Fidelity

2023 Sustainability & Climate Report

www.fidelitybank.ng/csr/sustainability/

About This Report

Scope and Boundary

This report provides an overview of our approach to sustainability and climate-related matters across all of Fidelity Bank Plc's operated assets (i.e., all banking operations) within Nigeria for reporting period 1 January 2023 to 31 December 2023. This aligns with the information contained in the Bank's Annual Report, unless otherwise stated. For this year's report, unlike previous years' sustainability report, we have aligned our disclosures with the guidelines recommended by the International Sustainability Standards Board (ISSB).

This report is designed to consolidate our work on sustainability and climate topics that are material to our business and stakeholders. In addition to this report, communication about our sustainability practices and performance are also shared through other channels, including our Annual Report, regulatory filings, and official website.

Disclosure Standards Adopted

This report is prepared with reference to the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) reporting standards. It also aligns with the recommendations of the newly released ISSB (IFRS S1 and S2) Sustainability Disclosure Standards. Fidelity Bank Plc is pioneering a significant initiative in the financial services sector by being an early adopter of the ISSB Standards and disclosing its sustainability performance in accordance with the new reporting guidelines.

The report provides insights into the Bank's Sustainability Governance, Risk Management, Strategy, Human Capital, Community Efforts, amongst others, within the review period. This report serves to highlight our achievements, challenges, and aspirations as we progress as pacesetters within the financial services sector.

We did not carry out assurance on the report. We will consider assurance in subsequent reporting circles.

Reporting Considerations

Fidelity Bank has identified the sustainability and climate-related risks and opportunities that could reasonably be expected to affect its prospects. In its first year of reporting, the Bank has leveraged the transition reliefs provided by the ISSB and the Financial Reporting Council of Nigeria (FRC). In line with the provisions of the FRC's Adoption Readiness Working Group (ARWG) Roadmap Report for Adoption of IFRS Sustainability Disclosure Standards in Nigeria, an example of the relief that Fidelity Bank leveraged is the 'timing of reporting'. This relief permits the Bank in the first year of ISSB adoption, to report its annual sustainability and climate-related financial disclosures after it has published its related financial statements, along with its half-year financial reports for the year that follows. The relief also allows the Bank to issue the first sustainability and climate report as a standalone report under ISSB's sustainability reporting framework.

Statement of Compliance and Fidelity Bank's Early Adoption of ISSB Standards

During FY2023, Fidelity Bank early adopted the IFRS Sustainability and climate Disclosure Standards in line with the adoption roadmap issued by the FRC.

This Report for the year ended 31 December 2023 is the first ISSB compliant report of the Bank, following the publication of the Audited Financial Statement for 2023. A reference to the Bank's adoption of the ISSB (IFRS S1 and S2) Sustainability and climate-related Disclosure Standards was made on **Page 89** of the 2023 Annual Report. All sustainability and climate-related financial disclosures contained in this Report for the year ended 31 December 2023 have been prepared in compliance with the requirements of IFRS Sustainability Disclosure Standards, IFRS S1 and S2, as effective 1 January 2024.

The Report contains disclosures on the sustainability and climate related risks and opportunities, related to our financial report for FY2023, that could reasonably be expected to affect the Bank's prospects in line with the Governance, Strategy, Risk Management, and Metrics and Targets requirements of IFRS S1 and S2. To avoid obscuring material information, we have used formatting to distinguish information required by the IFRS Sustainability Disclosure Standards. Consequently, pages and sections of this report presenting IFRS S1 and S2 information have been shaded, accordingly.

> **This Report for the year ended 31 December 2023 is the first ISSB compliant report of the Bank following the publication of the Audited Financial Statement for 2023.**
>
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For enquiries or clarification on this report, please contact:

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Chairman's Statement

2023 was a year of significant transformation for Nigeria – politically, economically, and socially. This development impacted businesses across the country. As expected, a change in leadership led to changes in government officials, industry heads, and policy directions.

Despite these disruptions, Fidelity Bank is proud to report continued success in all areas. Throughout the year, we deepened our service delivery, sharpened our operational strategy, and strengthened relationships with stakeholders – employees, customers, communities, investors – all while driving positive economic performance within our markets. This reflects our unwavering commitment to our mission.
Our work resonates deeply with our customers, solidifying our resolve not just to weather storms but to proactively navigate a path of sustainable growth. We relentlessly pursue initiatives that deliver meaningful value to our shareholders.

One strategic action in 2023 was the appointment of a female director, a move that demonstrates our commitment to breaking down barriers and achieving gender inclusion.

2023 marked a pivotal point in our sustainability journey. We became a signatory of the UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) and the UN Women's Empowerment Principles (WEP). These associations go beyond mere statements of membership – they actively integrate sustainability and climate-related goals into our core business strategy and daily operations.

Furthermore, we remain firmly committed to the UN Global Compact principles, emphasizing our dedication to human rights, labor rights, environmental sustainability, and anti-corruption initiatives. This commitment is evident throughout this report.

2023 also saw the launch of the International Sustainability Standards Board's (ISSB) global sustainability disclosure standards – a significant milestone in the capital markets. As industry leaders, we take pride in being an early adopter of these standards, further underscored by the release of this report.

Fidelity Bank remains an exemplary employer and a responsible community partner with a substantial positive impact. For the fiscal year 2023, our total gross earnings rose to N552.8 billion, a 64% increase from the N337.1 billion achieved in 2022. Profit Before Tax grew to N124.3 billion, and tax contributions reached N24.8 billion. This performance highlights a strong fiscal year and our devotion to delivering impressive value to our stakeholders.

We believe innovation and transparency are essential for building trust in our strategies and achievements. As we progress towards sustainability, we remain committed to our diverse stakeholders including our dedicated workforce, esteemed shareholders, and valued customers.

I express sincere gratitude to the entire Fidelity Bank team for their exceptional contributions to implementing our sustainability and climate-related strategies and policies. I am confident and optimistic about our collective efforts as we build upon the bank's momentum in driving sustainability and shaping a positive future.

Mustafa Chike-Obi
Chairman, Fidelity Bank Plc.

"For the fiscal year 2023, our total gross earnings rose to N552.8 billion, a 64% increase from the N337.1 billion achieved in 2022.

Profit Before Tax grew to N124.3 billion, and tax contributions reached N24.8 billion. This performance highlights a strong fiscal year and our devotion to delivering impressive value to our stakeholders."

MD/CEO's Statement

At Fidelity Bank, our dedication to helping people grow, businesses thrive, and communities prosper is central to our identity. We believe that by promoting equity, access, and economic empowerment, we contribute to creating a prosperous world for all.

We aim to be a responsible and ethical company, with a critical focus on the safety of both people and information. We embrace diversity and inclusion as essential to our business, fostering an environment where everyone feels valued and empowered. In our efforts to promote financial inclusion, Fidelity Bank has successfully banked 3,180 previously unbanked individuals.

Our operational network of 251 business offices underscores our commitment to accessibility. As of December 2023, we have served over 8.3 million individual customers and disbursed approximately N31 billion to Micro, Small, and Medium-Scale Enterprises across various sectors of the economy, continuing our mandate to uplift communities and promote inclusive banking. Additionally, we have made significant contributions towards job creation and national economic growth. In 2023, our tax payments to government bodies increased by more than 257%, rising to N24.8 billion. Our commitment to economic development is reflected in our proactive efforts to stimulate job creation, support thousands of businesses, and inject substantial capital into our economy.

In 2023, Fidelity Bank deepened its commitment to sustainability by becoming a signatory to the UNEP-FI Principles for Responsible Banking (PRB) and the United Nations Women's Empowerment Principles (WEP). This move reaffirms our dedication to making a positive impact on sustainability. By joining a global community of change-makers, we continue to enhance our commitment to building a more sustainable future. Our sustainability and climate-related achievements and disclosures in line with the ISSB Standards are transparently addressed in this report.

Our success is rooted in our commitment to fostering a high-performing team dedicated to building trust with all our stakeholders. We prioritize our employees' well-being and professional growth through comprehensive training programs and by advocating for diversity and inclusion. We have made significant strides in boosting female representation at both the staff and Board levels, achieving increases to 50.2% and 29% respectively, up from 48% and 23.1% in 2022.

At Fidelity Bank, doing the right thing is embedded in every program, initiative, and project we undertake. This year, we championed initiatives like the Fidelity Bank Sustainable Waste Recycling Management Programme, the Fidelity Food Bank Initiative, and the Fidelity Family Weekend Fiesta. Our CSR programs have made significant contributions to communities in areas including Education, Environment, Health & Social Welfare, and Youth Empowerment.

As you delve into this year's report, you will see the remarkable progress we have made and our unwavering commitment to ethical practices and social responsibility. On behalf of the leadership and management of Fidelity Bank, I extend my gratitude to all our stakeholders, especially our diligent employees. It is an honor to share Fidelity Bank's success story with you, and we look forward to continuing our journey of growth, responsibility, and prosperity together.

Nneka Onyeali-Ikpe
Managing Director/CEO, Fidelity Bank Plc.

> **"We have made significant strides in boosting female representation at both the staff and Board levels, achieving increases to 50.2% and 29% respectively, up from 48% and 23.1% in 2022."**

About Fidelity Bank

Corporate Profile

Fidelity Bank stands as a stalwart in the financial services sector, committed to driving positive change and advancing sustainable futures. With a legacy rooted in responsible banking practices and a vision for a prosperous tomorrow, Fidelity Bank continually adapts to meet the evolving needs of its stakeholders while fostering environmental stewardship, social equity, and economic resilience.

Fidelity Bank Plc operates as a full-service commercial bank, offering services to more than 8.3 million customers through its 251 business offices and a variety of digital banking platforms. With a concentration on selective Corporate Banking business niches as well as Micro, Small, and Medium Enterprises (MSMEs), Fidelity Bank is swiftly evolving its Retail Banking Strategy with a focus on digitization. This pioneering approach has led to a significant expansion in our customer base and a consistent double-digit growth in Savings Deposits over an impressive span of 10 consecutive years. A significant number of the Bank's customers are enrolled in the Bank's mobile/internet platform, and large volumes of customer transactions are now conducted through its electronic banking channels.

Our Vision

To be number one in every market we serve and for every branded product we offer.

Our Mission

To make financial services easy and accessible to our customers.

Core Values

C - Customer First
R - Respect
E - Excellence
S - Shared Ambition
T - Tenacity

Products & Services

In today's dynamic banking landscape, Fidelity Bank stands as a beacon of excellence, committed to providing innovative financial solutions tailored to meeting the needs of individuals and businesses alike. With a steadfast dedication to customer satisfaction, Fidelity Bank offers a comprehensive suite of products and services designed to empower customers to achieve their financial goals, efficiently and effectively.

Personal Banking

At Fidelity Bank, personal banking transcends conventional services to become a seamless journey towards financial well-being. From basic checking and savings accounts to customized lending solutions, our personal banking offerings are designed to meet the diverse needs of our individual customers. With convenient access to online and mobile banking platforms, customers can manage their finances anytime, anywhere, ensuring greater control and flexibility over their monetary assets.

Digital Banking

In an era defined by technological innovation, Fidelity Bank remains at the forefront of digital banking solutions, revolutionizing the way customers interact with their finances. Through our intuitive digital platforms, customers can conduct transactions, pay bills, and monitor account activity with unparalleled ease and convenience.

With robust security measures in place, Fidelity Bank ensures that every digital interaction is safeguarded, providing peace of mind in an increasingly interconnected world.

Corporate Banking

For businesses seeking to optimize their financial operations, Fidelity Bank offers a comprehensive suite of corporate banking solutions tailored to enhance efficiency and drive growth. From cash management services to commercial lending and treasury solutions, our corporate banking offerings are designed to support businesses of all sizes across diverse industries. With a team of dedicated financial experts, Fidelity Bank partners with customers to develop tailored strategies that maximize profitability and foster long-term success.

Private Banking

Recognizing the unique needs of high-net-worth individuals and families, Fidelity Bank's private banking division delivers personalized financial solutions designed to preserve and grow wealth across generations. Through customized wealth management strategies, estate planning services, and access to exclusive investment opportunities, our private banking customers receive unparalleled attention and expertise, ensuring their financial legacies endure with strength and stability.

Institutional Memberships

We actively engage in industry memberships that align with our values and objectives as part of our commitment to sustainability and corporate responsibility. These memberships serve as a testament to our dedication to promoting sustainable practices, fostering collaboration within the financial sector, and driving positive change in communities and the environment.

United Nations Global Compact

IFC International Finance Corporation World Bank Group — Creating Markets, Creating Opportunities

Equator Principles

IFRS International Financial Reporting Standards

UN environment programme finance initiative — Principles for Responsible Banking

Women's Empowerment Principles — Established by UN Women and the UN Global Compact Office

NCF

GRI Empowering Sustainable Decisions

NSBP

Awards & Recognition

Fidelity Bank's receipt of prestigious awards and recognitions underscores our unwavering commitment to sustainability, corporate citizenship, and responsible banking practices. These accolades serve as testament to our leadership in advancing environmental stewardship, social responsibility, and ethical business conduct.

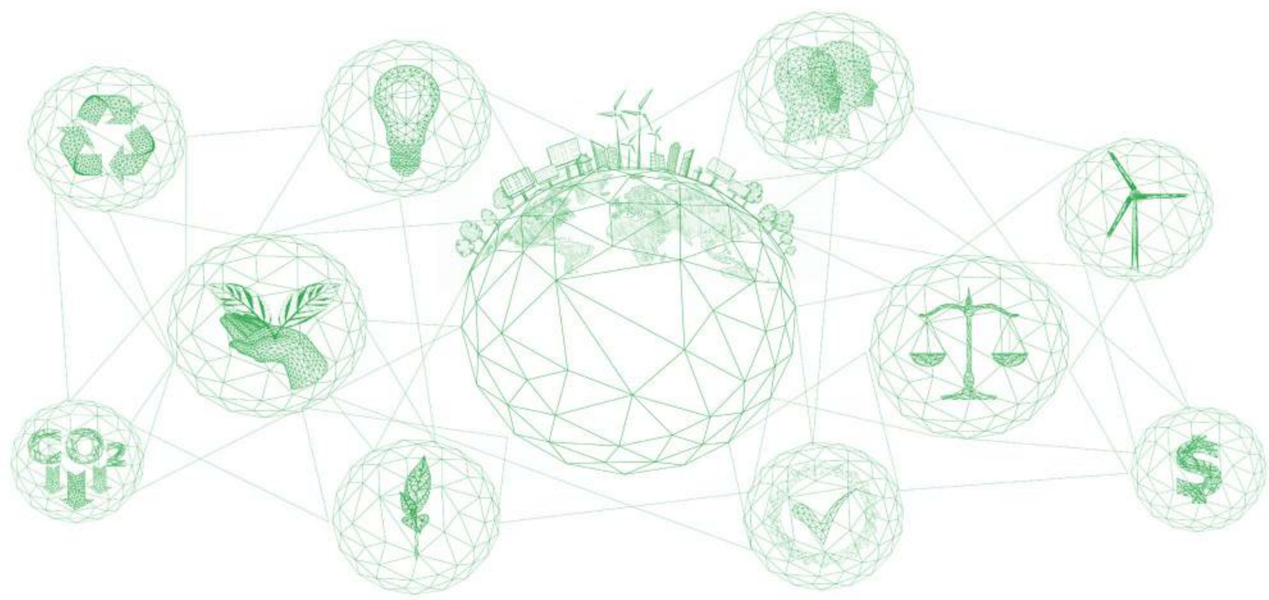
- Fidelity Bank's dominance in the export sector was reaffirmed with the bank being named as the Export Finance Bank of the Year at the BusinessDay and Other Financial Institutions'(BAFI) Awards 2023.
- Fidelity Bank's commitment to supporting Nigerian MSMEs was recognized in the 2023 KPMG Banking Industry Customers Satisfaction Survey report, securing fifth place in SME, Corporate, and Retail Banking, seven places higher than before.
- The Development Bank of Nigeria honored Fidelity Bank with the title of the Partner Financial Institution with the Highest Impact on Startups in 2023, showcasing the Bank's instrumental support of the startups sector.
- Fidelity Bank's dedication to SME empowerment achieved international acclaim with the organization of an international trade expo, Fidelity International Trade and Creative Connect (FITCC) in Houston, Texas. The expo was recognized by the Mayor of Houston, who declared October 25, 2023, as FITCC day in the city.
- In April 2023, Fidelity Bank Plc's Managing Director/Chief Executive Officer, Mrs. Nneka Onyeali-Ikpe, received the award for Best Banking CEO Nigeria 2023 in the Global Banking & Finance Awards.

Sustainability at Fidelity Bank

As a financial institution committed to fostering a sustainable future, Fidelity Bank proudly stands at the forefront of responsible banking. Our dedication to sustainability is woven into the fabric of our operations and activities, from green financing initiatives that support renewable energy projects and eco-friendly businesses to paperless banking solutions that reduce our carbon footprints. We have implemented rigorous policies to ensure that our investments align with leading sustainable practices, thereby empowering our customers and vendors to make a positive impact on the planet while achieving their financial goals.

Highlights of Fidelity Bank's Sustainability Milestones

- A significant milestone in our sustainability journey is the publication of our IFRS S1 and S2 report following its adoption by the Financial Reporting Council of Nigeria.
- We have made concerted efforts to boost female representation at both the staff and Board levels, achieving an increase to 50.2% and 29% respectively, a noteworthy progression from the 48% and 23.1% representation in 2022.
- For the fiscal year 2023, the Bank's total gross earnings improved to N552.8bn, denoting a 64% increase compared to the N337.1bn achieved in 2022. Our Profit Before Tax (PBT) amounted to N124.3bn, marking a 131.6% increase from the previous year. In terms of tax contributions, the Bank remitted N24.8b to the government.
- Donations and gifts to charitable organizations during the year ended 31 December 2023 amounted to N819,820,447.75, compared to N107,834,208.16 in the previous year.



Our Approach to Sustainability

To us at Fidelity Bank, sustainability is about conducting our business in a manner that ensures long-term economic viability, social responsibility, and environmental stewardship. This includes making sound financial decisions, supporting our customers and communities, and reducing our negative environmental impact to create value for all our stakeholders.

Sustainability is at the core of everything we do. We are committed to implementing comprehensive sustainability measures aimed at building relevant relationships with our stakeholders. In pursuit of this long-term value, our sustainability and climate-related objectives are focused on these pillars:

- Optimizing Impact-Based Management
- Enhancing Environmental Commitment
- Promoting Inclusive Banking
- Integrating Sustainable Finance
- Maintaining Ethical Business Practices
- Innovating Digital Solutions

Optimizing Impact-Based Management

We understand and acknowledge the substantial influence that financial institutions can have on society and the larger economy. Consequently, our focus is anchored on prioritizing strategies that enhance social fairness and overall well-being. We take pride in our robust corporate social responsibility programmes, which are oriented towards community development and facilitating financial inclusion. Our regular investments in local communities significantly augment educational initiatives, health services and social amenities. Additionally, our suite of financial products and services are designed to cater to traditionally underserved demographics, fostering a culture of financial literacy and inclusivity.

Structured around four pillars – Education, Environment, Health & Social Welfare, and Youth Empowerment, Fidelity Bank's CSR programmes strive to make tangible contributions to the community. We ensure that our communities are fully engaged and involved in our CSR programmes. Our CSR projects, particularly in schools, include mentorship programmes designed to enhance awareness of financial literacy among students who are largely without bank accounts.

To improve the conditions in schools, we carried out renovations, supplied desks and equipment for classrooms, and installed large recycling bins to promote clean and healthy environmental habits.

We ensure that the desired outcomes from these investments align with relevant aspects of the United Nations Sustainable Development Goals (UN SDGs).

In the reporting year, we collaborated with the Lagos Business School (LBS) to conduct our 14th Export Management Programme. This programme educated entrepreneurs about opportunities in the global market and developed their ability to thrive in the export sector. The Export Management Programme, which we operate in partnership with the Lagos Business School and the Nigerian Export Promotion Council, continues to substantially benefit over 1,000 entrepreneurs.

Fidelity Bank remains steadfast in its commitment to capacity building and skills development for MSMEs. The Fidelity SME Forum, a weekly radio programme launched in 2013, continues to provide invaluable insights and expert tips that support budding entrepreneurs nationwide.

In 2023, Fidelity Bank initiated the Fidelity Food Bank as a CSR effort aimed at mitigating the effects of severe poverty through the distribution of food supplies to communities in need. Through this initiative, we aim to collaborate with selected charitable organizations across Nigeria to supply food items to needy communities.

Enhancing Environmental Commitment

Through the integration of practices designed to reduce our carbon footprints and conserve natural resources, we are committed to the principles of environmental stewardship. This commitment manifests itself in the form of initiatives intended to curtail energy consumption, embrace digital banking, establish stringent waste management protocols, and promote green finance. By internalizing sustainability within our daily operations, our objective is to mitigate possible adverse environmental impact of our activities and make significant contributions to the preservation of our planet for future generations.

As a leading player in the banking sector, our investment in environmental sustainability represents a crucial aspect of our approach to responsible banking. We fully recognize the essential role that financial institutions must play in mitigating the effects of climate change and reducing negative environmental footprints. To this end, we have instituted a broad suite of environmentally friendly practices across our entire operations. Fidelity Bank's sustainability team is dedicated to realizing our sustainability initiatives, furthering our sustainable banking services and integrating sustainability and climate-related considerations into our daily business operations. We have developed solid partnerships across a wide array of sectors in agribusiness to facilitate our agricultural financing interventions at micro and last mile levels. By leveraging strategic alliances with the Central Bank of Nigeria (CBN) and Development Finance Institutions (DFIs) as platforms for various industry-targeted intervention funding programmes, we have enhanced access to credit for the relevant players within the agribusiness and non-oil exports domains.

