platform while the agency banking platform will use small niche operators to improve access to Banking services.

The Bank remains committed to improving access to financial services and will continue to work with the Central Bank, regulatory agencies and the Bankers’ Committee to implement the Financial Inclusion strategy as adopted.

Collaborative Partnerships

It is also imperative that the bank engages or partners with International Development Agencies. The partnership(s) are primarily to source for information, learn and understand global best practices and also get assistance in the implementation of the program.

After a detailed review of the offerings of some identified multilateral agencies, Non-Governmental Organizations and other institutions that provide support on Sustainable Banking, the bank has
earmarked some organizations that are; specialists in Sustainable Reporting e.g. GRI, those that provide frameworks and guides for institutions such as UN and those that have clearly defined policies and procedures that institutions should follow like Equator Principles.


**Environmental and Social Governance**

We have clearly defined environmental and social management systems in place, commensurate with the nature and the level of environmental and social risks associated with its business activities and consistent with its performance requirements.

The Bank has adopted the following environmental and social risk management process in all projects:

- There are specific steps in environmental and social risk management process for the corresponding stages of the credit appraisal process.

- The use of these procedures shall enable staff to determine what level of environmental and social risk management is necessary for each transaction, and to carry out the necessary investigation. Although these procedures are intended for use in analyzing new potential transactions at the time of application by the customer, they can equally well be applied to an existing portfolio, to identify existing loans which may present an environmental and social risk to the bank.

**Public Reporting**

The Bank shall disclose material environmental performance by reporting at least annually to our shareholders in our environmental indicators and management of material risks and opportunities. In addition, we shall comply with our reporting obligations under the relevant environmental obligations.