Appendix 1

Reporting the UNEP-FI Principle for Responsible Banking

The following is the abridged version of the reporting requirements for Signatories of the Principles for Responsible Banking. Within this report, there are six areas to show that Wema Bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. They are highlighted below:

- Impact Analysis
- Target Setting
- Plans for Target Implementation and Monitoring
- Progress on Implementing Targets
- Governance Structure for Implementation of the Principles
- Progress on Implementing the Principles for Responsible Banking

Wema Bank operates a retail banking business model which is aligned with our corporate aspiration of improving access to digital financial services and enriching lives by leveraging on our digital capabilities. Our aspiration is to become the most dominant digital banking platform in Nigeria while our mission is empowering lives through innovation.

The Bank has developed various solutions that will enable the banked (lifestyle solutions), underbanked (Financial Literacy & Investments) and unbanked (financial inclusion & micro lending) have unrestricted access to financial services across the various geographical zones and demography in Nigeria. Specifically, we serve the following market segments;

- Youth & Young Adults,
- Middle- & Low-Income Earners,
- SME & MSMEs (Micro, Small and Medium Enterprises) and
- Farmers,
- Corporates

Our flagship product, ALAT was introduced to meet the banking needs of customers regardless of location or banking needs. We offer an array of financial solutions leveraging on our best-in-class technological architecture with strong partnerships to drive our offerings within the eco-system.

Wema Bank has continued to align its products and services to the societal needs, goals and aspirations. The digital banking solution (ALAT) was designed to meet the banking needs of our diverse customer base and the youthful population in the country. With ALAT, customers do not need to visit a bank branch before the account can be opened or request for a debit card.

**Financial Inclusion:** We have improved access to financial services through the ALAT platform while alleviating poverty and meeting the inclusion target as stated in the Nigerian Sustainable Banking Principles (NSBP).

The Bank also created the microloan scheme to provide access to funds for people at the bottom of the pyramid. Financial inclusion remains one of the key socio-economic strategies that will eradicate poverty and drive development and growth in Nigeria.

This is also in alignment with SDGs 1, 2, 8 & 10 and NSBP 4.

**Women Empowerment:** This is important to us as we believe in advancing gender equality and improving access to the necessities of life for women. Our female proposition, Sara by Wema, gives women access to mentorship, funding, capacity building and advisory services to start or scale their businesses. We also introduced the 9% loan for female-led businesses.

Our internal network, called Wema Women Network, continues to nurture, and inspire women to be the best in their career and personal lives. This is also one of the key principles under the Nigerian Sustainable Banking Principles 5 and SDG 5 & 10.

To reiterate our commitment to women empowerment, we recently signed up to the United Nations Women Empowerment Principles (UN-WEP). This will enable us to drive women empowerment at the highest levels.
In line with our business model, we identified Financial Inclusion and Women Empowerment as the most significant areas with capacity to make significant positive impact on the Nigerian economy, social prosperity and our business by extension. The negative impact will be in the area of unavailability of the right financial products or offerings, increased poverty and inequality.

Our corporate initiatives are targeted at the critical sectors of the economy with a view to alleviating poverty, increasing job creation and inclusive growth. All of this is aligned with the economic framework for Nigeria and the world at large. These initiatives will help facilitate and accelerate inclusive growth in the Nigerian economy, while banks will act as economic catalyst.

We are aware of the importance of these target areas to the huge Nigerian population of over 200 million people and about 40% of the population are financially included (especially women) according to EFInA report.

2.1. Impact Analysis

Financial Inclusion

Our goal is to continuously develop accessible and affordable financial products and services to individuals, communities and businesses, that traditionally have limited or no access to the formal financial sector. Although, we have created the ALAT banking platform to make account opening and usage easy for everyone, we will continue to segment the addressable market due to the large size of the unbanked and underbanked population.

We have made banking accessible by using mobile technology to reach everyone in the urban and rural areas of the country. There are regular financial literacy programmes across our business locations, through virtual platforms and online media to increase awareness for these offerings.

The implementation of our financial inclusion programmes has enabled our customers to take advantage of global financial dynamics, enhance efficiency in managing personal finances, promote entrepreneurship, banking culture and financial stability. We expect to continue to witness positive future economic and social well-being of Nigerians by reducing poverty, improving income and facilitating development.

Women Empowerment

Women make enormous contributions to economies, whether in businesses, on farms, as entrepreneurs or employees, or by doing unpaid care work at home; and promoting women’s economic empowerment sets a clear direction towards gender equality, poverty eradication and inclusive economic growth. Economic empowerment of women under the Sara by Wema platform has increased access to economic resources and opportunities including jobs, financial services, property and other productive assets, skills development and market information.

As a bank, we are committed to providing platforms that will provide financial, social and personal empowerment to women across the various spheres in Nigeria. We will continue to partner with profit and not-for profit organizations to promote gender equity and inclusive economic growth. We will leverage on these platforms to drive skill acquisition, access to grants, networking and marketplace.