During the period under review, Fidelity Bank maintained its involvement in waste recycling initiatives by donating nine large waste segregation bins to various secondary schools in Lagos State. The ongoing maintenance of these facilities is managed by Wecyclers, a Nigerian company that compensates low-income communities for their recyclable wastes.

Through this innovative project, we aim to nurture the habits of cleanliness and waste recycling among students, empowering them to become advocates for recycling within their local communities.

This initiative not only aligns perfectly with global efforts towards achieving net-zero emissions, but equally contributes towards combating the issue of single-use plastics.

Team Fidelity takes the recycling drive to schools

Promoting Inclusive Banking

At Fidelity Bank, our commitment to promoting inclusive banking is grounded in catering to the needs of our diverse communities. We prioritize the advancement of financial inclusion by delivering accessible banking services to under-served individuals, with a specific emphasis on reaching the marginalized groups. Our dynamic participation in community development initiatives, which include supporting educational, healthcare, and entrepreneurial programmes, enables us to empower individuals and spearhead socio-economic advancement. Our collaborative endeavors and outreach initiatives are designed to tackle societal obstacles, forging a path for growth and development.

Recognizing the importance of fostering financial inclusion within under-represented segments of our communities, we are determined to broaden our reach and utilize digitization to foster account ownership and enhance financial literacy. In our efforts to intensify financial inclusion, Fidelity Bank directs its focus on the five key demographic groups outlined in the revised National Financial Inclusion Strategy of the Central Bank of Nigeria (CBN).

These include Youths, Women, North, MSMEs, and communities that are often financially excluded or underserved nationwide.

Youths

During the year ended December 31, 2023, we:

- Launched a campaign aimed at rewarding the first 100 youths to open a Flex account daily with a minimum balance of N1,000 by topping it up with an extra N1,000.
- Conducted campus activations at tertiary institutions to expand financial inclusion amongst youths (aged 18-35) through the implementation of the Fidelity Bank campus activation train proposition.
- Organized the 2023 "Flex 100 Reward" programme.
- Visited various institutions including Bayero University Kano, University of Calabar, College of Education Nsugbe & Benue State University, leading to the recruitment of over 2,000 new accounts.

North

- Fidelity Bank was selected by the CBN to drive digital financial services penetration across 16 selected cash-intensive markets in Northern Nigeria, underpinned by the CBN's Naira Redesign and Cashless policies.
- Targeted specific, cash-intensive markets including livestock, grains, and specialized markets in remote rural communities to onboard traders and merchants.
- Launched a platform for financial literacy in Northern Nigeria, developed solutions to drive financial inclusion, educated the target market about alternative banking and payment methods, and encouraged their adoption.
- Deployed Kiosks and Parasols at the markets, trained market leaders and traders, recruited and onboarded agents and merchants unto the Fidelity Area Konnect App to further promote Agency banking via POS terminals.
- Initiated a total of 8,428 new accounts in Q1 and Q2 quarters across 13 markets.

MSMEs

- Fidelity Bank hosted a business conference tailored for SMEs in partnership with LCCI in November, themed "Powering Nigerian Businesses for Growth". The conference was attended by over 200 individuals and featured a panel of top experts.
- Active participation in the Lagos International Trade Fair, which ran from the 3rd to the 12th of November 2023, with the presence of its regional branches and sales teams driving sales throughout the event.
- Launched over 100 Market storms across various regions within the Bank's three business directorates. These initiatives served as platforms for promoting financial literacy, offering business advisory, empowering businesses, and advancing financial inclusion.

Women

- Over 5,000 women subscribed to the "HerFidelity" Women Proposition in 2023.
- Trained and set up over 20 women as apprentices in various trades.
- Collaborated with Women's World Banking (WWB) to motivate more women to utilize and save through our Agent outlets.
- Implemented a programme across two geographical locations to motivate women to save and benefit from low-interest loans to expand their businesses.
- Other benefits included business education, capacity building, and premium healthcare at discounted rates.

Financially excluded/underserved

- Expanded its Agency Banking Platform (CEVA), involving more agents, partnering with super-agents, agent aggregators, and agent clusters to increase its reach, particularly in underserved areas.
- The Bank has over 30,000 Agents and more than 7,000 POS Terminals in operation to service underserved segments.
- Held the 2023 Financial Literacy Day with the theme, "Plan your money, plant your future" in March and April 2023 across the country to observe the 11th edition of Global Money Week.
- Visited 11 schools across 11 LGAs, impacting a total of 1,057 people (419 males and 638 females).

Integrating Sustainable Finance

At Fidelity Bank, we are cognizant of the pivotal role that financial institutions perform in driving sustainability trends, thereby ensuring a resilient and prosperous local and national economy. Consequently, the integration of sustainable finance principles is deeply embedded within the core structure of our business strategy.

Our sustainable finance ethos is bifocal in nature. Primarily, we aim to minimize any negative environmental and social impacts that may arise from our financing activities, carefully monitoring the sectors we invest in and the activities we indirectly support, to rule out negative environmental and social consequences. Moreover, we endeavor to amplify positive impacts by consciously channeling investments into sectors and pursuits that foster sustainable development. These commitments are firmly embedded in our comprehensive Sustainability Strategy and Framework, which guides all our lending and investment decisions. As part of our ongoing review during the fiscal year, 99.5% of our portfolio was screened for environmental and social risk.

We are cognizant of the fact that the risks and opportunities linked with climate change and broader sustainability topics in the economy and the social landscape can affect the financial stability of our customers. To tackle these challenges, we remain steadfast in our quest to equip them with innovative and proactive financial solutions. Fidelity Bank's sustainable Banking team is devoted to driving the implementation of the Bank's sustainability initiatives, thereby promoting our sustainable banking services, and integrating sustainability and climate-related considerations into our operations.

Maintaining Ethical Business Practices

Rooted in integrity, transparency, and a robust set of values, our operations at Fidelity Bank adhere to the highest ethical standards. This commitment to ethical business extends from our top-tier management to each one of our employees, reinforcing the significance of maintaining a sense of moral responsibility in everything we do. To ensure this, we have established systems for reporting and promptly addressing any potential irregularities. Our principled approach defines our interactions with all stakeholders, placing their interests at the core of all strategic and operational decisions.

Fidelity Bank prides itself on a solid professional and ethical standing, which is preserved through a blend of comprehensive policies, robust systems, and cultural practices. We strictly adhere to a Code of Business Conduct and Ethics Policy, which firmly communicates our zero-tolerance stance towards corruption, money laundering, bribery, abuse of office, and similar offenses. This policy is disseminated to all staff at the start of each year and re-emphasized periodically, leading to an individual staff attestation to confirm adherence to its provisions. Alongside, our Ethics Committee regularly organizes training courses on ethics and anti-corruption, which form a part of our induction programme for new employees. Furthermore, we employ integrity testing methods to evaluate the probable behavior of employees in specific circumstances to appraise their compliance with ethical standards and laid down policies and guidelines.

Fidelity Bank has an operational Whistle Blowing Policy in place, which enables both internal and external stakeholders to confidentially report any suspected unethical conduct. This enables the Bank to quickly investigate and address such issues. The Bank also strictly adheres to a comprehensive Insider Trading Policy, which prohibits individuals from illegally trading the Bank's securities on the stock exchange based on non-public information for their own personal gain. Compliance with this policy, as well as our Anti-Bribery and Corruption Policies, is closely monitored, with periodic notifications to affected persons regarding when trading in the bank's securities is either permitted or prohibited.

Customer needs and concerns are met with swift and effective responses at Fidelity Bank, ensuring customer rights are consistently protected within the bounds of consumer protection legislation and contractual prerequisites. We express this commitment through our Consumer Protection Policy and Complaints Managing Policy, both of which are communicated via continuous training and awareness campaigns for all staff. As a responsible Financial Institution, we pledge to continually advocate for measures that support sustainable investment and uphold our core values and ethical standards.

Innovating Digital Solutions

At the core of sustainable banking lies the continual commitment to investing in digital transformation. At Fidelity Bank, we leverage technology not only to improve our services, but also to reduce the environmental footprint of our operations, predominately through adopting paperless processes. Our investments in innovative technology solutions also allow us to connect with communities that were previously inaccessible, thereby promoting financial inclusion. In a nutshell, our approach to sustainability at Fidelity Bank is rooted in a future-oriented perspective that aims to fulfill the demands of the present without jeopardizing the requirements of the future.

It is about achieving an equilibrium between profitability and responsibility and leveraging our intermediary position to incite positive transformations in the world where we operate.

Fidelity Bank and the UN Sustainable Development Goals

Fidelity Bank is deeply committed to aligning its operations and initiatives with the United Nations Sustainable Development Goals (SDGs), recognizing the pivotal role banks play in driving sustainable development. As an institution dedicated to making a positive impact on the society and the environment, Fidelity Bank views the SDGs as a guiding framework for our sustainability efforts.

SUSTAINABLE DEVELOPMENT GOALS

Goals	Initiatives
1 No poverty	To strengthen the capital base of our customers, especially considering rising inflation, Fidelity Bank introduced a new mass-market lending product called the Fidelity SME Term Loan (FSTL). This innovative product allows customers to borrow up to N50million for the purpose of working capital and asset finance, addressing the evolving needs of MSMEs with quick cash flow and conversion cycles in trading, manufacturing, and services. With a tenor limit of up to 36 months, the FSTL provides businesses with the flexibility and support required to thrive in today's dynamic market landscape.

Goals *(continued)*	Initiatives *(continued)*
2 Zero Hunger	Through our agri-business finance products and loan schemes, we provide much-needed credit facilities to farmers and agri-businesses, empowering them to increase productivity, improve crop yields, and ultimately sustain a stable food supply. Fidelity Bank recently launched a Corporate Social Responsibility (CSR) scheme tagged the Fidelity Food Bank. Through the initiative, the bank partners with carefully selected charity organizations across Nigeria to provide food items to members of the society.
3 Good health and well-being	In supporting the good health and wellbeing of every employee, we have adopted best practices that cater for their healthcare using appropriate medical intervention through HMO services, guidance and counseling, cancer care treatment, annual medical check-up, equal opportunity policy structures and workplace inclusiveness. In 2023, the Bank partnered with i-Fitness Centre and initiated a subsidized Gym membership subscription to build the fitness culture among staff members. As part of our CSR initiatives, the Bank has made significant investments in the health sector, renovating health care centers, and conducting medical outreach programmes in various communities.

Goals *(continued)*	Initiatives *(continued)*
4 Quality Education	Through our CSR programmes, we channel investments into educational infrastructure, providing tools and amenities to schools in disadvantaged regions. Key highlights from our 2023 activities include: • Donation of 260 School Bags, 260 water bottles, 300 exercise books. • Renovation of JSS1 School Block and donation of food items • Provision of equipment for biology, chemistry and physics laboratories. • Supporting a poetry competition for children • Donation of 3 Blocks of Classrooms, each containing 3 classrooms each, 500 uniforms and 200 new school chairs and desks. • Installation of 15kva Inverter, Solar Panels and Deep Cycle Batteries to power the school studio. • Provision of Educational materials to less privileged school children • Donation of CSR Educational Materials • Implementation of the 2023 Financial Literacy Day, a Financial Inclusion Project • Renovation and donation of equipment to UNIJOS School • Donation of Laptops • Sponsorship of Alumni Association Presidential Dinner • Sponsorship of the 2023 National Workshop of the Chartered Institute of Stockbrokers. • Sponsorship of a Book Launch titled "The Future-Focused Female Leader" to promote DIVERSITY, EQUITY & INCLUSION AGENDA. • Sponsorship of School repairs • Sponsorship of Infrastructural project at FGGC, Calabar • Sponsorship IRO Columbia Africa Conference

Goals *(continued)*	Initiatives *(continued)*
5 Gender Equality	Within the organization, Fidelity Bank promotes a culture of inclusivity and diversity, ensuring equal opportunities for career advancement and leadership roles regardless of gender. In 2023, the gender composition of our employees was 50.2% female and 49.8% male. At the board level, we have a gender representation of 29% females and 71% males. Fidelity Bank also offers customized financial products and services designed to support women entrepreneurs, empowering them to access capital and expand their businesses.
6 Clean water and Sanitation	We finance and support projects aimed at improving water and sanitation services, particularly in underserved areas. This includes collaborating with organizations dedicated to establishing clean water infrastructure and enhancing hygiene practices in vulnerable communities. In October 2023, Fidelity Bank sponsored water projects at Federal Govt Girls College, Owerri and Nnokwa community, Anambra State.
7 Affordable and Clean Energy	We have maintained our commitment to sustainable energy by installing solar hybrid power systems at select locations within our Head Office and various branches in Lagos. Electronic equipment such as air conditioners are being replaced with low energy consuming variants while we continue the use of LED lighting across the Bank. The Bank also operates approximately 66 ATMs that are exclusively powered by solar energy. We also utilize biodegradable cash bags for dispensing cash to customers.

Goals *(continued)*	**Initiatives** *(continued)*
8 Decent Work and Economic Growth	Our financial products are designed to support small and medium enterprises (SMEs) and entrepreneurs, driving job creation, and stimulating economic growth. We also prioritize decent work within our organization, maintaining high labour standards, supporting employee progress, and ensuring a safe and inclusive work environment. Our SME programmes also contribute to generating sustainable job opportunities, particularly for marginalized communities. Through these measures, we aim to effect significant positive impact in local economies, while contributing significantly to global pursuits of sustainable economic growth and decent work.
9 Industry innovation and Infra-structure	With an in-depth understanding of the critical role of technology and infrastructure in modern economies, we actively invest in innovative banking solutions. We develop and deploy cutting-edge technology to enhance our financial services, ensuring access to affordable, quality services for our customers. Simultaneously, we support businesses within the industry and infrastructure sectors by offering tailored financial products, bolstering their ability to innovate and expand. Our digital transformation approach also bolsters financial inclusion, reaching unbanked populations and remote areas, thus contributing to building resilient infrastructure and promoting inclusive and sustainable industrialization.

Goals *(continued)*	**Initiatives** *(continued)*
10 Reduced Inequali-ties	Fidelity Bank's commitment to women's economic empowerment is exemplified through its flagship initiative, "HerFidelity". In 2023, the Bank continued its efforts to support women entrepreneurs through targeted training programmes and access to resources. A total of over 5,000 women subscribed to the "HerFidelity" Women Proposition in 2023. We trained and set up over 20 women as apprentices in various trades. Across states such as Kano, Imo, and Adamawa, select women received business start-up kits and underwent specialized training in fashion and design, facilitated in partnership with reputable industry centers. We offer tailored financial products and services designed to meet the unique needs of women entrepreneurs, enabling them to access capital for business expansion and investment. In the year under review, the Bank availed loans to 22,684 female individuals and 522 women owned businesses. A total value of N4.3 billion was availed to female individuals and N26.3billion to women owned businesses.

Goals *(continued)*	Initiatives *(continued)*
Sustainable Cities and Communities	Fidelity Bank develops initiatives aimed at fostering a connection between people and nature for a sustainable ecosystem. We are also committed to minimizing our impact on landfills through implementing the principles of reduce, reuse, and recycle in managing our waste. Some of our highlights are as follows: • Donation of 3 recycle bins at Girls Senior Secondary Grammar School/Boys Senior Academy Obalende. Lagos • Donation of 4 recycle bins at Apostolic Church Grammar School, Kosofe Senior High, Orisigun Primary School & Ajegunle Junior High, Lagos • Donation of 4 recycle bins at Shomolu Senior High School, Agnus Memorial Senior High School, Morocco Comprehensive Junior High School, Igbobi Junior High School, Shomolu, Lagos • Sponsorship of the beautification of the Akin Adesola roundabout garden or Garden Overhaul of Akin Adesola Roundabout • Sponsorship of Lagos State Walk for Nature Event.
Responsible Consumption	Fidelity increased its fleet of staff buses which now offers well over 800 members of staff free home-to-work commuting services every workday, minimizing the number of vehicles driven by staff and the associated GHG emissions. While this gesture serves to promote employee welfare, it also contributes to the Bank's overall greenhouse gas emission reduction.

Goals *(continued)*	Initiatives *(continued)*
Climate Action	Fidelity bank is actively involved in several initiatives that aim to foster sustainable development and combat climate change. The efforts put forth to champion this cause are reflected in our adoption of environmentally friendly practices, such as reducing paper usage and supporting digital transactions and the use of biodegradable cash bags for dispensing cash to customers, installation of solar hybrid power in some parts of the Head Office and some Lagos Branches, use of LED lighting across the Bank amongst others. Furthermore, Fidelity Bank engages in financing green projects that help reduce carbon footprints and develop sustainable infrastructure.
Life Below Water	We ensure that effluents in our operational areas are disposed by licensed vendors. By adhering to this practice, we prioritize environmental responsibility and contribute to reducing the environmental impact of our operations.
Life on Land	Fidelity Bank's steadfast dedication to recycling and partnership with NCF demonstrates our vigilance in safeguarding terrestrial ecosystems.

Goals *(continued)*	Initiatives *(continued)*
16 Peace, Justice and Strong Institutions	Fidelity Bank maintains a robust governance framework promoting transparency and fostering open communication and interpersonal ties. Our establishment also features a robust whistleblowing mechanism, grievance mechanism bolstering accountability and integrity. These initiatives contribute to creating fair, inclusive, and accountable institutions, advancing the goal of peace, justice, and strong institutions.
17 Partnerships for the Goals	Fidelity Bank participates actively in sector-wide efforts and in international initiatives to promote sustainable development. The Bank is a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI), Principles for Responsible Banking, Women's Empowerment Principles, United Nations Global Compact, and Equator Principles. The Bank actively participates at the Nigerian Sustainable Banking Champions Industry meetings and is a member of the National Financial Inclusion Technical Committee representing the Bankers' Committee. Fidelity Bank also collaborates with the Nigerian Conservation Foundation (NCF) on environmental advocacy initiatives of which the Bank is a Gold Member.

Adopting the Equator Principles

Equator Principles (EP) is a global risk management framework for identifying, assessing, and managing environmental and social (E&S) risks in project finance. The EP framework is the financial sector's leading voluntary standards, which also builds on the International Finance Corporation's Performance Standards (IFC PS) and the World Bank Group's Environmental, Health & Safety (EHS) Guidelines.

Fidelity Bank became a member of the Equator Principles community in November 2012, demonstrating its commitment to implementing these principles through internal environmental and social risk management policies. Over the years, the Equator Principles have evolved to meet the demands of sustainable finance, with updates ensuring their continued relevance and effectiveness. The bank has continually adjusted to these updates, fully adopting the most recent version, EP 4, which became effective on October 1, 2020.

To integrate environmental and social risk considerations into our lending processes, Fidelity Bank has established a dedicated Sustainable Banking team within the Risk Management Directorate. This team is responsible for reviewing project-related credit requests exceeding the US$10 million threshold set by the Equator Principles. Additionally, it evaluates other requests below this threshold in accordance with both national and international standards and requirements, including the CBN's Nigerian Sustainable Banking Principles (NSBP) and the IFC PS.

Fidelity Bank has continued to strengthen its environmental and social risk management systems. The environmental and social risk assessment procedures form an integral part of the Bank's credit analysis process. Every business-related credit is screened against a set of Environmental and Social Risk criteria and then classified based on the E&S category. Measures to mitigate identified risks are included as part of loan preconditions and covenants. Fidelity Bank has also developed an automated data management system to support effective monitoring and reporting of credits assessed on E&S risks. On-site visits to project sites and receipt of periodic reports from customers are employed in monitoring compliance with E&S conditions. In our engagements with customers, we also endeavor to provide guidance on strategies to achieving long-term sustainability through identification and management of Environmental, Social and Governance risks and opportunities.

As part of its routine roles, the Sustainable Banking team coordinates capacity building programs across the Bank covering the Board, Management and Employees. The team circulates bank-wide internal communications on a quarterly basis to foster a culture of robust environmental and social risk management and raise awareness among staff members. The team also provides training on Environmental and Social Risk Management during all staff induction sessions, the Bank's Thursday lecture series and through assignments and quizzes on the E-Learning portal for all employees.

As a financial institution adopting the EPs, Fidelity Bank commits to refraining from supporting projects where the borrower will not, or is unable to, comply with the environmental and social requirements arising from the application of the EPs. As part of our E&S assessment procedures, we categorize projects in line with the IFC PS as follows:

- **Category A:** Projects with potential significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented.
- **Category B:** Projects with potential limited adverse social or environmental impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and
- **Category C:** Projects with minimal or no social or environmental impacts.

The table below presents a report of our project finance activities, in line with Equator Principle 4 requirements for the period, 1 January to 31 December 2023. During the period, Fidelity Bank was not involved in any project-related refinancing, project-related acquisition financing, project finance related advisory services, project-related corporate loans and bridge loans, as defined in the Equator Principles:

Project Finance - Sector Reporting

	E&S Risk Categories		
Sector	**A**	**B**	**C**
Mining	0	0	0
Infrastructure	0	0	0
Oil and Gas	1	0	0
Power	0	0	0
Others	0	0	0
Total	**1**	**0**	**0**

Project Finance – Regional Reporting

	E&S Risk Categories		
Region	**A**	**B**	**C**
Americas	0	0	0
Europe, Middle East and Africa	1	0	0
Asia and Oceania	0	0	0
Total	**1**	**0**	**0**

Project Finance – Country Designation

	E&S Risk Categories		
Designation	**A**	**B**	**C**
Designated Countries	0	0	0
Non-Designated Countries	1	0	0
Total	**1**	**0**	**0**

Project Finance – Country Designation

	E&S Risk Categories		
Review	**A**	**B**	**C**
Yes	1	0	0
No	0	0	0
Total	**1**	**0**	**0**

Implementing the Nigerian Sustainable Banking Principles

Fidelity Bank adheres to the Nigerian Sustainable Banking Principles (NSBP), approved by the Bankers Committee in July 2012 for uniform adoption by all banks, discount houses (DHs) and Development Finance Institutions (DFIs). Following our adoption of these guidelines, we have consistently provided semi-annual reports to the Central Bank of Nigeria, detailing our initiatives in alignment with all the recommended principles as directed by the apex banking institution.

These principles include:

- **Principle 1:** Environmental and Social Risk Management.
- **Principle 2:** Environmental and Social Footprint
- **Principle 3:** Human Rights
- **Principle 4:** Women's Economic Empowerment
- **Principle 5:** Financial Inclusion
- **Principle 6:** E&S Governance
- **Principle 7:** Capacity Building
- **Principle 8:** Collaborative Partnerships
- **Principle 9:** Reporting

We are conscious that these principles aim to promote sustainable practices within the Nigerian banking sector through environmental, social, and governance considerations in business operations and interactions with stakeholders.

Our approach as a bank is informed by a deep awareness of the impact our lending activities have on the environment and the effect that environmental factors have on our business operations. Our underwriting process is designed to prioritize environmental protection and utilizes our Sustainable Banking Data Management System to track and monitor any potential environmental and social risk issue associated with our portfolio. Notably, **99.5% of our portfolio** was screened for environmental and social risk during the reporting period.

In January 2023, Fidelity Bank conducted its inaugural Sustainability Week. The event featured various communications and activities that highlighted the Sustainable Development Goals (SDGs). As part of the activities, the Bank organized a lecture centered on the topic, "Climate Change and Implications for the Banking Sector".

Aligning with the Principles for Responsible Banking

The Principles for Responsible Banking (PRB) provides a distinctive framework to ensure that the strategies and practices of its signatories align with the vision outlined by society in the Sustainable Development Goals and the Paris Climate Agreement.

The framework consists of 6 Principles designed to bring purpose, vision and ambition to sustainable finance. Established in 2019 through a collaborative effort between the founding banks and the United Nations, the signatory banks commit to embedding these 6 principles across all business areas, at the strategic, portfolio and transactional levels.

These principles include:

- **Alignment**
- **Impact and Target setting**
- **Clients and Customers**
- **Stakeholders**
- **Governance and Culture**
- **Transparency and Accountability**

In 2023, Fidelity Bank committed to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB). By signing onto the principles, we further demonstrate our belief that sustainability is an essential component of our corporate strategy and our dedication to incorporating it into every facet of our business operations and activities.

Stakeholder Engagement

At Fidelity Bank, we recognize the critical role that stakeholder engagement plays in shaping our sustainability priorities and driving positive impact. We engage with a diverse range of stakeholders, including:

- **Customers**

  Understanding their evolving needs and expectations to deliver bespoke financial products and services that promote financial inclusion and empowerment.

- **Employees**

  Fostering an inclusive and supportive work environment, promoting diversity, equity, and inclusion, and empowering employees to contribute to our sustainability goals.

- **Investors**

  Providing transparent and timely information on our sustainability performance, risks, and opportunities to build trust and confidence among our investors.

- **Regulators**

  Complying with regulatory requirements and engaging constructively with regulators to advocate for responsible banking practices and regulatory reforms that support sustainability objectives.

- **Communities**

  Partnering with local communities to address their social and environmental challenges through community development initiatives, philanthropy, and volunteerism.

- **Suppliers**

  Engaging with our suppliers to promote responsible sourcing practices, ethical supply chain management, and supplier diversity initiatives. Through dialogue and collaboration, we work together to drive sustainability across our value chain.

Stakeholder Groups	Mode of engagement	Frequency	Key topics
Customers	• ATMs, mobile and internet banking ads • Calls and conference calls • Emails, SMS, and social media • In-branch network and material • Surveys • Public portal	• Daily • Annually • Ad hoc	• Access to cash • Information security awareness • Continuity of business • Accessibility and convenience • Quality of service • Electronic transactions, processing time, claims and disputes • Commercial campaigns
Employees	• Face to face meetings • Calls and conference calls. • Email • Internal or external surveys • Training and seminar sessions • Performance appraisal	• Daily • Weekly • Monthly • Quarterly • Annually • Ad hoc	• Career development • Compensation and benefits • Compliance • Healthy and safe working conditions • News and business updates

Stakeholder Groups	Mode of engagement	Frequency	Key topics
Investors	• Reports, presentations • Calls • Meetings • Annual general meetings • Extraordinary general meetings	• Daily • Ad hoc	• Financial performance and dividends • Investor relations • Legal consultancy • Corporate governance
Regulators	• Email and letters • Phone calls • Websites and portals • Formal letters • Face to face and virtual meetings • Performance reports	• Monthly • Quarterly • Annually • Ad hoc	• Access to cash • Regulatory compliance • Lending • Updates on products and services
Communities	• Strategic collaborations • Town hall meetings • Formal communications • On-ground activations	• Monthly • Quarterly • Annually • Ad hoc	• CSR initiatives • Collaborations on SDGs • Sustainability publications
Suppliers	• Letters • Calls and conference calls. • Emails • Surveys • Face to face meetings • On site visits and inspections	• Weekly • Bimonthly • Monthly • Quarterly • Annually • Ad hoc	• Supplier assessment • Policy reviews and business updates • Complaint resolution • Trainings • Monitoring and evaluations

Materiality Assessment

We conducted a comprehensive materiality assessment to identify the key issues of significance to both the bank and its stakeholders within the financial sector. This assessment was conducted with the aim of identifying material topics covering the environmental, social, and governance pillars of sustainability.

To ensure the accuracy and relevance of our findings, we engaged an independent third-party consultant specializing in sustainability services within the financial sector. This consultant was tasked with reviewing the identified material topics for the reporting year. The validation process was thoroughly conducted, leveraging insights gathered from active engagement with the bank's diverse stakeholder base.

The review exercise was structured around several key considerations:

- Examination of material topics highlighted by industry peers within the financial sector, providing valuable benchmarking insights.
- Analysis of prevailing local and global sustainability trends and developments within the financial industry landscape.
- Assessment of the direct relevance of identified topics to the core operations of Fidelity Bank and the evolving needs and expectations of our stakeholders.

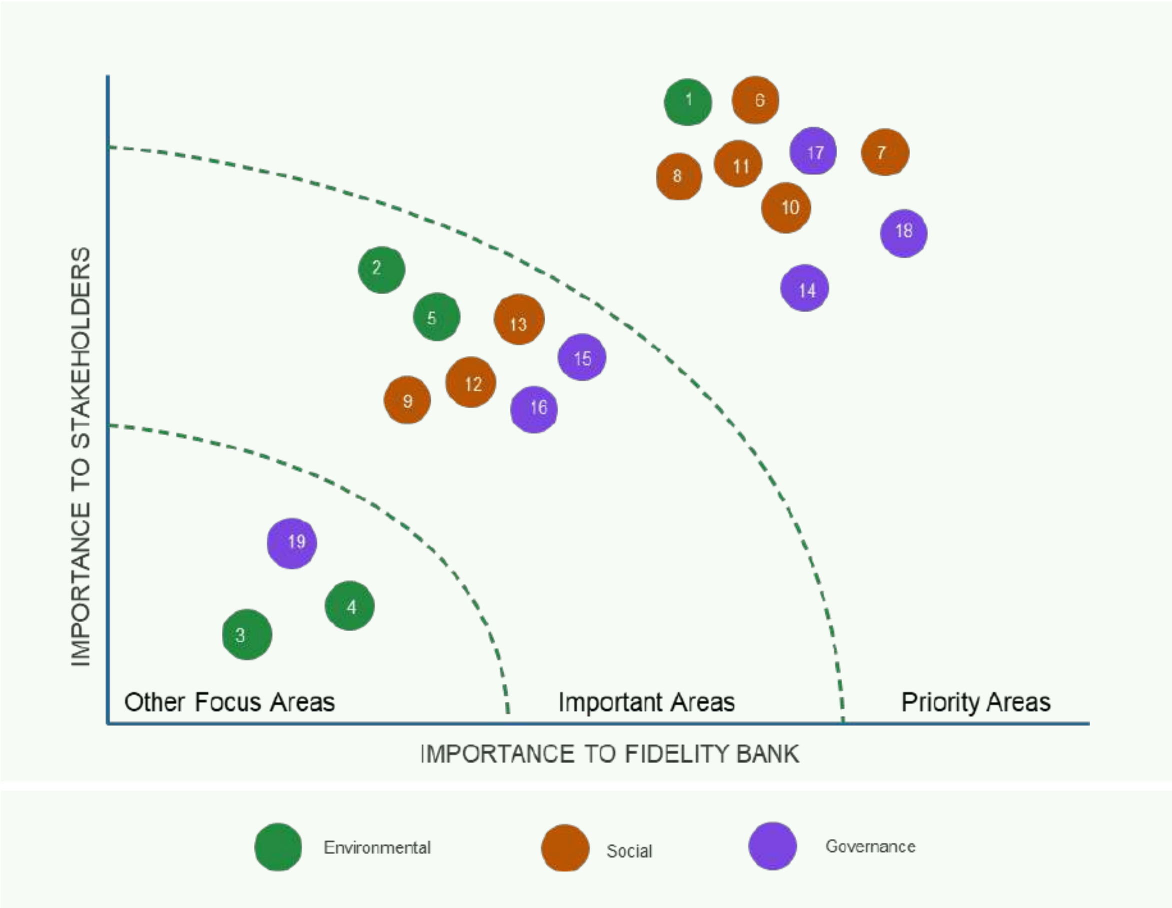
This collaborative approach ensured that the material topics outlined in our sustainability and climate report accurately reflects the pressing issues facing both our institution and the wider financial community. By staying attuned to emerging trends and actively involving stakeholders in the assessment process, we strive to align with evolving sustainability imperatives while fostering transparency and accountability in our reporting practices.

Material Topics

In this section, we present the material topics identified through our rigorous materiality assessment process. These topics represent the sustainability priorities that guide our strategic decision-making, risk management, and stakeholder engagement efforts. By transparently reporting on these issues, we demonstrate our commitment to accountability, sustainability, and value creation.

S/N	Pillar	Material Topics
1.	Environmental	1. Climate Change
		2. Energy
		3. Water & Effluent
		4. Biodiversity
		5. Waste
2.	Social	6. Stakeholder Engagement
		7. Customer Privacy
		8. Occupational Health and Safety
		9. Training and Education
		10. Diversity and Equal Opportunities
		11. Human Rights
		12. Local Communities
		13. Customer Health and Safety
3.	Governance	14. Economic Performance
		15. Market Presence
		16. Indirect Economic Impact
		17. Anti-corruption
		18. Tax
		19. Procurement Practices

Materiality Matrix



Disclosures Required by IFRS S1 and S2

Governance

Fidelity Bank prides itself on its exemplary approach to corporate governance. Our corporate governance practices help us serve the interests of our stakeholders, including customers, employees, shareholders, and communities. We are listed on the Nigerian Exchange ("NGX") and are therefore bound to the principles set out in the Nigerian Code of Corporate Governance.

Our decision to become early adopters of the IFRS Sustainability Disclosure Standards reflects our steadfast dedication to adhering to the highest ethical practices and underscores our unwavering commitment to upholding impeccable governance standards within our industry.

Fidelity Bank's corporate governance framework includes detailed codes and rules on issues such as Quality of Board Membership, Board Performance Appraisal, Conflict of Interest, Sustainability - complemented by the Bank's Memorandum and Articles of Association, Board Committees and Management Committee Charters.

The Board's responsibilities are carried out through six (6) committees including:

- Board Credit Committee (BCC)
- Board Risk Committee (BRC)
- Board Audit Committee (BAC)
- Board Corporate Governance Committee (BCGC)
- Board Finance and General-Purpose Committee
- Board Information Technology Committee

Board Oversight of Sustainability and Climate-related Risks and Opportunities

Our Board members are seasoned professionals with diverse experience, skills, and industry knowledge cutting across fields such as Business, Corporate Finance, Accounting, Management, Banking, Oil & Gas, Information Technology, Risk Management, Engineering, Project Finance, etc.

Our Board appointments align with the Bank's Directors Selection Criteria and applicable regulations and is also subject to CBN approval.

The Board Risk Committee (BRC) has oversight responsibilities on sustainability and climate related risks and opportunities and their impacts on the Bank's overall strategy and risk profile, among other risk management responsibilities. The committee reviews the Bank's sustainability and climate strategy, initiatives, and policies, and receives regular updates from the Sustainable Banking Governance Committee. Unlike other industries, the trade-offs encountered by banks such as ours typically involve evaluation of non-technical factors such as the enhancement and integration of digital platforms into existing infrastructure. In this regard, Fidelity Bank has prioritized innovation and the improvement of existing infrastructure to advance her primary objective of providing secure and customer-centric banking services.

Additional information on how the Bank manages its sustainability and climate-related risks and opportunities in relation to strategic decisions are detailed in the Strategy and Risk Management sections of this report.

Fidelity Bank's Board Risk Committee consists of:

- Minimum of four (4) Non- Executive Directors (1 being an independent director)
- The Managing Director
- Executive Director/Chief Risk Officer
- Chief Compliance Officer

Members of the Committee possess extensive knowledge of the sustainability reporting landscape along with various other sustainability and climate-related issues. Fidelity Bank is committed to identifying valuable educational and training opportunities for board members to ensure they are abreast of new advancements pertaining to laws, regulations, and the evolving landscape of sustainability, and climate-related risks and opportunities which could potentially affect the Bank and the Board.

The BRC meets every quarter during which updates are provided on the Bank's sustainability and climate related risks and opportunities.

Within the reporting year, the Bank's total GHG Operational emissions (categorized into the three (3) scopes as defined by the Greenhouse Gas Protocol) was estimated at 24,902.5 tCO_2e. As an ethical Bank, we have developed a Decarbonization Strategy in alignment with Science Based Target Initiatives (SBTi) with an aim to reduce our operational emissions by at least 6.7% year on year. These targets are being monitored closely by the Executive Director/Chief Risk Officer at the Board Level. Given that this is the inaugural year of reporting against these targets, we expect that in subsequent years, we will report our progress towards meeting the set targets.

Following approval from the Board, the Bank is actively updating its policies and frameworks to reflect sustainability and climate-related oversight responsibilities for the Bank's Board and Management in alignment with the IFRS S1 and S2 requirements. These updates will set the tone for sustainable governance practices in the coming years.

Management's Role in the Oversight of Sustainability and Climate-related Risks and Opportunities

The Sustainable Banking Governance Committee is responsible for overseeing the implementation of the Bank's Sustainable Banking Policies, and brings together all critical stakeholders to share knowledge, experiences, and ideas on Sustainable Banking implementation strategies. This Committee provides support, and reports ESG issues and progress to the Board Risk Committee.

The Head, Sustainable Banking, who reports to the Divisional Head, Credit Admin and Sustainable Banking, is responsible for driving the implementation of ESG initiatives within the Bank. This role also involves reporting sustainability and climate-related activities and performance, including climate related risks and opportunities to the Executive Director/Chief Risk Officer. Accountability for the delivery of sustainability targets, projects and activities rests with the Sustainable Banking Team who work in tandem with other responsible business teams.

The Sustainable Banking Governance Committee is composed of:

- MD/CEO - Chairman
- All Executive Directors - Members
- Chief Financial Officer
- Chief Compliance Officer - Member
- Chief Information Officer - Member
- Chief Human Resources Officer - Member
- DH, Credit Admin & Sustainable Banking - Member
- Divisional Head, Product Development - Member
- Divisional Head, Operations - Member
- Divisional Head, Internal Control - Member
- Divisional Head, Corporate Services - Member
- Divisional Head, Brand and Communications-Member
- DH, Loan Portfolio Monitoring and Reporting - Member
- Company Secretary - Member
- Divisional Head, Legal Services Division - Member
- DH, Strategy, Innovation & Business Transformation - Member
- Head, IFRS and Emerging Issues - Member
- Group Head, SME Product Development - Member
- Chief Security Officer - Member
- Head, Financial Inclusion - Member
- Head, CSR - Member
- Head, Sustainable Banking - Secretary

Fidelity Bank employs its automated Sustainable Banking Data Management System to simplify the collection of data from various branches and units, thereby enhancing the efficiency of the tracking and reporting process. As demonstrated above, the Bank's strategy incorporates an assessment of sustainability and climate-related impacts, potential risks and opportunities, drawing significantly on insights generated by our Sustainability-Related Teams.

ENVIRONMENTAL

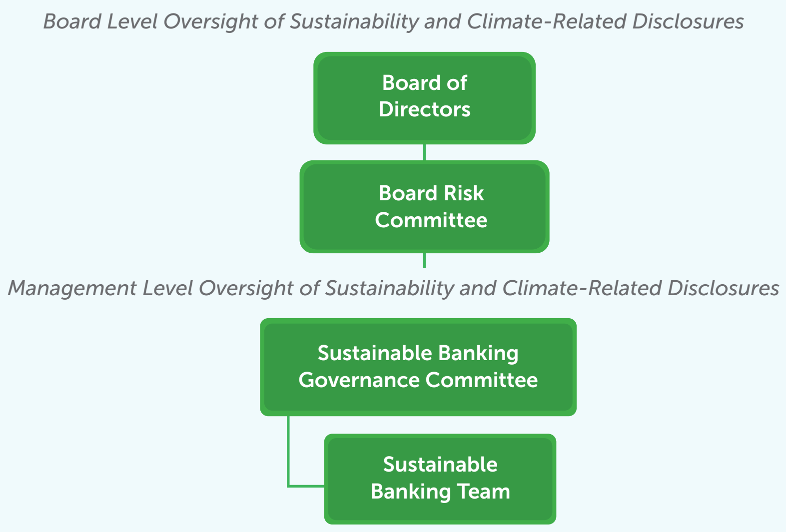


Fig 1.1: Sustainability Governance Organogram

Strategy and Metrics & Targets

Climate Change

In the transition to a low-carbon future, we are dedicated to supporting our customers at every turn as they strive to understand and capitalize on developments that support the economy. At Fidelity, we recognize climate-related risks (physical and transition risks) as affecting not just our own operations but our customers and the environment. We also have identified key areas for climate-related opportunities: sustainable finance, investments in renewable energy, energy efficiency, green buildings, clean transportation, promoting climate-resilient infrastructure, and supporting sustainable agricultural practices.

Physical risks are divided into Acute and Chronic risks. Acute risks are weather-related or weather-exacerbated events whose incidence increases with climate change such as floods and extreme precipitation, heatwaves, droughts, wildfires etc. These events can happen suddenly and have immediate effects. On the other hand, Chronic risks evolve over time and result from gradual, long-term changes in climate patterns such as rising sea levels that can threaten branches located in coastal areas, rising average temperatures that could reduce operational efficiency and employee health, and more frequent and severe droughts.

Transition risks, which arise from the shift towards a low carbon economy, significantly influences our business model, strategic outlook, and financial planning at the Bank. These risks are typically categorized into Policy and Legal, Technology, Market, and Reputation risks. Each risk type represents a different way our business could be affected by the transition, from regulatory changes and technological advancements to evolving market demands and changing stakeholder expectations. Consequently, we have concluded that physical and transition risks are drivers of traditional risk types such as credit risk, operational risk, market risk and liquidity risk and therefore cannot be ignored in strategy and decision making.

At Fidelity Bank, we assess our climate-related risks and opportunities through the following short-, medium- and long-term timescales:

- Short term - 0 to 5 years
- Medium term – 5 to 10 years
- Long term – 10 to 40 years

The time horizons employed by the bank for strategic decision-making are intricately linked to our planning horizons to ensure cohesive and effective long-term planning. We have also considered the time horizons used in already established climate scenarios in selecting these time horizons. Short-term time horizons (0-5 years) focus on immediate operational goals, such as managing liquidity and regulatory compliance, aligning with short-term planning objectives. Medium-term time horizons (5-10 years) encompass strategic initiatives aimed at market expansion and product innovation, supporting medium-term planning objectives. Long-term time horizons (beyond 10 years) guide the bank's vision for sustainable growth and risk management, informing long-term planning objectives.

By integrating these time horizons into our strategic planning process, the bank ensures alignment between immediate needs, medium-term growth opportunities, and long-term sustainability and Climate-related goals, fostering resilience and adaptability in the face of evolving market dynamics.

Classification and Description of Climate-Related Risks and Opportunities

Risk and Opportunity	Risk and Opportunity Category	Impact on Business Model and value Chain	Time Horizons
Physical Risk	• Extreme weather events	• Events and conditions leading to physical risk could affect loan repayment and collateral, leading to stranded assets.	Medium to long term
	• Extreme weather events	• Valuation of assets and liabilities affected by physical risk conditions.	Short, medium, and long term
	• Fluctuating Temperatures	• Workforce Health and Safety.	Short, medium, and long term
Transition Risk	• Policy and Legal	• Write-off or early retirement of assets due to policy and regulation changes.	Medium to long term
	• Technology	• Capital expenditures and financing for technology development.	Short, medium and long term
	• Market	• Negative stakeholder feedback affecting customer base and profitability ratios.	Short, medium and long term
	• Reputation	• Stigmatization of sector affecting employee attraction and retention.	Short, medium and long term
Climate Related Opportunities	• Sustainable Financing • Investment in renewable energy, energy efficiency, green buildings, clean transportation etc • Investment in climate-resilient infrastructure • Sustainable agriculture	• Increased demand for Sustainable investment products. • Increased demand for renewable/clean energy financing, energy efficiency, green buildings, clean transportation financing etc.	Short, medium and long term

We also considered the industry-based disclosure topics outlined in the industry-based Guidance on Implementing IFRS S2 when identifying climate-related risks and opportunities. This involves evaluating how climate-related factors are considered in credit decisions. We developed a risk management process that supports transparency of the assessment process to enable compliance with applicable regulations and standards.