2.2. Target Setting

Targets are based on our identified areas, financial inclusion and women empowerment which we shared with the Board Nominations & Governance Committee responsible for driving sustainability for alignment and commitment. In addition, we set targets to deepen our reach across these two areas to increase our positive impact and minimize the negative impact of increased poverty and inequality in the country. These goals are in line with SDGs 1, 2, 5, 8, 10 and the NSBPs 4 & 5.

We have continuously engaged both our internal and external stakeholders to ensure that our banking solutions are available, reliable and affordable. Technology has created the opportunity for effective distribution and customer resolution. We set a 5-year target in 2019 to achieve these milestones while implementing other enabling strategies and actions.
Target & Achievement

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<th>Target Area</th>
<th>Target - Year 3 (2021)</th>
<th>Achievement</th>
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<tr>
<td>Financial Inclusion</td>
<td>120,000</td>
<td>611,577</td>
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<tr>
<td>Gender Empowerment</td>
<td>450,000</td>
<td>456,480</td>
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In year 3 (2021), we surpassed our target of onboarding 450,000 women and financially including 120,000 individuals. The significant increase in our new-to-bank customers is attributed to the wide adoption of alternative channels such as ALAT and *945# during the COVID-19 lockdown period and the government social safety net plan. This is also due to our robust agent banking coverage across the country which has enabled onboarding of erstwhile disadvantaged groups.

We developed mitigants to reduce financial exclusion by ensuring that we request for the minimum regulatory documentation from these customers. We also designed our solutions in local languages for ease of understanding and a multi-lingual contact centre. More importantly, we have ensured that most requests can be completed online including request for a debit card without coming to the branch, this has reduced carbon footprint significantly.

These are some of the mechanisms we have implemented to reduce our negative impacts.

2.3. Plans for Target Implementation and Monitoring
To meet the targets and desired milestones we have
- Continuously created awareness on financial literacy and the opportunities available to our Sara by Wema customers
- Organised capacity building programmes and vocational skill acquisition
- Design robust and best in class feedback mechanism including the Agency Banking structure
- Regular reporting to the Sustainability Advisory Committee and the Board
- Nominations and Governance Committee.

The progress made is actively measured monthly through the growth or decline in active customer number across the various segments and demography.

2.4. Progress on Implementing Targets
We have continued to implement the initiatives listed above through collaborative efforts. We have made progress in deepening our financial inclusion strategy and the women empowerment initiatives.
**PRINCIPLE 3: CLIENTS & CUSTOMERS**

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

The bank has developed several frameworks to improve our relationship and engagement with our customers. Some of the frameworks include the Customer Engagement Model, Financial Literacy Strategy, Youth Mentorship and Empowerment Model, Communications Strategy, Customer Complaint and Resolution Policy, Sara by Wema Platform and Sara Health Scheme.

The bank organised programmes aimed at promoting engagement, human centred design, vocational, skill acquisition and financial literacy, mentorship and empowerment programmes for the youth.

- We run monthly campaigns to encourage our customers to own a bank account to improve inclusion thereby alleviating poverty and reducing hunger SDGs 1 & 2 and NSBP 2
- Quarterly vocational training and capacity building for women running micro and small medium enterprises with the aim of improving equality and decent work and economy SDG 5, 8 &10 and NSBP 4.

**Principle 4: Stakeholders**

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

The Bank has collaborated with several organisations with similar focus to provide support in actualizing these goals. Some of the organisations include She Can Nigeria, FOCAID, Wise Planner Consulting, AILCO Insurance, Bank of Industry (BOI). We also worked with sustainability champions and state governments to implement some of the initiatives.

**PRINCIPLE 5: GOVERNANCE & CULTURE**

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

The Board Nomination and Governance Committee is responsible for driving the sustainability agenda of the Bank. Committee reviews and approves decisions that govern the environmental, socio-economic and governance policies within the organization through the Sustainability Committee.

All sustainability initiatives are executed by the Corporate Sustainability and Responsibility Department. In addition, the department is responsible for advising the board and executive management on best sustainability practices and relevant regulatory expectations.

Sustainability has been embedded in the culture and strategy of the bank. Every employee is aware of the bank’s commitment to sustainability and have gone through the basic training while the champions drive sustainability implementation at the business level. Board and management is committed to driving equity and fairness in remuneration with clear communication of our corporate objectives and focus.

Milestones achieved are reported to the Chief Finance and Strategy Officer who is the Divisional Head responsible for Sustainability Department.

The Sustainability Advisory Committee meets on a quarterly basis to review progress and align focus with the strategic business units.

The Corporate Sustainability team also reports progress on sustainability related matters to the Board Nomination & Governance Committee quarterly.
<table>
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<th>Principle 6: Transparency &amp; Accountability</th>
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<td>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.</td>
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| We are beginning to see impact on the progress made in implementation of the PRBs on our business operations and customers. We have witnessed consistent growth while making meaningful impact. |

| We liaise with the champions to review progress made and other opportunities that are beneficial to the society. |

| We collaborate with NGOs, regulatory authorities, sustainability champions and state government to implement these principles in line with our sustainability strategy. |

| We will continue to align our targets with the SDGs, NSBP’s and UN-WEP for collective growth and effective implementation of our target areas. |