Climate change poses immediate physical risks and regulatory challenges to our business model and value chain, including asset damage from extreme weather and compliance adjustments to sustainability and climate-related regulations. Meanwhile, sustainable finance offers revenue growth opportunities through products like green bonds and investments that support the transition to a low carbon economy. Anticipated effects include intensified physical risks, such as supply chain disruptions affecting lending decisions, and regulatory changes leading to increased compliance costs. However, transitioning to low-carbon investments presents opportunities for renewable energy financing. Market demand shifts towards sustainability also drive innovation in banking products and services.

The effect of climate related risks and opportunities can be assessed across our own operations and value chain. Within our lending portfolio, sectors such as the oil and gas, manufacturing, agriculture, real estate, power, construction, and transport & logistics are affected by risks from extreme weather events and changing consumer preferences, impacting loan performance and collateral values. Conversely, investments in renewable energy and sustainable infrastructure present growth opportunities. Geographically, coastal areas and regions vulnerable to droughts pose greater risks, influencing borrower creditworthiness and collateral values.

We have integrated climate risk measures into the bank's enterprise risk management framework. This includes the creation of identification and mitigation strategies to recognize climate risks throughout our loan portfolio, considering factors such as geographic vulnerability and sector-specific exposures. Additionally, we have embraced opportunities in sustainable finance, offering advisory and financing directed towards clean energy, energy efficiency, green buildings, clean transportation, climate-resilient investments and capacity building for staff.

Looking ahead, we plan to further enhance our climate risk management practices, improve collation and accuracy of emissions data, set financed emissions target for key lending sectors, strengthen partnerships with stakeholders in the sustainability space, and continue innovating in sustainable finance to ensure Fidelity Bank remains resilient and responsive to the challenges and opportunities presented by climate change.

Fidelity Bank is committed to reaching its established climate-related goals, which include a 33.6% decrease in operational carbon emissions by 2028, and achieving net-zero emissions in all areas of its operations and portfolio by 2050. Additionally, the bank aims to meet or exceed legally mandated targets and those backed by regulations. To accomplish this, Fidelity Bank emphasizes the importance of accurately measuring and openly reporting greenhouse gas emissions, investing in strategies to reduce the carbon footprint of its operations, and working in partnership with stakeholders to create a comprehensive plan for reducing emisisons to net zero.

In response to the impact and anticipated future effects of climate-related risks and opportunities on the bank, we are allocating resources towards sustainability initiatives and integrating climate considerations into core strategies. We have incorporated climate risks considerations into our evaluation process for approving both traditional finance products and new products specifically designed to capitalize on the opportunities presented by climate change. We have directed funding towards investments focused on energy efficiency, renewable energy adoption, and green technologies to support the reduction of the bank's emissions profile. We have conducted stress testing on the business for climate change impacts resilience using scenario analysis. We are considering setting exposure limits to monitor sensitivities to climate-related variables or scenarios to support our monitoring efforts.

Our Mitigation and Adaptation Efforts

As part of our efforts to lower emissions in our operations, we have adopted eco-friendly measures including promoting carpooling among employees for commuting and providing staff buses. We aim to increase financing towards energy-efficient technologies, renewable energy sources, green buildings, clean transportation, and green infrastructure.

We are committed to fostering and advocating for sustainable practices among our stakeholders, including customers and vendors. This involves raising awareness about climate change, and encouraging the adoption of environmentally friendly practices, and providing incentives for sustainable behavior.
Our aim is to broaden the scope of sustainability efforts throughout our supply chain, collaborate with partners to promote sustainability, and advocate for policy measures that support climate adaptation and mitigation.

Our Emissions and Transition to Net Zero

Our Climate strategy is underpinned by an understanding of the sources of emissions within our own operations and value chain. The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Scope 3 Corporate Value Chain Standard provides guidance on how we are developing our Scope 1, 2, and 3 emissions inventories. We have identified emission reduction opportunities such as green financing & energy efficiency in our operations and implemented mitigation measures including energy efficiency initiatives and renewable energy adoption. Monitoring systems will track progress, and regular reporting will ensure transparency.

We are allocating financial resources towards energy efficiency, renewable energy projects, green buildings, clean transportation, and other sustainable finance initiatives. Our people drive our actions; therefore, we are leveraging our human capital by training employees on climate-related topics and fostering a culture of environmental stewardship. Additionally, the Bank is employing technological advancements to implement a data management system dedicated to emissions data collection and management of climate-related risks.

Description of Effects on Financial Position, Financial Performance and Cash Flows

Category	Time Horizon	Impact of Climate-related Risks and Opportunities
Current Period (Historical)	2023	• Operational costs in setting up Data collection and management systems to support metrics disclosures. • Investment in capacity building and third-party support services is expected to impact administrative costs.
Anticipated Effect	Short Term Time horizon: 2023-2028	• Investments in renewable energy initiatives or green products can generate new revenue streams and positively impact cash flows. • Costs incurred in updates to accounting policies in relation to recognition and measurement of assets and liabilities. • Impact on carrying amount, residual value, and useful lives of assets. • Measurement and recognition of provisions and contingent liabilities.
	Medium Term Time horizon: 2030s	• Impairment assessments of non-current assets and goodwill. • Decommissioning costs of assets in own operations or collateral in lending activities. • Assessment of the bank's ability to continue as a going concern.
	Long Term Time horizon: 2050s	• We acknowledge that climate-related risks pose systemic threats to financial stability. Addressing these risks through strategic investments in resilient infrastructure and low-carbon business products and service offerings is vital for safeguarding the bank's financial position.

Climate Resilience Assessment and Scenario Analysis

Fidelity Bank has conducted her maiden climate scenario analysis and stress testing to assess the financial impacts of climate-related risks and opportunities and the resilience of our business to climate risks. We recognize that the resilience of our business lies in innovating, adapting, and thriving in the changing climate landscape. This assessment supports our strategic alignment, enabling the bank to prioritize initiatives that address emerging climate trends and regulatory requirements.

We plan to respond to the effects that have been identified in our climate-related scenario analysis by ensuring robust risk management strategies are implemented to mitigate potential impacts on operations and financial performance, staying informed on key trends, integrating scenario analysis into risk management to assess resilience and readiness for potential shocks while continuous innovation drives the development of products and services that supports climate mitigation and adaptation efforts. We acknowledge that there are significant uncertainties inherent in climate projections, regulatory landscapes, technological advancements, market dynamics, physical and transition risks, and social and political factors, which will shape our approach to managing climate-related risks and opportunities.

In our climate-related scenario analysis using the Intergovernmental Panel on Climate Change (IPCC) guidelines and methodologies, we have made key assumptions regarding future climate trajectories, emission scenarios, policy frameworks, technological advancements, market dynamics, socio-economic factors, and international agreements. The assumptions are summarized in this section and detailed in our Climate Risk Management Framework. The analysis involves a rigorous assessment of various climate scenarios, incorporating both physical and transition risks associated with climate change. The physical risks scenarios are developed based on IPCC's latest climate projections, which include Representative Concentration Pathways (RCPs) representing different greenhouse gas emission trajectories. RCPs range from a low-emission scenario (RCP2.6), the middle road (RCP4.5) and to a high-emission scenario (RCP8.5), each depicting different levels of radiative forcing and resulting climate impacts. On the other hand, the transition risks scenario analysis is based on the Network for Greening the Financial System (NGFS) transition scenarios. By considering these diverse scenarios, we will be able to comprehensively evaluate the potential range of climate-related risks and opportunities, informing our strategic decision-making processes and ensuring resilience in the face of a changing climate. These scenarios align with the objectives and targets outlined in the Paris Agreement and considers pathways consistent with achieving the agreement's temperature goals.

Physical Risks Scenario Analysis and Stress-testing – Methodology and Key Assumptions

We employed a layered sampling approach to the bank's loan portfolio, considering the different asset categories and the geographical regions of our customers. Subsequently, we generated risk factors for the following scenarios and their corresponding sensitivities.

Physical Risk Scenario Analysis, Stress Testing and Quantitative Financial Impacts.

Climate Scenarios/ Time Horizons	Climate Change Perils	Assumptions
• **Base Year (2023)** • **RCP2.6-SSP1.26 (2030, 2035 and 2050)** • **RCP4.5-SSP2.45 (2030, 2035 and 2050)** • **RCP8.5-SSP5.85 (2030, 2035 and 2050)**	• Extreme agricultural drought (Standardized Precipitation Index, SPI-3) (months) • Water stress (%) • Pluvial flooding (100-year return period) (m) • Tidal flooding (100-year return period) (m) • Wet bulb global temperature (extreme threshold) (days) • Heavy precipitation (> 50 mm/day) (days) • Air surface temperature (°C)	We applied the loss rates on the outstanding balances to arrive at the exposures at risk. To evaluate this impact, we made the following assumptions. • The Portfolio distribution is static and non-dynamic, i.e., no new or expired deals that change the distribution. • The physical risk only impacts default risk. • Stress factors are uncorrelated and occur independently. • The impact of transaction and adminstrative costs are minimal. • Loss rate means portion of the exposure at risk of loss. It does not equate to the actual loss balance.
Financial Impacts on Fidelity Bank's Portfolio due to Physical Climate Risks		
	• At the current portfolio composition, 26.98% of the bank's portfolio is exposed to physical climate risk effects. • At an average interest rate of 21.2%, the effect is the same on the interest income. i.e., 26.98% of the interest income is at risk. This is projected to increase to 32.4%, 28.5% and 34.3% in the short-, medium- and long-term time horizons under the RCP2.6 scenario (optimistic scenario), respectively. Under the worst-case scenario (RCP8.5), these effects are projected to increase to 35.1%, 32.9% and 42.3% in the short-, medium- and long-term time horizons, respectively.	
The Resilience of Fidelity Bank's Portfolio to Physical Climate Risks Stress Factors under the Worst-Case Scenario		
	Considering the base year, the portfolio responds to a 1% increase in size (portfolio value) with: • A 0.25% decrease in portfolio value due to extreme agricultural drought, holding all other stress factors constant. • A 0.02% decrease in portfolio value due to low water stress levels, holding all other stress factors constant. • A 0.26% decrease in portfolio value due to pluvial flooding, holding all other stress factors constant. • A 0% (i.e., no change) in portfolio value to due to tidal flooding, holding all other stress factors constant. • A 0.69% decrease in portfolio value due to extreme heat (wet bulb global temperature), holding all other stress factors constant. • A 0.11% decrease in portfolio value due to heavy precipitation, holding all other stress factors constant. • A 0.56% decrease in portfolio value due to high air surface temperature, holding all other stress factors constant.	

These effects apply to all time horizons since the distribution of the portfolio is static.

Transition Risks Scenario Analysis and Stress-testing – Methodology and Key Assumptions

Our climate change transition risk scenario analysis and stress testing were conducted based on the NGFS scenarios and tailored assumptions as follows:

Quadrant	Scenario	Policy Reaction	Technology Change	CO_2 Removal	Regional Policy Variation
Orderly	Low Demand	Immediate	Fast Change	Medium Use	Medium Variation
	Net Zero 2050	Immediate	Fast Change	Medium-high Use	Medium Variation
	Below 2 °C	Immediate and Smooth	Moderate Change	Medium Use	Low Variation
Disorderly	Delayed Transition	Delayed	Slow/Fast Change	Medium Use	High Variation
Hot House World	Nationally Determined Contributions (NDCs)	NDCs	Slow Change	Low Use	Medium Variation
	Current Policies	None-Current Policies	Slow Change	Low Use	Low Variation
Too little too late	Fragmented World	Delayed and fragmented	Slow/ Fragmented Change	Low-medium Use	High Variation

Scale	Low Impact	Medium Impact	High Impact

Transition Risks Scenarios Analysis, Stress Testing and Quantitative Financial Impacts

Key Assumptions

- The impact of policy reaction is the amount of carbon tax to be paid by companies based on their level of CO_2 emissions.
- All figures are adjusted for inflation in USD from 2010 till date.
- For the Regional Policy Variation scenario, it is assumed that the rate at which Nigeria will enforce its policies on climate change and climate tax will vary from the rest of the world at different degrees.
- NGFS does not have Nigeria specific scenarios, hence figures used in this analysis were for Middle East & Africa scaled down to Nigeria.
- The carbon price and the cost of carbon removal were converted from the Middle East and African figure to the potential equivalent in Nigeria. The adjustment was made by comparing the GDP of Nigeria with the GDP of the Middle East and Africa combined.
- In scenario 1, it was assumed that Fidelity Bank will voluntarily remove 5%, 10%, 15%, and 20% of its CO_2 emissions in 2023, 2030, 2035, ad 2050 respectively. In scenario 2, the assumptions were, 7%, 15%, 20%, and 25%, in scenario 3 it was 5%, 10%, 15%, and 20%, in scenario 4 it was 5%, 10%, 15%, and 20%, in scenario 5 it was 1%, 2%, 3% and 5%, in scenario 6 it was 0% all through, and in scenario 7 it was 2%, 5%, 7%, and 10%.

Resilience of our Portfolio to Transition Risks Under the Orderly Transition Scenario (SBTi pathway)

In this scenario, the world will completely move to green energy technologies and climate policies, particularly carbon prices will be implemented. The global transition to a low carbon economy will be coordinated and this will therefore impact the segments of Fidelity Bank's loan portfolio that are connected to high risk sectors such as the oil and gas, manufacturing, transport and storage, mining & quarrying, and real estate.

Based on Fidelity Bank's current financed emissions and portfolio composition, growing our emissions by the rate of growth of our loan book up to 2050, Fidelity Bank will experience increased Non-Performing Loans (NPL) in the following emissions-intensive portfolios if adequate measures are not put in place:

- Oil & Gas.
- Manufacturing, Transportation & Storage, Mining & Quarrying and Real Estate Activities.
- Agriculture, Forestry & Fishing.

Given that the Oil & Gas sector makes up approximately 37% of the bank's portfolio, the bank intends to modify its lending practices to reduce our exposure to high-risk sectors, leading to lower NPLs.

Supported by an effective and flexible governance structure, we can adapt our strategy and business model when needed to the effects of climate change and the results of our resilience assessment over time horizons. We aim to ensure that our financial resources are both available and flexible enough to respond effectively to climate-related risks and opportunities. This includes maintaining adequate capital reserves, accessing diverse funding sources, and having the flexibility to reallocate resources to prioritize climate resilience and sustainability initiatives as needed.

In the short term, the bank does not expect a change in its financial position due to climate-related risks and opportunities. However, over the medium and long term, initial investments in climate resilience measures, such as upgrades to infrastructure and implementation of sustainable finance initiatives is expected to affect its financial position. We anticipate the benefits of our climate strategy to become more pronounced. Investments in renewable energy projects, energy efficiency improvements, green buildings, clean transportation, and sustainable finance products are expected to yield returns, enhancing profitability and resilience. Disposal plans may involve divesting from carbon-intensive assets, aligning the bank's portfolio with its sustainability and climate-related goals. Planned sources of funding, such as green bonds or partnerships with climate-focused investors, will support the implementation of the bank's strategy over the long term.

Financial Performance and cash flows are expected to be affected over the short, medium, and long term. We anticipate short-term expenses arising from physical damage to assets due to climate events, requiring immediate repairs and maintenance. Initial investments in climate adaptation measures, such as flood defenses or emergency response systems, may lead to additional expenses and generate revenue from the issuance of green finance instruments. In the future, we expect revenue from products and services that support the transition to a low carbon economy to increase as market demand for sustainable finance grows. This revenue is expected to drive long term profitability. Long-term investments in climate resilience, such as green infrastructure and sustainable supply chains, are projected to yield lasting benefits, contributing to sustained financial performance and cash flow stability.

As our climate scenario analysis continues to be refined for greater accuracy and our team develops enhanced skills and capabilities to account for the effects of climate change on financial information, we anticipate that the granularity of our disclosures regarding quantitative information will be enhanced in future reports.

Fidelity Bank has upgraded existing assets to improve resilience to climate-related impacts. This encompasses retrofitting buildings for energy efficiency and upgrading technology systems for enhanced risk management. Decommissioning of existing assets will be presented for board approval as the needs arises and recognized in the financial statement in alignment with the applicable accounting standards. Our investments in climate-related initiatives contribute to reducing the bank's environmental footprint through investment in renewable energy projects etc. We plan to increase investment to sectors that support the transition to a low carbon economy in the medium to long term.

Climate Change-related Metrics (including cross-industry metric categories)

Cross-Industry Climate Change-related Metrics

Our climate change-related cross-industry metrics are as follows:

- Greenhouse gases: Fidelity Bank's GHG emissions for the period of 1 January – 31 December 2023.
  - Absolute annual gross Scope 1 greenhouse gas emissions in metric tonnes of CO_2 equivalent– 15,749 tCO_2e;
  - Absolute annual gross Scope 2 greenhouse gas emissions in metric tonnes of CO_2 equivalent – 3,228 tCO_2e;
  - Absolute annual gross Scope 3 greenhouse gas emissions in metric tonnes of CO_2 equivalent – 688,222.3 tCO_2e (including gross total scopes 1 and 2 Category 15 -financed emissions – 682,299.78 tCO_2e);

A breakdown of our GHG emissions are provided in the 2023 Fidelity Bank's Greenhouse Gas Emissions Report.

GHG Emissions Methodology and Approach

Our 2-stage process to measuring and managing our GHG emissions is as follows:

The Planning Stage: During this stage, we establish the GHG inventory team and assign resources for the entire process. We also design the inventory considering our business environment and goals and guiding principles of Transparency, Accuracy, Completeness, Consistency and Comparability. In defining our GHG assessment boundary (organizational and operational boundaries), we have chosen an approach best suited to our business activities and GHG accounting and reporting requirements. To fully reflect the GHG emissions portfolio of Fidelity Bank's business activities and align our emissions estimates and reporting to our sustainability and climate-related financial disclosures (according to the IFRS S2 requirements), as well as meet other reporting obligations under the NSBP, we have chosen the Financial Control Approach to consolidate our GHG emissions. This means that the Bank's GHG organizational boundary covers its network of interconnected business offices and digital banking channels across Nigeria, including our financial investments but excluding our subsidiaries outside Nigeria. We have identified all important direct and indirect emissions sources associated with our operations and classified them as Scope 1 Direct, Scope 2 Indirect and Scope 3 Indirect emissions. To ensure completeness and accuracy of reported emission levels, we ensure all associated emission sources which contribute a minimum of 5% of total gross emissions are included in the estimation.

This means that Fidelity Bank is committed to accounting for all the emission sources that have a significant impact on its total emissions profile, ensuring that no major sources are omitted from the inventory. By adhering to this Greenhouse Gas (GHG) Protocol recommendation to include all emissions sources that contribute a minimum of 5% to a company's overall emissions, we ensure that our GHG inventory accurately reflects our environmental impact and to prioritize resources for data gathering and reducing uncertainties.

The GHG Emissions Inventory Development and Reporting Stage: Given available resources, reporting requirements, inventory principles and methodological guidance, we collect relevant data, calculate emissions, conduct Quality Assurance/Quality Control (QA/QC) processes apply the GHG inventory to set reduction targets, and report results and implement data management procedures accordingly.

Fidelity Bank adopts the most basic level of calculation (the Tier 1 approach) to measure our operational emissions, whereby we apply relevant company-level activity level data, default emission factors and up-to-date Global Warming Potentials to measure our GHG emissions. Our GHG inventory process is guided by the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

Our Scope 3 GHG emissions are measured in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011), while the Partnership for Carbon Accounting Financials (PCAF) Global GHG Standard (2020) provides guidance for estimating our Category 15 greenhouse gas emissions (financed emissions).

The following table provides a summary of input data (including activity level data, emission factor sources and GWPs) used to estimate our GHG emissions.

GHG Data Management & Changes to Our GHG Accounting Approach

Fidelity Bank is committed to enhancing its data management system to improve the handling of greenhouse gas (GHG) emissions data, including the intricate task of tracking financed emissions. The planned upgrade will ensure seamless integration with the bank's current infrastructure, enabling precise collection, validation, verification, and archiving of emissions data across Scope 1, Scope 2, and the more complex Scope 3 categories. This initiative underscores the bank's dedication to environmental responsibility, regulatory compliance, and the pursuit of a low-carbon economy, setting a standard for sustainability in the financial industry.

This report presents Fidelity Bank's inaugural (GHG) inventory, encompassing a comprehensive account of our emissions across Scope 1, Scope 2, and Scope 3 categories, inclusive of financed emissions. It details the methodological framework, input data, and assumptions underpinning our GHG estimation and reporting processes. Fidelity Bank is committed to transparency and continuous improvement in our environmental reporting. Accordingly, any future modifications to our measurement approach, data inputs, or underlying assumptions will be thoroughly documented and transparently disclosed in subsequent reports, in line with regulatory requirements and our commitment to best practices in sustainability and climate-related disclosure.

Location based scope 2 emissions:

Considering that our consolidated GHG emissions inventory covers our branches and operations across Nigeria, our Scope 2 emissions was estimated using the location-based method and applying Nigeria's national electricity grid emission factor. Therefore, the gross total scope 2 emissions reported refers to our location-based emissions.

Summary of Fidelity Bank's Operational Emission Sources, Inputs and Assumptions

Scope	GHG Emissions Sources	Activity Data	GHGs Covered & Sources of Emission Factors (EFs)	GWP Used
Scope 1	Diesel Consumption in Generator Sets	Total annual diesel consumption (liters)	CO_2; CH_4; N_2O	
	Company owned vehicles	Total annual consumption of fuel (by type) used in company-owned vehicles (liters)	CO_2; CH_4; N_2O EFs: World Resources Institute (2015). GHG Protocol calculation tool for mobile combustion. Version 2.6 (http://www.ghgprotocol.org/calculation-tools/all-tools)	
Scope 2	Grid electricity purchase	Total annual grid electricity consumed (kWh)	CO_2; EF: IGES List of Grid Emission Factors (November 2023. https://www.iges.or.jp/en/publication_documents/pub/data/en/1215/IGES_GRID_EF_v11.3_20231121.xlsx	The IPCC AR6 Global Warming Potentials over a 100-year time horizon. CO_2=1, CH_4=30, N_2O=271
Scope 3	Air Travel	Total annual air travel (miles) for domestic and medium/long haul categories	CO_2; CH_4; N_2O EFs: DEFRA (2020). https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020	
	Water Consumption	Total annual water supply (liters)	CO_2; EF: DEFRA (2020). https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020	
	Paper Consumed	Total annual weight of paper consumed (kg)	CO_2; CH_4; N_2O EFs: Environmental Paper Network V 4.0. https://calculator.environmentalpaper.org/ (Conversion: 1 lbs = 0.4536 kgs)	
	Waste Disposal (Refuse)	Total annual wastes generated (kg)	CO_2; EF: DEFRA (2020). https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020	
	Staff Commuting	Total annual passenger-km for public transport mode	Public Transport: CO_2; CH_4; N_2O Personal Vehicle/Carpooling: CO_2; CH_4; N_2O EFs: DEFRA (2020). https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020	
	Category 15 (Financed Emissions)	Activity level data type for each asset class	Asset Classes Covered: Business Loans & Unlisted Equity Project Finance Greenhouse gases quantified: CO_2; CH_4; N_2O EFs: The Partnership for Carbon Accounting Financials (PCAF) default emissions factors, expressed in tC02e/M$ of assets, were used to calculate absolute financed emissions. A summary of applicable equations and required data used to estimate financed emissions for the asset classes covered, are provided in option 3b of tables 10.1-2 and 10.1-3 of the PCAF Global Accounting and Reporting Standards Part A.	

- **Climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks.**

Exposure of Fidelity Bank's Portfolio to High-Severe Climate Change Transition Risks in the Orderly Transition Scenario (Net Zero by 2050).

Climate Transition Risk	Number and percentage of assets at risk of high to severe risk	Number and percentage of assets at risk of high to severe risk	Number and percentage of assets at risk of high to severe risk	Number and percentage of assets at risk of high to severe risk
	Baseline	2030	2035	2050
Carbon Pricing Policy*	High: 664 assets 23.2% by value (Assets included: Manufacturing sector)	Same as in the Baseline assuming the Bank's Loan book retains the same sectoral distribution.		
	Extreme risk: 402 assets 37.1% by value (Assets included: Oil and Gas sector)	Same as in the Baseline assuming the Bank's Loan book retains the same sectoral distribution.		
Technology Change**	High: NA	High: 64 assets 1.9% by value (Assets included: Transportation and Storage Sector)	High: 412 assets 37.2% by value (Assets included: Oil and Gas; Mining & Quarrying Sectors)	High: 674 assets 23.3% by value (Assets included: Manufacturing; Mining & Quarrying)
	Extreme risk: NA	Extreme risk: No assets 0% by value (Assets included: NA)		Extreme risk: 402 assets 37.1% by value (Assets included: Oil & Gas sector)

*For Policy Change, risk level is a function of the sector's contribution to the total cost implication of carbon pricing for the Bank's portfolio, which is directly proportional to the sector's carbon intensity:

- High: Contributes over 10%-49% of total exposure to policy (carbon pricing) risk
- Severe: Contributes over 50% of total exposure to policy (carbon pricing) risk

**For Technology Change, risk level is a function of the impact on loan performance for each sector as described by the legend below:

	Assumed NPL based on the various scenarios			
	Low	Moderate	High	Severe
SCALE- Increase in NPL	0-5%	5-20%	21-35%	≥80%

Climate transition risks involve financial risks linked to the shift towards a lower-carbon economy, affecting borrowers' ability to repay loans. These risks stem from policy changes, technological advancements, market preferences, and climate change's physical effects. We use scenario analysis to evaluate how these risks might impact our non-performing loans (NPLs). Technological shifts to low-carbon solutions may lead to defaults if companies can not adapt or fund the transition. An increase in NPL of up to 5% is considered low risk, 5-20% raise in NPLs is considered Moderate, increase between 21-35% is considered High while increase up to and exceeding 80% is considered severe.

- **Climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks;**

Current Level of Exposure to High Physical Climate Change Risks in Fidelity Bank's Portfolio

	Sensitivity Adjusted Risks - Middle-road scenario (IPCC RCP4.5)*					
Peril	Number of Assets at high or very high risk			% of Assets by value at high or very high risk		
	Baseline	2030	2050	Baseline	2030	2050
Drought - agricultural	0	177	196	0%	2.5%	2.7%
Drought - Water stress	914	959	959	14.7%	30.6%	30.6%
Pluvial Flooding	899	977	977	19.1%	21.2%	21.2%
Tidal Flooding	45	45	45	2.7%	2.7%	2.7%
Heat stress	135	881	881	0.2%	9.6%	9.6%

* The IPCC RCP4.5, is one of the Representative Concentration Pathways (RCPs) developed for climate modeling and research. RCP4.5 is considered an intermediate scenario that assumes that global annual greenhouse gas (GHG) emissions will peak around the middle of the 21st century and then decline. The "4.5" refers to a radiative forcing level of 4.5 Watts per square meter (W/m^2) by the year 2100, relative to pre-industrial levels. RCP4.5 is often used in climate projections to explore the potential impacts of climate change under a moderate scenario as it represents a middle-of-the-road trajectory where neither overly optimistic nor highly pessimistic assumptions are made about future GHG emissions and their impact on the climate system.

- capital deployment: The Bank has deployed resources to address climate risks while pursuing opportunities associated with climate change. During the reporting year, we financed several green projects.
- internal carbon prices: Fidelity Bank applies carbon pricing in its climate transition risk scenario analysis and stress testing to determine the exposure and resilience of the Bank's portfolio to climate change transition risks. The impacts of climate-related policies, namely, carbon tax and the cost of using carbon credit to decarbonize our portfolio, form integral parts of our climate risk assessment and management strategy. The determination of the carbon price used for our climate-related scenario analysis and stress testing were informed by the average Middle East and African figures which were adjusted to conform to Nigeria's national socio-economic realities such as the GDP.

Industry-based metrics associated with commercial banking sector (Industry-based Guidance on Implementing)

Description of approach for integrating of environmental, social and governance (ESG) factors in credit analysis

At Fidelity Bank, we understand that our customers' business activities are exposed to environmental, social, governance and climate issues hence our lending decisions could, in uncontrolled circumstances, produce unintended negative environmental, climate and social impacts. Consequently, we have developed systems and processes to identify, assess, mitigate, monitor, and report such impacts. Our comprehensive E&S and Climate Risk Management System, which is well embedded in the Bank's Credit risk architecture, affords the Bank the opportunity to help customers secure long- term sustenance of their businesses. 99.5% of our portfolio was screened for environmental and social risk during the reporting period. Fidelity Bank's sustainability team is focused on implementing the Bank's sustainability and climate-related initiatives, driving our sustainable banking services as well as integrating sustainability and climate-related considerations in our business operations.

To integrate environmental and social considerations into our credit risk architecture, our Sustainable Banking team, which is part of the Risk Management Directorate, examines project-related loan applications that exceed the US$10 million threshold as required by the Equator Principles. The department also evaluates other loan applications under this limit in accordance with various national and international criteria.

Fidelity Bank has continued to strengthen its environmental and social risk management systems. The environmental and social risk assessment procedures form an integral part of the Bank's credit analysis process. Every business-related credit is screened against a set of Environmental and Social Risk criteria and then classified based on category definitions. Measures to mitigate identified risks are presented as part of loan preconditions and covenants. Fidelity Bank has also instituted measures including maintaining a robust database that supports effective monitoring and reporting on credits assessed against E&S requirements. Both physical monitoring visits to project sites and regular reports from customers are employed. When engaging with our customers, we endeavor to offer guidance on strategies for attaining long-term sustainability through identification and management of Environmental, Climate, Social and Governance risks and opportunities.

Fidelity Bank's Internal Metrics

Fidelity Bank reports its performance on climate change-related risks and opportunities and project finance activities to the Central Bank of Nigeria (CBN) in line with the Nigerian Sustainable Banking Principles (NSBP).

Targets- the metric, objectives, base period, milestone and interim targets

Greenhouse gases: Science Based Target Initiative (SBTi) methodology has been used in setting targets in line with 1.5-degree scenario as this framework is a science-based mechanism and developed based on the carbon budget analysis mechanism. In addition, the absolute contraction approach has been used to determine the targets with representative time horizons that are aligned to global goals and targets. To determine a science-based reduction rate, a framework of possible scenarios is established.

Within this framework, all potential reduction pathways for a designated timeframe, specified as from 2024 to 2035, are considered valid.

Fidelity Bank's strategy roadmap is as follows:

Short term (0-5 years)

- Minimization of business travel
- Promote carpooling for journeys to meetings.
- Online (Intranet) pool car booking service to monitor bookings electronically.

Medium term (5-10 years)

- Improve/install energy efficient and smart energy equipment in Head Office, branches and data centers such as installation of motion detectors, LED lightings, efficient cooling, efficient hardware's and servers optimizing IT load, etc.
- Look for opportunities to increase the number of electric vehicles.

Long term (more than 10 years)

- Investigate opportunities for renewable power generation within the bank's operations.
- Investment in Renewable Energy Technology such as large solar PV and batteries

Approach for monitoring and reviewing target

Fidelity Bank is at early stages of adopting its climate change strategy and would report on progress made in subsequent disclosures.

Carbon Footprint: We are committed to achieving net zero greenhouse gas (GHG) emissions by 2050, in alignment with the objectives of the Paris Agreement and prevailing climate science. We will evaluate the total greenhouse gas emissions both directly and indirectly attributable to our direct and indirect operations and activities. Our GHG emissions are measured and disclosed using the GHG Protocol and PCAF Methodology.

- Target: Strive for a 33.6% carbon emissions reduction in our operations by 2028 against our 2023 baseline and aim for net-zero emissions by 2050 across our own operations and portfolio. We aim to use carbon credits to achieve our emission reduction in the long term.

Physical and Transition Climate Risks Exposure

- Target: Decrease our climate risk exposure in our loan and investment portfolio by at least 3.5% by 2030; and be net-zero in our financed emissions by 2050.

Energy Efficiency

This evaluates the energy utilization across every operational sector within our banking institution. This will take into consideration the use of efficient systems/ equipment (such as vehicles, generators, computers etc.) to reduce energy consumption, transitioning to renewable energy across our business offices.

- Target: Strive for 80% implementation of energy efficient initiatives annually and reduce energy consumption by 40% in 2028.

Green Finance

This will evaluate the proportion of loans and investments in environmentally friendly projects or businesses.

- Target: We will increase our green portfolio that addresses climate-related opportunities to 2.5% by 2030.

2023 Highlights - *(Performance Against climate-related Targets*

The year 2024 marks the inception of reporting in accordance with IFRS Sustainability Standards. These targets are presently in the process of formulation and in the years to follow, we are committed to consistently informing our stakeholders about the strides made in realizing these targets.

Energy Use and Conservation Within the Organization

In 2023, Fidelity Bank's total energy consumption and efficiency was a significant operational focus and amounted to 5,965 Terajoule (TJ). The bank's energy mix comprised grid electricity, diesel fuel for onsite power generation, renewable energy and petrol used for fueling the company-owned vehicle fleet. As part of its decarbonization strategy, Fidelity Bank has made energy conservation and a transition to cleaner energy sources an integral part of its commitment to reducing its carbon footprint and promoting sustainable practices as detailed in the Bank's Climate Strategy.

The total energy consumption was quantified by using the below formula and regional conversion factors specified by the International Energy Agency (IEA).

Total energy consumption within the organization = Non-renewable fuel consumed + Renewable fuel consumed + Electricity purchased for consumption + Self-generated electricity which are not consumed - Electricity sold.

For Fidelity Bank, the 4th and 5th terms on the right side of the above equation did not apply during the reporting year. Therefore, the resulting applicable equation is: *Total energy consumption within the organization = Non-renewable fuel consumed + Renewable fuel consumed + Electricity purchased for consumption*

Water and Effluents

The bank's interaction with water is primarily through the withdrawal from on-site boreholes for sanitary use in its offices, while drinking water is sourced from reputable water treatment companies. This water is consumed by employees and visitors, with the used water being discharged into the local sewage system after treatment to meet regulatory standards. The bank's water-related impacts are managed carefully to ensure minimal disruption to local aquifers and to prevent any adverse environmental consequences.

Total water consumption from all facilities.

In 2023, the bank's total water usage amounted to 1.32 mega liters, exclusively comprising of purchased water for drinking purposes within its office facilities.

Waste Management

Fidelity Bank has implemented a comprehensive waste management strategy to minimize its environmental impact.

This strategy includes a robust recycling program that targets paper, plastics, and electronic waste, ensuring that these materials are diverted from landfills. The bank's approach is multifaceted, focusing on the three R's: reduce, reuse, and recycle. To reduce waste, Fidelity Bank has adopted paperless transactions and digital communication wherever possible, significantly cutting down on paper usage. Reusable materials are prioritized in our daily operations, from office supplies to promotional materials, to extend the lifecycle of products and lessen the need for single-use items.

The recycling initiative is actively promoted within the bank, ensuring that recyclable materials are diverted from landfills.

In 2023, Fidelity Bank generated a total of 80.9metric tons of waste, predominantly composed of office refuse, as a byproduct of its daily operations.

Social

Our Strategy around our Social Topics

In this segment, we spotlight significant risks and opportunities that hold the potential to impact Fidelity Bank's performance and prospects.
To achieve completeness in our reporting, we have also reported on some material topics in line with the guidelines stipulated in the GRI Standards.

Our sustainability strategy prioritizes key material topics such as Occupational Health and Safety, Diversity & Equal Opportunities, Human Rights and Tax, Stakeholder Engagement, Business Ethics, Financial Inclusion, Incorporation of ESG factors into Credit Analysis and Data Security. Through these focal points, we aim to ensure the well-being of our workforce, embrace diversity, uphold human rights and ethical business practices, engage stakeholders, combat corruption, and safeguard customer privacy, driving positive impacts across our operations and communities.

These topics give rise to sustainability related risks and opportunities that could affect our business operations across the regions we operate,

We assess our sustainability-related risks and opportunities within the time horizons:

- Short term – 0-5 years
- Medium term – 5 to 10 years
- Long term – greater than 10 years

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Sustainability-related Risks and Opportunities for our Social Topics

Material topics	Risks	Opportunities	Time horizon for each risk to occur
Occupational Health and Safety	Workplace accidents Work-related stress	Improved Employee Health and Well-being Enhanced Reputation	Short-term Medium term Long -term
Tax	Penalty Risk Corporate Image Risk	Tax deductions Tax incentives	Short-term Medium to Long term
Business Ethics	Bribery and facilitation payments Money laundering and Terrorism financing Fraudulent credit applications Regulatory fines and penalties Anti-corruption	Investing in Technology Employee training Whistleblower hotlines Independent Reviews	Short-term Medium to Long term
Data Security	Data breaches Regulatory non-compliance of relevant data protection laws and regulations leading to fines and penalties. Consequential reputational damage if customer privacy is compromised	Customer loyalty Competitive edge Drive innovation Ethically leverage customer data for personalized offerings	Short-term Medium term Long -term
Incorporation of ESG factors into Credit Analysis	Regulatory risk Operational risk Transition Risks	Access to new markets	Medium term Long -term
Financial Inclusion	Market Risk Credit Risk	Market Expansion Enhanced brand reputation	Medium term Long -term

Our immediate objectives in the short-term include regulatory compliance and sustainability reporting. In the medium term, we will focus on strategic plans like market expansion, product portfolio enhancement, and assessing portfolio risk. To ensure long term value to our stakeholders, our strategy is geared towards achieving major milestones aligned with the bank's vision, such as transformative shifts in banking models, mobilizing capital for sustainability action and maintaining market leadership. The time horizons within which we have assessed our sustainability-related risks and opportunities is linked to the planning horizon of the business as it is incorporated and aligned to our business plan which is subject to board approval.

As we plan our path forward, it is important to understand how sustainability related risks and opportunities affect our decisions. This table presents current events as well as anticipated future events. It also points out where these risks are concentrated in our operations. With this information, we can make more informed decisions,maintain resilience, and discover fresh opportunities for growth.

Summary of Current and Anticipated Impacts of our Social Risks & Opportunities

Risks and Opportunities	Current effects	Anticipated effects	Where the risks and opportunities are concentrated
Occupational Health and Safety (OHS)	• Disruption of internal operations and increased operational costs. • Enhanced customer loyalty and improved brand reputation.	• Improved bank reputation and market positioning. • Minimized risk of regulatory fines and penalties. • Employee Engagement and Retention.	• OHS risks are prevalent in branches and office environments where employees interact with customers, handle transactions, and perform administrative tasks. • Data Centers and IT Infrastructure • Cash Handling and Processing Facilities • Remote and Field Operations • Corporate Headquarters and Administrative Offices
Diversity & Equal Opportunities	• Improved employee satisfaction and retention rates. • Increased workforce creativity, innovation, and problem-solving abilities. • Enhanced brand reputation.	• Innovation, and strengthened supply chain relationships. • Expansion of customer base and new revenue streams.	• Women-led businesses where they are given concessions on loans
Human Rights	• Weekend duties, overtime, etc., may lead to employee burnout, decreased morale.	• Further improvement in knowledge, teamwork, and communication.	• Investments in industries with higher human rights risks
Data Security	• Customer attrition from privacy risks. • Reputational damage. • Regulatory fines	• Customer confidence and minimized risk of data breaches.	• Digital platforms • Customer service centers • Data storage facilities
Business Ethics	• Enhanced reputation and brand image. • Cost savings from mitigating risks associated with bribery, fraud, and unethical conduct.	• Enhanced accountability and stakeholder trust. • Transparency, accountability, and responsible decision-making at all levels.	• Loan Origination • Account Opening • Trade Finance • Procurement (E-Procurement Platforms) • Border Regions • Rural Areas

Risks and Opportunities	Current effects	Anticipated effects	Where the risks and opportunities are concentrated
Tax	• Loss in revenue due to taxation changes or regulatory fines. • Reduction in shareholders' funds due to declining profitability or negative financial performance.	• Strengthening employee engagement initiatives and promoting a supportive work culture. • Diversifying investment strategies and implementing measures to enhance long-term shareholder value despite market fluctuations.	• To Government: Inadequate payment of Taxes • To Shareholders: Over provision/payment of Taxes • To Staff: Over provision/ payment of PAYE
Stakeholder Engagement	• Enhanced collaboration, communication, and mutual understanding with stakeholders. • Enhanced competitive advantage and market positioning.	• Enhanced value creation and long-term resilience. • Effective communication, feedback gathering, and tailored interactions.	• Corporate Events and Shareholder Meetings • Equity and Debt Securities
Incorporation of ESG factors into Credit Analysis	• Evaluating suppliers, and portfolio companies based on their ESG performance. • Reshaping risk management and investment decision-making processes to integrate ESG factors.	• The bank's business model is evolving to reflect a commitment to sustainability, which can enhance our reputation and attract customers who prioritize ESG considerations in their investment decisions.	• Investment Decisions (Loans, bonds, and financial instruments)
Financial Inclusion	• Serving underserved populations allows diversification of loan portfolio and revenue streams.	• Economic instability in regions with high financial exclusion rates could impact loan recovery and revenue generation. • Expansion into new markets may lead to higher revenues and business growth opportunities.	• Economically Vulnerable Communities • Underserved Regions • Loan Portfolios • Emerging market

As we strive to uphold our commitment to sustainability, it is essential to understand how we are addressing sustainability related risks and opportunities in our strategy and decision-making processes. This table provides an overview of our responses to sustainability-related risks and opportunities, in the present and future. As we develop our climate strategy in alignment with IFRS S2, we are carefully considering the trade-offs involved, ensuring that our approach to reducing our carbon footprint and supporting green financing is balanced with our commitment to economic stability, shareholder value, and the well-being of the communities we serve. We will disclose how we have considered trade-offs in our assessment of sustainability risks and opportunities in future disclosures.

Our Response Approach to Current and Anticipated Social Risks

Risks and Opportunities	Current Response Approach	Planned Response Approach	Progress Made
Occupational Health and Safety (OHS)	• Conducts regular assessments to identify OHS-related risks. • Ensures compliance with OHS regulations and standards. • Provides comprehensive training programs on workplace safety.	• Implement strategies to mitigate risks, including safety protocols and technology investments. • Allocate resources to meet or exceed regulatory requirements, reducing legal liabilities.	• During the reporting period, the Bank conducted two fire drills in Q2 and Q3 facilitated by the state fire service department. • Several training sessions on OHS were held. • The Bank went into partnership with I-Fitness Centre granting staff members access to subsidized gym memberships in eighteen locations across four major cities nationwide.
Diversity & Equal Opportunities	• Inclusive hiring practices to diversify workforce. • Mechanisms to track progress on diversity goals.	• Additional training initiatives to further educate employees and managers on diversity issues. • Expansion of inclusive hiring practices to ensure a more diverse talent pool.	The male-to-female ratio improved to 49.8:50.2 in the year 2023, compared to 52:48 in 2024.
Human Rights	• We have developed a Human Rights policy to support fair wages, safe working conditions, and freedom from discrimination and harassment.	• Investing in capacity-building initiatives to raise awareness and build the capacity of employees, vendors, and other stakeholders on human rights issues and best practices. • Implementing robust monitoring and evaluation mechanisms to track progress on human rights goals.	In dealings with internal and external stakeholders, the Bank ensured fair treatment. There was no form of discrimination or disregard for human rights.

Risks and Opportunities	Current Response Approach	Planned Response Approach	Progress Made
Data Security	• Fidelity Bank has implemented robust data protection measures, complying with regulations, conducting internal and external audit, data protection impact assessments, and enhancing cybersecurity.	• We plan to continue investing in technology, staff training, and transparency to mitigate risks and capitalize on opportunities, aligning privacy considerations with strategic objectives and decision-making processes.	Improved compliance rates and reduced data breach incidents, enhanced customer trust and strengthened privacy culture within the Bank.
Business Ethics	• Strengthened internal controls and governance mechanisms to detect and prevent corruption. • Implemented punitive actions against individuals found to engage in corrupt behavior. • Promoted transparency and accountability by disclosing information about business activities.	• Conducting regular risk assessments to identify emerging corruption risks and vulnerabilities. • Increasing training and awareness programs to educate employees and partners about the risks and consequences of corruption and the importance of ethical conduct. • Enhancing whistleblower systems and safeguards to foster the disclosure of alleged corrupt practices.	• Training programs focused on ethics, anti-money laundering, and corruption were conducted for new and existing staff to ensure that ethical standards are maintained across the bank. • Integrity tests were conducted to monitor compliance with ethical standards. • There is zero tolerance for employees trading in securities on the stock exchange to their advantage after having access to confidential information. • Mandatory attestation by staff on the provisions of the bank's anti-bribery and corruption policies was implemented. • Several accessible whistleblowing channels are available for reporting suspected corrupt practices.
Tax	• We have put in place Tax strategies that ensure compliance to tax laws, regularly carry-out tax scanning and making adequate tax provisions.	• Strengthening tax governance frameworks to ensure effective oversight and management of tax-related risks and opportunities.	Tax payments to government bodies increased by more than 257%, rising to N24.8 billion.

Risks and Opportunities	Current Response Approach	Planned Response Approach	Progress Made
Stakeholder Engagement	• The bank conducts a comprehensive assessment of investor engagement-related risks, including market volatility, regulatory changes, and shifts in investor sentiment. • The bank identifies opportunities arising from investor engagement, such as accessing new capital sources, strategic partnerships, or market expansion initiatives driven by investor feedback.	• Providing timely and relevant information to investors, and actively seeking feedback through surveys or meetings.	• Keeping our investors informed about the bank's progress • Ensuring adequate communication channels and feedback mechanisms to gather information from investors.
Incorporation of ESG factors into Credit Analysis	• The bank conducts thorough assessments of ESG-related risks and opportunities as part of its credit analysis process.	• Implement training programs to enhance staff capacity for ESG integration. • Committed to regular reporting on ESG performance and its impact on credit analysis.	• 99.5% of our portfolio was screened for environmental and social risk during the reporting period. • Periodic Sustainability and Climate-related training for board, management, and bankwide staff • Enrollment of sustainable banking team members in relevant training programs such as Environmental & Social Risk Analysis and Climate Change and TCFD: Risks and Opportunities for the Banking Industry. • Timely and transparent sustainability reporting

Risks and Opportunities	Current Response Approach	Planned Response Approach	Progress Made
Financial Inclusion	• The bank continuously monitors loan portfolios to identify early warning signs of credit deterioration and takes proactive measures to mitigate potential losses. • The bank leverages various channels, including workshops, community events, and digital platforms, to disseminate financial education materials and resources.	• Identifying and evaluating opportunities for market expansion in underserved regions. • Investing in building physical and digital infrastructure to expand our presence and reach in targeted markets, including opening new branches and deploying innovative technology solutions.	The Bank made significant progress in deepening financial inclusion in the five demographics emphasized by CBN in the revised National Financial Inclusion Strategy documents. These include Youths, Women, North, MSMEs, and financially excluded/underserved locations across the country.

Financial Performance, Financial Position and Cash Flow

Fidelity Bank recognizes the effects of sustainability-related risk on our financial performance. We have assessed its impact on our business operations and conducted a forecast on how it might affect us in the future, considering how we have integrated sustainability into our financial planning.

Risks and Opportunities	Current effects	Anticipated effects
Operational Health and Safety	• Investments in Occupational Health and Safety opportunities has enhanced Fidelity Bank's financial position by reducing future accident-related costs, improving employee productivity, and enhancing the bank's reputation as a responsible employer. • Fidelity Bank's allocation of capital expenditure toward Occupational Health and Safety initiatives, can impact cash flows in the short term.	• Fidelity Bank may incur expenses related to workplace accidents, injuries, and illnesses, including medical costs, workers' compensation claims, and legal fees. These expenses can negatively impact the bank's financial position by increasing liabilities and reducing available funds for other investments or operations. • Investments in Occupational Health and Safety opportunities may yield long-term savings and returns by reducing future accident-related costs and improving operational efficiency.
Stakeholder Engagement	• Investment in community impact projects and programmes amounting to N819,820,447.75 has led to enhanced brand reputation, brand differentiation and customer retention. Refer to Donations and Charitable Contributions (page 50-53) of Fidelity Bank Plc Annual Report and Account for breakdown of CSR donations	• In the short term, we intend to issue shares through public offers and right issues to raise fresh capital.

Risks and Opportunities	Current effects	Anticipated effects
Tax	• Income Tax expense in 2023 amounted to N24,806,000 • Refer to Fidelity Bank Plc Annual Report and Account	• Effective tax management will optimize cash flow by minimizing tax burdens and maximizing available funds.
Data Security	• Investments in compliance measures and cybersecurity, has impacted short-term expenses.	• Short-term investments in compliance and cybersecurity, potentially leading to increased operational efficiency and reduced risk exposure. In the medium to long term, prioritizing customer privacy will enhance brand reputation, customer loyalty, and innovation, contributing to sustained financial growth and competitive advantage.
Business Ethics	• Enhanced transparency and integrity resulting from anti-corruption initiatives has improved customer trust and loyalty, increased revenue and cash inflows. • In the year ended 2023, Fraud and Forgeries recorded in the year amounted to N3,826,666,642.69 and 15,706.76 USD. Refer to Page 85 (Corporate Governance Section) of Fidelity Bank Plc Annual Reports the year ended 31 December 2023	• We expect that investments in implementing measures that support business ethics will position the bank as one with ethical values leading to better access to capital and lower borrowing costs.
Diversity & Equal Opportunities	• Enhancing diversity and equal opportunities practices has bolstered the bank's reputation, attracting a broader customer base and talented workforce.	• Embracing diversity can foster innovation, creativity, and better decision-making, leading to improved products/services and customer satisfaction, thus positively impacting revenue.
Human Rights	• Compliance with Human Rights standards may enhance the bank's reputation and stakeholder trust, positively impacting its financial position.	• Adherence to Human Rights principles may attract socially responsible investors and customers, increasing revenue streams.
Incorporation of ESG factors into Credit Analysis	• We incorporated ESG factors into the credit analysis for 99.5% of our investments, we identify investments that align with sustainability goals and will generate positive financial outcomes over time.	• Investments in companies with strong ESG practices may enhance the bank's reputation and reduce exposure to certain risks, thereby potentially improving overall financial position and performance.

Risks and Opportunities	Current effects	Anticipated effects
Financial Inclusion	• The bank's extensive operational network, comprising 251 business offices has served 8.3million customers as of December 2023. • Banking of 3,180 previously unbanked individuals and supporting several beneficiaries in various communities, including orphanages, schools, and hospitals across the nation.	• Continued market expansion and innovation may strengthen our competitive position and resilience, supporting our long-term financial stability.

There were no sustainability related risks and opportunities with significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statement for the year ended 2023.

Our expectation is that our financial position will evolve over the short, medium, and long term as we implement our sustainability strategies. In the short term, initial investments in sustainability initiatives may incur costs but are poised to enhance brand reputation and operational efficiency. Over the medium term, continued sustainability efforts are anticipated to yield tangible benefits, such as cost savings and revenue growth. In the long term, matured sustainability initiatives could bolster the bank's resilience and competitive advantage while attracting long-term investors. Strategic alignment with global sustainability trends will unlock new markets and business opportunities. Improved environmental and social performance will likely mitigate risks and enhance the bank's overall financial stability and reputation.

Fidelity Bank is committed to investing in renewable energy, energy-efficient technologies, and sustainable infrastructure to reduce its carbon emissions footprint. We will also explore socially responsible investment opportunities like community projects and sustainable funds to support social welfare and economic growth. Additionally, the bank considers partnerships with eco-conscious suppliers to bolster supply chain sustainability. Regarding disposal, Fidelity Bank evaluates divestment options for assets posing environmental or social risks, ensuring compliance with regulations. We also assess disposal strategies to minimize negative impacts on communities and ecosystems, while exploring innovative waste management solutions for optimal resource use.

Funding for these initiatives will be sourced internally, through reinvested profits, and externally, via capital markets and sustainable financing instruments.

By diversifying funding sources, we aim to execute our sustainability strategy effectively, ensuring financial resilience while creating long-term value for stakeholders.

Fidelity Bank conducted a comprehensive risk assessment to evaluate the resilience of its strategy and business model to sustainability-related risks across various domains. This assessment involved a thorough examination of the effectiveness of existing measures in mitigating risks and enhancing resilience. The bank considered feedback from regulatory bodies, customer satisfaction surveys, and market research to assess the effectiveness of its strategies in addressing sustainability risks. Additionally, ongoing monitoring and adjustments were planned to ensure continued resilience in the face of evolving sustainability threats and regulatory requirements.

Regulatory Compliance

Fidelity Bank places paramount emphasis on regulatory compliance, recognizing its integral role in maintaining stakeholders' trust and the stability of the financial industry. Committed to upholding the highest standards of integrity and ethical conduct, we adhere to all applicable laws, regulations, and industry guidelines. During the reporting period, Fidelity Bank navigated instances of regulatory contraventions. Please refer to page 304 of Fidelity Bank Plc Annual Reports the year ended 31 December 2023 for a schedule of the regulatory contraventions.

The Bank paid fines totaling NGN42,966,249.62, there were no instances for which non-monetary sanctions were incurred during the reporting period.

Fidelity Bank acknowledges and addresses non-compliance instances transparently, underscoring its commitment to regulatory adherence and responsible banking practices.

- **Local Communities**

In alignment with our commitment to corporate social responsibility, Fidelity Bank actively engages with local communities through various development programs aimed at fostering positive social impact and sustainable growth. Our initiatives span across four key pillars: Environment, Education, Health/Social Welfare, and Youth Empowerment, reflecting our dedication to addressing pressing community needs. Refer to Donations and Charitable Contributions (page 50-53) of Fidelity Bank Plc Annual Report and Account for breakdown of CSR donations.

Environment

In 2023, Fidelity Bank implemented a number of projects focused on environmental sustainability. Initiatives included donating recycling bins to schools, participating in advocacy events like Lagos State Walk for Nature to combat plastic pollution, and upgrading public gardens to promote green spaces and environmental awareness.

Education

We executed several projects aimed at supporting education. These initiatives encompass educational programs designed to enhance learning outcomes and provide opportunities for students to excel.

Health/Social Welfare

With with a significant number of projects implemented in the health and social welfare sector, Fidelity Bank remains committed to improving community well-being. These initiatives include health awareness campaigns, provision of medical supplies, and support for social welfare programs benefiting vulnerable groups.

Youth Empowerment

Recognizing the importance of empowering the youth, we executed several projects focusing on youth empowerment. These initiatives involved skill development programs, mentorship opportunities, and capacity-building initiatives to equip young individuals with the tools for success.

While we have made significant strides in our local community engagement and development efforts, we acknowledge the importance of ongoing evaluation and improvement. Moving forward, we remain committed to enhancing our impact through continued collaboration with local communities to drive meaningful change and sustainable development.

Employee Engagement, Compensation, and Benefits

At Fidelity Bank, our commitment to employee engagement, compensation, and benefits is central to fostering a supportive and rewarding workplace culture. We prioritize transparency and collaboration by providing a minimum notice period of 3 weeks for significant operational changes, ensuring employees and their representatives have ample time for adjustment and input.

In the reporting period, we saw significant activity in both new employee hires and turnover, reflecting our dynamic workforce and commitment to growth. The following insights provide a comprehensive overview:

New Employee Hires: During the reporting period, we welcomed a total of 668 new employees into our workforce. Sales comprised 43.1% of new hires, non-sales functions 46.7%, and IT Tech 10.2%. This included hires across various age groups, genders, and regions, contributing to the diversity and vitality of our team.

Employee Turnover: In the same period, we experienced a total of 622 employee turnovers. Sales accounted for 34.7% of resignations, non-sales functions for 56.1%, and IT Tech for 9.2%. This turnover rate underscores the importance of ongoing recruitment and retention efforts. We recognize the importance of equitable treatment, with full-time employees enjoying a comprehensive array of benefits, including but not limited to staff loans, exam refunds, long service awards, study leave, and leave of absence. These benefits not only support employees' well-being but also underscore our commitment to recognizing and rewarding their contributions.

Our parental leave policy exemplifies our support for work-life balance and family commitments. In the reporting period, a total of 3,063 employees were entitled to parental leave, with 57 female and 2 male employees opting to take it. Significantly, all 57 female employees who returned to work after parental leave remained employed 12 months later, reflecting a 100% retention rate. This outcome underscores our commitment to supporting employees through significant life events and ensuring their continued success within our organization.

Through these initiatives, we aim to cultivate a culture of excellence and growth, where employees feel valued, supported, and motivated to contribute their best. By providing comprehensive benefits and supportive policies, we not only enhance employee engagement and satisfaction but also drive retention and foster long-term success for both our employees and our organization.

Metrics and Target for other Material Topics

- **Approach for monitoring and reviewing Occupational Health and Safety targets**

Fidelity Bank has set targets to monitor progress towards achieving its strategic goals, as well as targets required to meet legal or regulatory requirements. For each target, the bank discloses the following information:

Target 1: Employee Safety Improvement

- Metric: Lost Time Injury Frequency Rate (LTIFR) is used to set the target and monitor progress. During the reporting period, the breakdown of work-related injuries includes: For Work-Related Injuries:

i. Number and Rate of Fatalities:

- Fidelity Bank recorded 0 fatalities as a result of work-related injuries during the reporting period.
- Fatality Rate: 0 per 100,000 hours worked.

ii. Number and Rate of High-Consequence Injuries:

- Fidelity Bank recorded 2 high-consequence work-related injuries (excluding fatalities) during the reporting period.
- High - Consequence Injury Rate: 0.15 per 100,000 hours worked.

iii. Number and Rate of Recordable Injuries:

- Fidelity Bank recorded 15 work-related injuries during the reporting period.
- Recordable Injury Rate: 1.12 per 100,000 hours worked.

- Target: Achieve a 20% reduction in LTIFR compared to the previous year.
- Period: Target applies annually.
- Base Period: Progress is measured from the previous year's LTIFR.
- Milestones: Quarterly reviews to assess progress with interim targets set for each quarter.
- Performance: Achieved a 15% reduction in LTIFR compared to the previous year. Analysis shows a positive trend in reducing workplace injuries.
- Revisions: No revisions to the target were made during the reporting period as the bank maintained steady progress toward its goal.

Target 2: Compliance with OHS Regulations

- Metric: Number of OHS regulatory compliance audits conducted annually. During the reporting period, two OHS regulatory compliance audits were conducted.
- Target: Achieve 100% compliance with all OHS regulations by the end of the reporting period.
- Period: Target applies annually.
- Base Period: Compliance level at the beginning of the reporting period.
- Milestones: Conduct monthly audits to ensure ongoing compliance, with quarterly reviews to track progress.
- Performance: Achieved 95% compliance with OHS regulations. Analysis shows areas of improvement identified and addressed promptly.
- Revisions: Revised the target to achieve 98% compliance due to unexpected challenges in certain areas. Please refer to the annual report for more information.

Target 3: Employee Training and Awareness

- Metric: Percentage of employees trained in OHS procedures and awareness programs. During the reporting period, 100% of employees were trained on OHS procedures.
- Target: Ensure 100% of employees receive OHS training and awareness sessions annually.
- Period: Target applies Quarterly.
- Base Period: Training completion rate at the beginning of the reporting period.
- Milestones: Conduct quarterly training sessions to ensure timely completion, with monthly tracking of training progress.
- Performance: Achieved 98% training completion rate. Analysis indicates improved employee awareness and engagement in OHS practices.
- Revisions: No revisions were made to the target as the bank maintained high training completion rates throughout the reporting period.

These targets demonstrate Fidelity Bank's commitment to improving Occupational Health and Safety (OHS) performance and complying with regulatory requirements. The bank regularly evaluates progress against these targets, identifies areas for improvement, and makes necessary revisions to ensure continued alignment with strategic goals and legal obligations.

- **Approach for monitoring and reviewing Diversity & Equal Opportunities targets**

Fidelity Bank employs specific metrics to measure and monitor Diversity & Equal Opportunities-related risks and opportunities, as well as its performance in this area:

1. Diversity & Equal Opportunities-related Risk or Opportunity Metrics:

- Gender Ratio: Fidelity Bank tracks the gender ratio within its workforce to assess the representation of male and female employees. This metric helps identify any disparities and opportunities for improvement in gender diversity.
- Demographic Analysis: The bank conducts demographic analyses to examine the representation of various demographic groups within its workforce. This includes factors such as age, ethnicity, disability status, and other relevant demographics, allowing the bank to identify areas for improvement in promoting diversity and equal opportunities.

2. Performance Metrics and Progress Towards Targets:

- Progress Towards Gender Ratio Targets: Fidelity Bank sets targets for achieving specific gender ratios within its workforce, aiming for a balanced representation of male and female employees. Progress towards these targets is regularly monitored and evaluated to assess the effectiveness of diversity initiatives.
- Compliance with Legal Requirements: The bank tracks its compliance with legal requirements and regulations related to diversity and equal opportunities. This includes monitoring adherence to laws and regulations pertaining to anti-discrimination, equal pay, and other relevant legislation.

Our Performance Against Diversity and Equal

Head Count	Number	% of Total
Core Staff	3,063	-
Gender Distribution	-	-
Male	1,537	50.2%
Female	1,526	49.8%
Total	3,063	100%

Opportunity Metrics
By utilizing these metrics, Fidelity Bank can effectively measure its performance in relation to Diversity & Equal Opportunities-related risks and opportunities. These metrics enable the bank to identify areas for improvement, track progress towards targets, and ensure compliance with legal requirements, ultimately fostering a more diverse, inclusive, and equitable workplace.

- *Approach for monitoring and reviewing Human Rights targets*

Fidelity Bank utilizes specific metrics to measure and monitor Human Rights-related risks and opportunities, as well as its performance in addressing them:

Metrics: The bank tracks the number of incidents reported through channels such as grievance procedures and whistleblowing mechanisms. These incidents serve as indicators of potential Human Rights risks or opportunities within the organization, allowing Fidelity Bank to identify areas for improvement and intervention.

Fidelity Bank evaluates its performance by assessing its response to reported incidents and the effectiveness of corrective actions taken. Additionally, the bank monitors progress towards targets set for addressing Human Rights-related risks and opportunities.

Fidelity Bank has established targets to monitor progress towards its strategic goals and comply with legal obligations regarding Human Rights. These targets include achieving full compliance with Human Rights policies and procedures and maintaining a zero-tolerance approach towards violations. Metrics such as the implementation of policies and procedures and the number of reported incidents is used to track progress. No revisions to the targets have been made, emphasizing the bank's commitment to upholding Human Rights principles and ensuring transparency in its approach.

By tracking these targets and metrics, Fidelity Bank aims to monitor progress towards its strategic goals and fulfill its legal and regulatory obligations regarding Human Rights. Any revisions to the targets will be accompanied by explanations to ensure transparency and accountability in the bank's approach to managing Human Rights-related risks and opportunities.

- *Compliance with Tax Requirements*

Our Approach to tax

Fidelity Bank has a tax strategy in place. The Board serves as the governing body responsible for reviewing and approving the tax strategy, with reviews conducted every five years. The bank's approach to regulatory compliance is outlined in its tax policy procedural manual, ensuring adherence to tax laws and regulations. This approach is closely linked to the bank's overarching business and sustainable development strategies, aligning tax practices with its broader organizational goals.

Tax governance, control, and risk management

The tax governance and control framework within Fidelity Bank involves the development of tax policies, approved by both management and the Board. Tax compliance is embedded within the organization through statutory obligations and comprehensive policy guidelines. Operational documents and guidelines derived from the tax policy serve as guiding principles for the bank's tax functions. The bank's compliance unit and internal audit department play pivotal roles in monitoring and evaluating tax framework compliance, with any deviations or non-compliance flagged as exceptions in internal audit reports.

Internal audit processes include reviewing previous audit exceptions to ensure regularizations of the exceptions are made before subsequent audits. When tax advisory engagement with management is necessary, an internal memo is raised by the Tax Department and approved by the Managing Director/CEO. Implementation may involve circulating notifications to relevant internal and external parties through the Brand and Communication Division of the bank.

Stakeholder engagement and management of concerns related to tax

Overall, Fidelity Bank's approach to tax governance emphasizes compliance, transparency, and alignment with its strategic objectives. The bank maintains a robust framework for managing tax-related risks and opportunities, ensuring accountability and integrity in its tax practices while actively engaging stakeholders and fostering regulatory compliance.

- *Approach for monitoring and reviewing Tax targets*

Fidelity Bank employs specific metrics to measure and monitor Tax-related risks and opportunities. These include the Effective Tax Rate (ETR), Key Performance Indicators (KPIs) like timely filing of tax returns and monitoring the level of violations and penalties from tax authorities. Progress made towards achieving targets such as attaining a specified Effective Tax Rate (ETR) or reducing tax violations are regularly assessed to ensure compliance with legal requirements and optimize tax strategies for improved financial performance.

Fidelity Bank has established targets to monitor its progress in achieving strategic goals related to tax management.

These targets include maintaining a low/average Effective Tax Rate compared to industry standards, minimizing tax infractions, ensuring adequate tax provision, and complying with tax disclosure regulations. Metrics for these targets include ETR comparison and compliance with tax regulations. The bank aims to meet these targets annually, with revisions justified if necessary to avoid negligence. Subsequent reports will present our performance against these targets..

Metric: Payments to Governments

Fidelity Bank rigorously adhered to tax and regulatory requirements throughout the financial year 2023, culminating in substantial remittances to government bodies totaling NGN 24billion, reflecting the bank's commitment to fiscal responsibility and legal compliance.

- **Approach for monitoring and reviewing Data Security targets**

Fidelity Bank employs a range of metrics to effectively measure and monitor Data Security-related risks and opportunities, ensuring alignment with regulatory requirements and strategic objectives:

1. Data Security-related Risk or Opportunity Metrics:

- Number of data breaches/incidents involving customer data
- Compliance with privacy regulations (e.g., the Nigeria Data Protection Act (NDPA) and Nigeria Data Protection Regulation (NDPR))

- Customer satisfaction scores related to privacy
- Percentage of customers opting into data-sharing programs
- Number of privacy-related complaints received and resolved

2. Performance Metrics in Relation to Data Security-related Risk or Opportunity:

- Rate of improvement in data security measures (e.g., encryption, access controls)
- Compliance audit results and remediation efforts
- Percentage reduction in privacy-related incidents over time
- Progress towards achieving privacy-related targets set by the bank or required by law/regulation
- Percentage of staff trained on privacy policies and procedures

Fidelity Bank has also established specific targets to guide its efforts in managing Customer Privacy-related risks and opportunities, aligning with regulatory mandates and organizational objectives:

Targets:

1. Continuous Compliance with Regulations:

- Ensure continuous compliance with the Nigerian Data Protection Act (NDPA) and all other regulations set by the regulator for the calendar year 2024.
- Monitor compliance quarterly and promptly communicate any revisions to these regulations.

2. Implementation of Privacy Training Program:

- Implement a comprehensive Privacy Training Program to educate employees on data protection protocols.
- Ensure that all new employees complete the mandatory data protection onboarding training within 90 days of onboarding.
- Adjust training program based on feedback from trainees and changes in regulatory requirements, providing explanations for any adjustments made.

These metrics provide Fidelity Bank with valuable insights into its performance in managing Customer Privacy-related risks and opportunities. They enable the bank to track progress towards established targets, identify areas for improvement, and ensure compliance with relevant laws and regulations.

- Business Ethics

Fidelity Bank provides comprehensive metrics and responses regarding its approach to anti-corruption practices and management. The bank conducts risk assessments across its operations, identifying significant corruption risks such as weak KYC/AML procedures. Communication and training on anti-corruption policies are widespread among governance body members and employees. Furthermore, Board members, the Management and Staff are trained annually on anti-corruption policies. Notably, no confirmed incidents of corruption or legal cases were reported, indicating effective controls. The bank's procurement practices include stringent measures like vendor onboarding, established prices, and multi-layered payment approvals to mitigate corruption risks. Overall, Fidelity Bank demonstrates a robust commitment to combating corruption throughout its operations and supply chain.

Risk Management

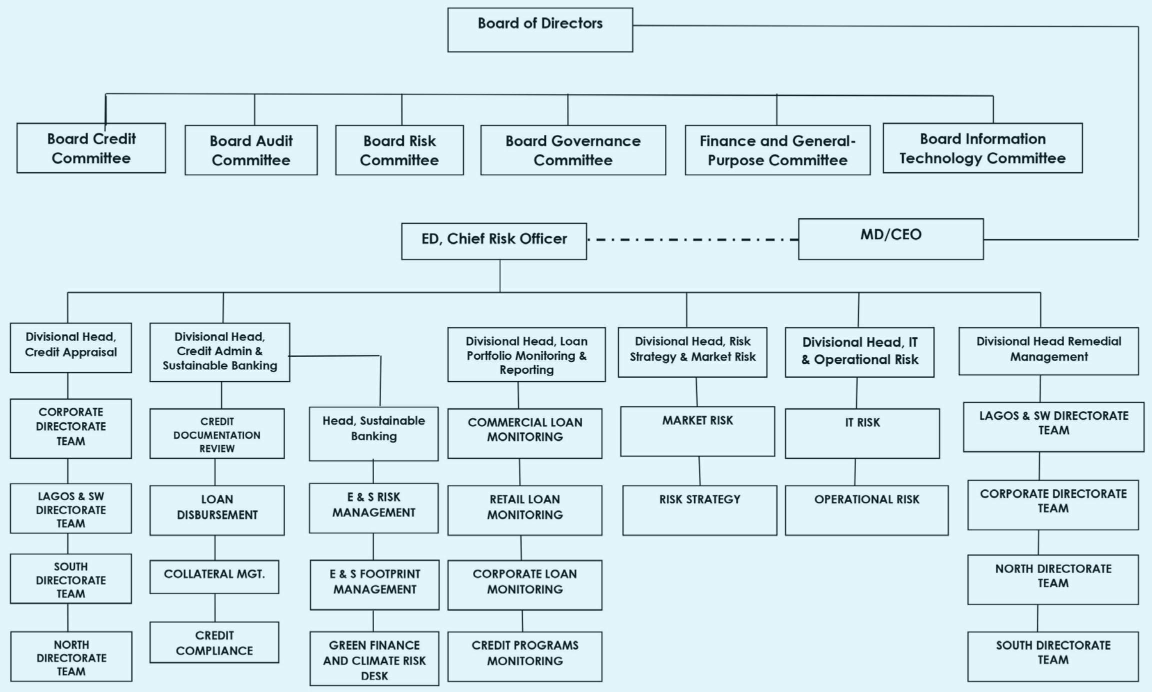
At Fidelity Bank, we understand that risk is a fundamental aspect of our business operations and activities. Due to the constantly evolving business conditions, our risk profile is continuously changing. We have identified sustainability-related risks as an integral part of our business risks and have developed an approach to manage these as we integrate sustainability and climate risk considerations into our enterprise risk management framework.

Our Risk Management Approach

The Bank's risk governance structure comprises of three distinct areas which includes.

- The enterprise-wide risk management and corporate governance committees who have the task of addressing all categories of key risks, and their components, to which the Bank is exposed.
- The Executive Management Committees: Consists of specialized risk management committees that address a specific risk or category of specific risks and their components only.
- Risk management responsibilities for each risk area: The individual Business Units and/or Group service functions have primary responsibility for the comprehensive management of risk arising from their activities.

Fidelity Bank's Risk Management Organogram



The three distinct areas form the Bank's risk management line of defense, creating a comprehensive and robust risk management system that protects the Bank's interests, with each playing a critical role in safeguarding against risks.

	1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Board of Directors (Oversight)	Business Units (Risk owners)	Risk Management & Compliance Function	Internal Audit and External Audit Function
• Sets the 'Tone from top'. • Approves the Bank's risk appetite and strategy. • Approves the Bank's risk management framework, methodologies, overall policies, and roles and responsibilities. • Makes strategic decisions using risk information provided by Management	• Owners of the risk management process. • Propose and agree risk appetite and supporting limit with the second line of defense. • Identify, manage and reports risks in the activities and critical processes in which they are engaged, in line with the approved appetite and agreed limits. • Implement and maintain the applicable mandatory controls documented in the Bank's risk policies.	• Partners with and supports the first line of defense. • Provides interpretation of regulations/ leading practices and disseminates to Business Unit. • Independent review and challenge of business area risk appetite, underlying limits and profiles. • Framework and Policy development and compliance. • Monitors adherence to framework and strategy. • Develops risk management methodologies. • Operate as center of excellence for specified risk types. • Performs aggregated risk reporting.	• Provides independent assessment and confirmation of the effectivenss of corporate standards and business line compliance. • Validates the overall risk framework. • Provides assurance that the risk management process is functioning as designed and identifies improvement opportunities. • Provides an independent assurance of the design and effectiveness of internal controls over the risks to Bank's business performance. • Provides specific recommendations for improving the governance, risk & control framework. • Provides external independent assurance to the Board.

Identifying, Assessing, Prioritizing and Managing our Sustainability-Related Risks and Opportunities

We have adopted a proactive approach to managing sustainability-related risks, focusing on long-term resilience. Our Sustainability strategy guides our process of identifying, assessing monitoring, and mitigating our sustainability-related risks as we harness the associated opportunities. We are focused on continuous improvement of our strategy, as well as ensuring that we have the required capacity and resilience to adapt to change.

How we Identify and Assess our Sustainability-related risks

We refine our focus on sustainability-related risks by identifying key material issues. These risks are determined through consultations with stakeholders, monitoring of trends, and adherence to leading practices or regulatory requirements. Using a likelihood of occurrence and potential impact on our business model and value chain, we score and rank the identified sustainability-related risks. This ranking is evaluated by the Bank's sustainability governance team.

We use scenario analysis to understand the impact of climate related risks on our business operations and loan portfolio. We currently do not use scenario analysis to understand the impact of other sustainability-related risks on our business. However, our sustainability strategy has identified scenario analysis and stress testing as a procedure we will apply in subsequent years to determine the impact of ESG risks on our business, strategy and financial performance to ensure our business is resilient to the most adverse conditions.

The effects of our sustainability-related risks are assessed using a Multi-Criteria Decision Analysis (MCDA) approach which considers the opinions of our internal and external stakeholders, regulatory requirements, and review of market conditions on our business. The risks likelihood and impact on the short, medium, and long term are assessed and evaluated by the Bank's sustainability governance committee.

Prioritizing our sustainability-related risks relative to other types of risk

At Fidelity Bank, we prioritize sustainability-related risks as a key component within our risk classification system or taxonomy, acknowledging the significance of ESG factors in our long-term viability. Our Enterprise risk management framework identifies ESG risks as relevant to our business and incorporates them into our risks taxonomy. The Bank recognizes the critical role of sustainability in our long-term viability, as reflected in our Sustainable Banking Policy.

We have integrated ESG considerations into all decision-making processes and activities, ensuring these risks are given due consideration alongside other risk types relevant to the Bank.

Managing our Sustainability-related risk

Our objective as a Bank is to ensure that we effectively manage sustainability risks associated with our business. Our approach to managing sustainability-related risks is underpinned by a rigorous, data-driven assessment process that quantifies exposure to environmental, social, and governance (ESG) factors across our portfolio.

Leveraging advanced analytics and scenario modeling, we evaluate the potential impacts of climate-related events and resource limitations, integrating these insights into our enterprise risk management framework. This approach allows us to assess and mitigate potential sustainability risks across our internal activities, as well as our investment and lending portfolios.

The Bank has developed a robust Sustainable Banking Policy in line with both local and internationally recognized principles to guide our lending decisions, project assessments, prioritization, and initiatives that do not contribute to environmental degradation or social inequity. We stay abreast of evolving sustainability regulations and ensure alignment with the requirements of applicable frameworks in our operations to enhance our sustainability strategy and mitigation efforts. We have also enhanced our reporting practices, providing transparent disclosure of our ESG metrics and sustainability performance. This ensures that our stakeholders have a clear understanding of our progress and commitment to a sustainable future.
Through these strategic processes, we are not only safeguarding our institution against sustainability-related risks but also positioning ourselves at the forefront of sustainable finance, driving positive change within the industry and the broader ecosystem.

Monitoring our sustainability-related Risks and Identifying Opportunities

Fidelity Bank employs a comprehensive approach to monitor sustainability-related risks, ensuring transparency and accountability. For each of our material issues, we have identified sustainability-related risks as disclosed in the strategy section. Key performance indicators (KPIs) have also been defined in line with leading practice and targets have been set to track progress against the KPIs. Additionally, we conduct periodic reviews of risks and opportunities to adapt to changing business environments and regulatory landscapes.

The Bank's Executive Director/Chief Risk Officer (CRO) presents a sustainable Banking Report to the Board Risk Committee, providing updates on the Bank's progress in managing its sustainability-related risks and capitalizing on identified opportunities.

Processes to identify, assess, prioritize and monitor our sustainability-related opportunities.

We recognize that with each risk identified, there is a corresponding opportunity which shapes our approach to identifying sustainability. This enables us to identify the opportunities linked with each risk as these opportunities contribute to our business growth through the creation of innovative solutions that can be integrated into our business practices and customer services.

We identify our sustainability-related opportunities by conducting market research and employee engagement while also identifying the highlighted opportunities by industry peers putting into consideration the environmental (climate benefits), social, and economic impacts. The identified opportunities are further ranked based on a feasibility study that considers resource availability, potential returns, and related risks, which guides the Bank's execution of these opportunities.

The Bank monitors sustainability-related opportunities to ensure that our goals are achieved through the identified initiatives or processes.

A strong monitoring system has been set up, enabling the Sustainable Banking team to track progress through consistent evaluations. Furthermore, relevant recommendations are evaluated by the Sustainable Banking Governance Committee. These assessments are performed to ensure continued alignment with evolving circumstances and stakeholder expectations, thereby fostering resilience and driving meaningful progress.

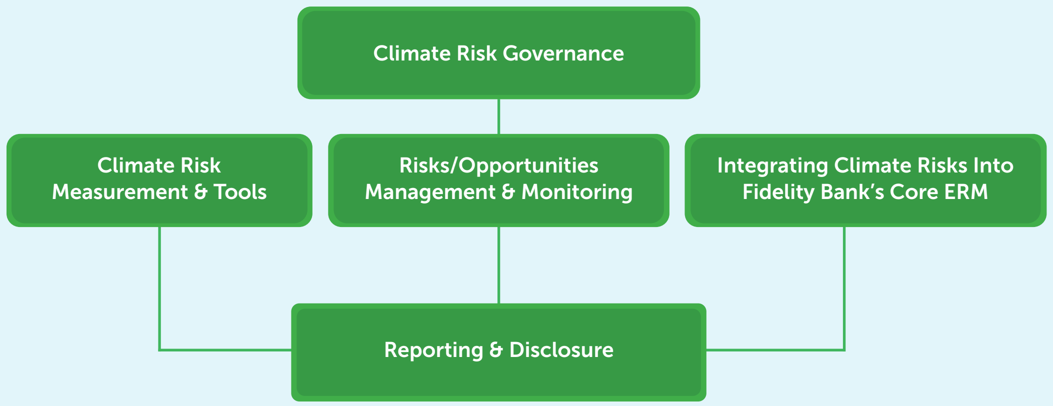
Integration of Sustainability-Related Risks and Opportunities into our ESRM

Our enterprise risk management framework recognizes sustainability-related risks within our risk taxonomy, managed by the Executive Director/ Chief Risk Officer with oversight from the Board Risk Committee. This ensures alignment with strategic goals, while monitoring and reporting mechanisms track performance and promote transparency. Our commitment to sustainability not only mitigates risks but also drives long-term value creation and contributes to a sustainable future.

Climate-Related Risks and Opportunities

The following diagram illustrates Fidelity Bank's overarching approach for identifying, assessing, prioritizing, managing, and integrating climate-related risks and opportunities into the Bank's enterprise risk management process.

Fidelity Bank Climate Risk and Opportunities Management Framework Overview



Climate risks has been integrated into our enterprise risk management framework and procedures, becoming a key responsibility for the Bank's management to drive the focus across the Bank. We are committed to building our capacity to identify, manage and assess our climate-related risks while also increasing awareness among our customers and vendors. Our climate risk governance is as described under the Governance Section of this report.

Identifying and Assessing our Climate-Related Risks

Fidelity Bank takes a systematic approach to identify, assess and prioritize the short, medium and long-term climate related risks that could impact our business. This involves science-based methodologies such as risk mapping, scenario analysis and stress testing including the use of tools such as Microsoft Excel-based Climate Risks Analysis Tools for Physical Risks Assessment and the Paris Agreement Capital Transition Assessment (PACTA) software to measure the impact of the climate change transition on the Bank's scenarios.

These risks will be periodically reviewed and updated by the Sustainable Banking Team using insights from data and research. Currently, we evaluate our climate risks based on its potential to impact our earnings, capital, operating model, reputation and core operations. This includes evaluating both physical risks (acute and chronic) and transition risks across four key areas: Policy and Legal, Technology, Market, and Reputation. We will continue to explore opportunities to expand our current climate risk identification mechanism and the impact to our business.

Through this assessment we have also been able to identify the sectors within our loan portfolio that highly expose the Bank to the impacts of climate-related risks.

Inputs and parameters for our climate-related risks analysis

The identification of climate-related risks involves stakeholder engagement, market assessment and the use of scenario analysis. This process requires the use of historical and predictive data, assumptions, and parameters, identifying changes in key variables and their potential impact.

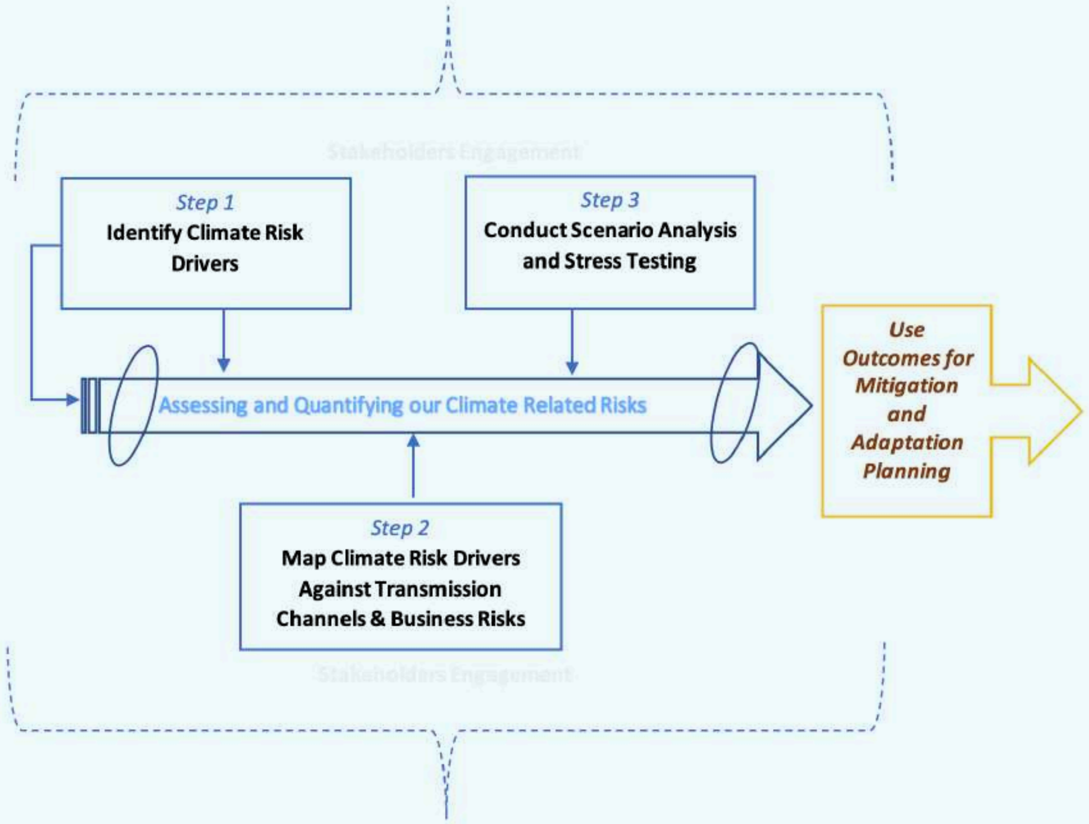
Climate risk is categorized as physical and transition risks, each crystallizing in diverse ways.

Physical Risks: This can be categorized into two: acute risks, which are associated with the escalation of extreme weather events like hurricanes, floods, and wildfires, and other climate-related emergencies that Fidelity Bank carefully evaluates to identify potential vulnerabilities of assets; and chronic risks, which are derived from changes in weather patterns including rising sea levels that potentially threaten coastal branches and facilities, variable temperatures that could adversely impact operational efficiency and risk staff wellbeing, as well as increased frequency and severity of droughts.

Transition Risks: Risks associated with the shift towards a more sustainable or low-carbon economy, have significant impacts on the Bank's business model, strategic planning, and financial formulation.

These risks are traditionally examined under Policy and Legal, Technology, Market and Reputation risks. This entails extensive examination of possible regulatory reforms such as changes in carbon pricing, emission benchmarks, and environmental regulations; technological innovations disruption of conventional banking systems; dynamic shifts in market conditions including evolving consumer preferences and increasing demand for sustainable practices; and maintaining a strong, reliable reputation.

Our Approach Towards Climate-Related Risk Assessment



Step 1: Identifying Climate Risk Drivers: From the full spectrum of primary risk drivers arising from climate change and their potential impacts, we select risk drivers relevant to our value chain. These drivers typically fall into two categories: physical risks (acute and chronic) and transition risks (related to the shift towards a low-carbon economy). Inputs to this exercise include information and knowledge accessed via scientific literature such as the Intergovernmental Panel on Climate Change (IPCC) Assessment Reports, government reports for example the Nigeria's Third National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), and other industry-specific resources.

Step 2: Map Climate Risk Drivers Against Transmission Channels and Business Risks: the climate risk drivers' identification is followed by an assessment of how these climate risk drivers affect/will affect the Bank's internal operations and specific asset classes that are relevant to the Bank. The transmission, which are the pathways through which the effects of climate change translate into financial and non-financial risks for our business, are identified and classified as either direct or indirect. We then, develop a matrix that maps climate risk drivers against the transmission channels and business risks across our value chain. This exercise requires data on the primary sector of activity and location of the Bank, as well as other sectors and geographic distribution of our customers, as represented in our portfolios.

Fidelity Bank's Climate Significant Risks and Opportunities Mapping

Climate Risk Drivers	Transmission Channels		Business Risks
	Fidelity Bank's Internal Operations	Downstream (Bank's Customers and Portfolio)	
Physical Risks	Direct Impacts		Legend
Chronic (e.g., temperature and precipitation changes, water stress, sea-level rise.	**(O)** Business Disruption: Disruption of operations linked to non-viable conditions for the workforce (heatwaves, T>32°C)	**(C); (L)** Loss of assets that are dependent on natural resources due to shifts in rainfall patterns, extreme temperatures (T>32°C), water stress, sea level rise, affecting the ability of the counterparty to fulfil their contractual obligations.	
	(O)) Increase of operational costs linked to temperature variability (increase of cooling needs)		
Acute (extreme weather events, e.g., floods, storms, droughts, heatwaves)	**(O)** Property damage and disruption of business activities due to flooding	**(C); (L)** Property damage and liabilities: destruction of assets linked to physical climate related event (floods, droughts, heatwaves) affecting the ability of the counterparty to fulfil their contractual obligations.	Financial Risks **(C)** Credit Risk **(L)** Liquidity Risk **(M)** Market Risk **(O)** Operational Risk Non-Financial Risks **(P)** Policy and Legal Risks **(R)** Reputational Risk
Transition Risks	Indirect Impacts		
Risks that arise from efforts to transition to a lower-carbon economy. These include policy, legal, technological, market and reputational risks.	**(P); (O)** Rising energy costs due to policies aimed at curbing fossil fuel use, including subsidy removal and the implementation of carbon taxes to cut down on CO_2 emissions, could result in higher operational costs for the Bank.	**(P); (C); (L); (M)** Asset stranding resulting from policy changes, technological shifts, and market adjustments can impact revenues in affected sectors and increase sector-level Probability of Default (PD), If a bank's counterparty is in an industry that is carbon intensive sectors and affected by these changes (e.g., fossil fuels), their financial health may deteriorate, posing financial risks for the Bank in the case of important sectors that make up the Bank's Portfolio.	
		(C); (R) Liabilities resulting from climate change-related legal action affecting the ability of the counterparty to fulfil their contractual obligations.	

Step 3: Conduct Scenario Analysis and Stress Testing: Fidelity Bank uses climate scenario analysis to evaluate how various climate-related risk factors may affect the Bank's risk profile across different possible climate-related pathways. The anticipated climate risks, which includes both transition and physical, are based on current scientific findings. However, their impact is greatly uncertain due to a lack of clarity regarding specific outcomes concerning time horizons, future pathways, and their effects on the valuation of financial assets and borrowers' creditworthiness. This uncertainty highlights the importance of scenario analysis as an essential tool. It enables the exploration of a broad range of plausible scenarios and supports the modeling of complex interactions between climate factors, economic and financial indicators, and sector-specific or counterparty responses essential for quantifying impacts accurately.

Climate scenario analysis also enables us to identify opportunities that could help in mitigating potential impacts on our business, some of the opportunities we have identified are categorized as market opportunities, innovation opportunities and partnerships/collaborations. Across these categories we have sustainable financing for projects (e.g., renewable energy, energy efficiency, green buildings, clean transportation, Climate-resilient infrastructure) issuing green loans/bonds and forming research partnerships aimed at developing cutting-edge technological solutions to foster a business environment that is conscious of climate considerations.

We will enhance our internal capabilities in identifying climate risks, which will enable us to develop more customized scenario narratives that span across the Bank's operations in future reports, as we refine our methodology.

Scope of assessment

Coverage: The analysis would assess the bank's exposure to climate -related risks from loan portfolio and fixed assets (Plants, property & equipment).

Time Horizons

The scenario analysis would be conducted over multiple periods to adequately cover the scope.

Category	Time Horizon
Current Period (Historical)	**2023**
Anticipated Effect	Short Term - This effectively addresses the closest period of impact from the period of assessment. It also aligns with the temperature goal of the Paris Agreement Time horizon: 2030s (Timeframe: 2021- 2040).
	Medium Term Time horizon: 2035s (Timeframe: 2021 – 2050)
	Long Term - This aligns with the global goal to reach net-zero by 2050 Time horizon: 2050s (Timeframe: 2041 – 2070)

Selection of climate scenarios

Fidelity Bank uses publicly available climate-related scenarios from authoritative sources that describe future trends and a range of pathways to plausible outcomes. Based on this, the bank employs the reference scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) and Network for Greening the Financial System (NGFS) in conducting its scenario analysis and stress testing. Employing reference scenarios from these different sources ensures that our analysis is robust and comprehensive, covering a wide range of potential emissions outcomes or pathways.

Listed below are the Global reference scenarios developed by these organizations which are adopted for our climate-related risks analysis and prioritization.

Source	Scenario Name	Description	Selected Hazards/Climate Risk Drivers which pose high/very high risks for the Bank
Physical Risks Assessment - IPCC RCPs	RCP 2.6 (Most ambitious pathway)	RCP2.6 represents a future scenario where greenhouse gas emissions peak around the year 2020 and then rapidly decline due to strong and sustained mitigation efforts to limit global warming to below 2°C.	Temperature-related Hazards Heatwave/Heat Stress - Number of days with a wet bulb global temperature > 30°C Wildfire - Fire index, number of days with high risk of fire (very likely fire index >2) High Temperature - Maximum temperature (Annual maximum of the daily maximum temperature) Water-related Hazards Flooding - Coastal flooding (25-year and 100 year) return period and riverine flooding (25 and 100-year return period) Sea level rise - Sea level rise in cm Drought (Agricultural Drought & Water Stress) - Water stress (Ratio of total water withdrawals to available renewable surface and groundwater supplies (%)) Extreme Weather Events Heavy precipitation - Heavy precipitation (>50 mm/day) - number of days Changing wind patterns - Maximum strong wind surface speed (Km/h)
	RCP 4.5	RCP4.5 represents a future scenario where greenhouse gas emissions continue to rise throughout the 21st century but peak around 2040 and then gradually decline due to moderate mitigation efforts. The radiative forcing stabilizes at around 4.5W/m² by 2100.	
	RCP 8.5 (Business as Usual)	RCP8.5 represents a future scenario where greenhouse gas emissions continue to rise throughout the 21st century without any significant mitigation efforts. It results in the highest radiative forcing, reaching 8.5W/m².	
Transition Risks Assessment – NGFS Scenarios	Orderly Scenario	Climate policies are introduced early and gradually tightened, leading to a steady fall in greenhouse gas emissions. Warming is likely to be limited to below 2°C	Transition Risk Drivers Policy Reaction Technology Change Carbon dioxide Removal Regional Policy Variation
	Disorderly transition Scenario	Climate policies are introduced later and more abruptly from 2030. Emissions reductions are sharper, leading to higher transition risk.	
	Hothouse Earth Scenario	Current policies are preserved, and Paris goals are not met. Emissions continue to grow until 2080, leading to more than 3°C of warming and significant physical risks.	

Physical Risks Scenario Analysis

Physical risk on the bank's Fixed Assets

Physical risk on the Bank's investment/loan portfolio

Inputs:
- Asset Types & Characteristics
- Asset value and replacement value
- GPS Co-ordinates

Inputs:
- Asset Types, Business Sector & Characteristics
- Exposure (US$ & Replacement value (%)
- GPS Co-ordinates

Climate Hazards Selected for Analysis

The bank uses a Climate Analytics Platform to assess physical risks impacts through the value chain (e.g., coastal flooding, drought...). The platform leverages climate projection from the IPCC's database to provide insights on how key assets or activities could be exposed to climate hazard by the specified time horizons.

Fidelity Bank Physical Risk Climate Analytics Platform

Outputs:
Main physical risks regarding these strategic assets, selection of most risky assets and vulnerability calculation for these assets

Climate modelling data

The bank employs the latest and most advanced Coupled Model Intercomparison Project (CMIP) climate models for its scenario analysis. The CMIP6, which was used for our current climate modelling, represents the latest and most advanced generation of climate models and are featured in the IPCC's Sixth Assessment Report (AR6) published in 2021.

Scenario Analysis for transition risk

We have adopted climate scenario modelling to analyze the impacts of carbon pricing and other climate transition risk drivers on our assets, portfolios and business model.

Transition Risk Scenario Analysis

Assess Direct Impact of Transition Risks on the Bank

Assess Indirect Impact via the Bank's Customers

Inputs:
- Fidelity Bank's main sector of activity and localizations.
- Scope 1 & 2 Emissions.
- Evolution of Carbon Price and other Policies on Operations and Energy

Inputs:
- Fidelity Bank's exposure by sector and asset types per loan book.
- Scope 3 emissions.
- Evolution of Carbon price and other policies on

The Bank uses existing frameworks such as the NGFS to ensure alignment with best practice and available information for its scenario analysis. The exercise provides insights on the financial impacts of top climate transition risks and opportunities on the Bank's activities under the scenarios and over the specified time horizons.

Annual direct costs implication of each transition risk (carbon price, technology change, other policies...per asset)

Annual Indirect costs implication of each transition risk (carbon price, technology change, other policies... per sector)

Stress tests

Our approach to conducting stress tests evaluates the potential effects of extreme weather events on our loan portfolio. This process involves several key actions:

- We have leveraged historical data loan performance, defaults, and recoveries, alongside insights into our exposure and susceptibility derived from physical climate risk scenario analyses.
- By integrating climate risk factors into our existing credit risk models, we projected potential losses across three distinct IPCC RCP scenarios. Utilizing these enhanced risk models, we projected the behavior of our loan portfolio across relevant time frames under various time scenarios.

For climate change transition risk, we additionally leveraged on our direct and financed emissions data and insights drawn from the transition risk scenario analysis regarding exposure to transition risks to stress test our business model and financial performance. We assessed the financial implications and impact on loan performance of transition risk drivers such as policy reaction (e.g., carbon pricing policies), technology change and the cost of decarbonizing under the NGFS scenarios and over the short-, medium- and long-term time horizons.

The outcomes of these exercises shed light on how physical and transition climate risks could influence the bank's financial stability, specifically its capital reserves and liquidity positions.

Managing Our Climate-Related Risks and Opportunities

Fidelity Bank's subsequent actions in its Climate Risk and Opportunities management cycle, following the identification and assessment of risks, include the implementation of risk mitigation and adaptation strategies, the incorporation of these considerations into the bank's business strategy and overarching Enterprise Risk Management, and the continuous monitoring of climate-related risks and opportunities. The primary goal of these efforts is to minimize potential losses and capitalize on opportunities arising from climate change.

Details of the Bank's Climate Change mitigation and adaptation strategies are outlined in the Bank's "Climate Strategy", "Sustainable Finance Strategy" and "Decarbonization Strategy" documents.

Monitoring the Impacts of Climate-Related Risks

By leveraging the IFRS S2 and industry-based guidance for commercial banks, Fidelity Bank ensures that our approach to monitoring climate-related risks and opportunities are rigorous, forward-looking, and aligned with global best practices. These frameworks provide a robust foundation for defining relevant metrics and Key Performance Indicators (KPIs) that are critical for tracking and managing the Bank's exposure to climate-related risks and capitalizing on emerging opportunities.

Defining Relevant Metrics and KPIs

To effectively monitor our climate-related risks and opportunities, Fidelity Bank has established a set of metrics and KPIs that are aligned with the recommendations of the IFRS S2. These metrics and KPIs are designed to be comprehensive, covering both financial and non-financial aspects of climate impact, and are tailored to the specific operations and risk profile of the Bank. They include:

- Carbon Footprint Metrics: Measurement of the greenhouse gas emissions associated with our operations and financing activities, including Scope 1, Scope 2, and Scope 3 emissions.
- Climate Risk Exposure Metrics: Evaluation of the Bank's exposure to physical and transition risks across our lending and investment portfolios, with a focus on high-risk sectors and geographies.
- Adaptation and Resilience KPIs: Assessment of the resilience of our business model and strategies to adapt to climate change.
- Sustainable Finance Targets: Tracking of our progress towards our sustainable finance goals as described in our Sustainable Finance Strategy, such as the volume of green loans, renewable energy financing, and other environmentally friendly investment products.
- Climate Change Transition Metrics: Assessing the volume of our portfolio aligned with climate-related opportunities or otherwise the optimistic climate change transition scenario.

Continuous Monitoring and Review

The Bank's continuous monitoring process ensures that these metrics and KPIs are regularly reviewed and updated to reflect the latest climate science, regulatory requirements, and market conditions. This process involves:

- Collection and analysis of relevant data to measure performance against our climate-related metrics and KPIs.
- Incorporation of climate-related metrics into our overall risk management framework to ensure a comprehensive view of our risk profile.
- Provision of regular internal reports to management and the board, enabling informed decision-making and strategic adjustments as necessary.
- Engagement with stakeholders, including investors, regulators, and customers, to provide transparency and receive feedback on our climate-related monitoring efforts.

Credit Exposures by Industries (as of December 31, 2023)

Industries	Impact of Climate Risks on Customer	Total Credit Exposure (N'm)
Oil and Gas	• Destruction of oil & gas assets • Low demand/ shutdown of operations • Transition cost • Low revenue	1,111,294
Manufacturing (including Beverages, Flourmills & Bakeries)	• Shortage of raw materials • High cost of raw materials • Higher cost of production • Low output • Reduced cashflow	357,545
Transport & Logistics	• Increased accidents • Reduced operations • Low cashflow	328,058
Power	• Destruction of power infrastructure • Hydro plants operations not maximized • Low gas supply	241,954
Agriculture, Forestry and Fishing	• Low crop yield and output • Reduced cashflow. • Destruction of farmlands from flooding	137,161

Integrating Climate Risks into Fidelity Bank's Core Strategy

Fidelity Bank recognizes the critical importance of embedding climate change considerations into our core business strategy. This strategic integration is multifaceted, involving a comprehensive approach that encompasses redefining our business objectives, climate transition planning, informed scenario-based target setting, the development of transition-oriented products, and proactive engagement with our customers and vendors to facilitate their transition plans.

Climate Transition Planning

As described in our Climate Strategy, the bank is committed to a forward-looking climate transition plan that aligns with global efforts to mitigate climate change. This plan involves a thorough analysis of the bank's operations and investments to ensure they are compatible with a low carbon and sustainable future. By anticipating shifts in the market and regulatory landscape, Fidelity Bank is positioning itself to be agile and responsive to the evolving demands of a climate-conscious economy.

Credit portfolio structuring is a critical component of our climate strategy. By assessing the climate risk exposure of different sectors and adjusting credit allocation accordingly, Fidelity Bank will enhance the resilience of its portfolio. This involves favoring investments in sectors that are positioned to thrive in a low-carbon economy and reducing exposure to high-risk, carbon-intensive industries.

Scenario-Informed Target Setting

Fidelity Bank employs sophisticated scenario analysis to inform its target setting for climate-related risks and opportunities. These scenarios are informed by the SBTi, the PCAF and PACTA methodologies which are relevant to a bank's climate-related risks and opportunities and consider a range of possible futures, including stringent climate policies, technological advancements, and shifts in consumer behavior. By setting targets informed by these scenarios, the bank ensures that its objectives are both ambitious and achievable, keeping it on track to meet its climate commitments.

Developing Transition Products

To support the transition to a low carbon economy, Fidelity Bank is actively developing financial products that facilitate investments in sustainable infrastructure, renewable energy, energy efficiency, green buildings, clean transportation and other climate-positive initiatives. These products are designed to meet the growing demand for climate-resilient investments and provide customers with opportunities to contribute to environmental sustainability while achieving their financial goals.

Engaging Customers and Vendors in Transition Plans

Understanding that the transition to a low-carbon economy is a collaborative effort, Fidelity Bank will engage with its customers and vendors to support their climate transition plans. Through advisory services and tailored financial solutions, the bank will support customers and vendors to navigate the complexities of transitioning their businesses to be more sustainable, resilient, and aligned with global climate objectives.

We will continue to embed climate risk considerations into the Bank's enterprise risk management framework to ensure the Bank's preparedness for a low-carbon future and promote responsible growth. The integration of climate-risks into the Bank's ERM involves setting clear objectives to understand climate impacts on assets and investments, utilizing scenario analysis such as IPCC's RCPs, NGFS Scenarios and incorporating ongoing monitoring mechanisms for environmental factors and regulatory changes. The identified climate-risks are assessed and prioritized relative to other types of risks using the Bank's bottom-up risk assessment approach.

Climate Risk and Opportunity Training

To effectively identify, assess and manage our climate-related risks in conjunction with other risks within the Bank, we recognize the critical need for enhancing the expertise of our employees. By implementing comprehensive training programs, we aim to develop a profound understanding and proficiency among our employees that align with the principles of green finance, sustainability, and climate risk management which will bolster awareness about resource conservation, climate adaptation strategies, and the vital role of financing clean, low-carbon technologies which are essential in supporting sustainable business practices. Through this capacity-building effort, we are committed to fostering a culture that is well-informed and equipped to contribute to the Bank's sustainable growth and provide sound guidance to our portfolio customers.

The planned training sessions, workshops, and seminars are set to be fully launched in the year 2024. The trainings will cover all levels and business units within the Bank and will include external subject matter experts from the climate science and green finance sectors to provide a comprehensive training experience equipping them with the knowledge and skills required to drive the Bank's dedication to environmental stewardship and sustainable business models.

Conclusion & Future Plans

As we reflect on the accomplishments of the past fiscal year, we remain resolute in our commitment towards driving sustainable growth and value for our stakeholders. Fidelity Bank has demonstrated measurable strides towards achieving the objectives outlined at the start of the year, underscoring our unwavering commitment to sustainability.

Spanning across environmentally friendly practices, ethical conduct, inclusive growth, and substantial social responsibility, our work continues to resonate profoundly with our customers and the broader community.

This report is Fidelity Bank's inaugural attempt to apply IFRS, S1 and S2 utilizing some of the reliefs provided in this initial year of reporting. Our aspiration is to progressively enrich our disclosures in the coming years.

Our strategies include understanding and integrating disclosure requirements that enhances transparency and accountability. We plan to fortify our dedication to sustainability and climate change initiatives by empowering the Bank's leadership in these endeavors and establishing mechanisms to track our strides towards achieving sustainability-oriented goals. In addition, we foresee further enhancements to our risk management framework to holistically evaluate performance guided by sustainability and climate-related benchmarks and metrics.

Sustainability will continue to be an integral part of our long-term strategic planning. We are dedicated to innovating and implementing sustainable practices in alignment with global standards and best practice. Fidelity Bank confidently looks forward to another year of growth and shared prosperity as we move ahead on our sustainability journey.

IFRS S1 & S2 Content Index

			Page Number	
Pillars	**Paragraph S1; S2**	**Requirement**	**S1**	**S2**
Governance	27; 6	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability and climate-related risks and opportunities	42-43	42-43
		(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability and climate-related risks and opportunities	43	43
Strategy	29; 9	(a) the sustainability and climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	60-61	44-46
		(b) the current and anticipated effects of those sustainability and climate-related risks and opportunities on the entity's business model and value chain	64-69	47
		(c) the effects of those sustainability and climate-related risks and opportunities on the entity's strategy and decision-making	62-63	45-46
		(d) the effects of those sustainability and climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those sustainability-related risks and opportunities have been factored into the entity's financial planning	67-69	47-49
		(e) - the resilience of the entity's strategy and its business model to those sustainability and climate-related risks	69	51

			Page Number	
Pillars	**Paragraph S1; S2**	**Requirement**	**S1**	**S2**
Risk Management	44; 25	(a) the processes and related policies the entity uses to identify, assess, prioritize and monitor sustainability and climate-related risks.	75-76	78
		(b) the processes the entity uses to identify, assess, prioritize and monitor sustainability and climate-related opportunities; and	77-78	79-87
		(c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring sustainability and climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	78	87-88
Metrics & Target	46; 28	(a) metrics required by an applicable IFRS Sustainability Disclosure Standard; and	NA	52-55
		(b) metrics the entity uses to measure and monitor that sustainability-related risk or opportunity; and its performance in relation to that sustainability and climate-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.	71-74	56 - 59

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Abbreviations

AML	Anti-Money Laundering
BAC	Board Audit Committee
BCGC	Board Corporate Governance Committee
BRC	Board Risk Committee
BAFI	BusinessDay and Other Financial Institutions
CAR	Capital Adequacy Ratio
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
DFIs	Development Finance Institutions
ETR	Effective Tax Rate
E&S	Environmental and Social
EHS	Environmental, Health & Safety
ESG	Environmental, Social, and Governance
EP	Equator Principles
EMP	Export Management Programme
FITCC	Fidelity International Trade and Creative Connect
FSTL	Fidelity SME Term Loan
GRI	Global Reporting Initiative
GHG	Green House Gas
HMO	Health Maintenance Organization
IPCC	Intergovernmental Panel on Climate Change
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
KPIs	Key Performance Indicators
KYC	Know Your Customer
LED	Light-Emitting Diode
LTIFR	Lost Time Injury Frequency Rate
MACC	Marginal Abatement Cost Curve
MSMEs	Micro, Small and Medium Enterprises
MCDA	Multi-Criteria Decision Analysis
NITDA	National Information Technology Development Agency
NGFS	Network for Greening the Financial System
NDPR	Nigeria Data Protection Regulation
NEMSF	Nigeria Electricity Market Stabilization Facility
NCF	Nigerian Conservation Foundation
NDPA	Nigerian Data Protection Act
NGX	Nigerian Exchange
NSBP	Nigerian Sustainable Banking Principles
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
PACTA	Paris Agreement Capital Transition Assessment
PS	Performance Standards
PRB	Principles for Responsible Banking
SMEs	Small and Medium Enterprises
SASB	Sustainability Accounting Standards Board
SDGs`	Sustainable Development Goals
SPI	Standardized Precipitation Index
UNEPFI	United Nations Environmental Programme Initiative
UN-SDGs	United Nations Sustainable Development Goals
WEP	Women Empowerment Principles

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