



Sterling Bank  
Your one-customer bank.

# PLEDGE TO BE NATURE'S KEEPER

SUSTAINABILITY REPORT 2017







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# CONTENTS

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# ABOUT THIS REPORT

This report establishes the results of our efforts this past year to make our bank more sustainable and a leading financial institution in climate change initiatives.

**S**ustainability, as part of our corporate strategy, strengthens our commitment to align decisions we make at every business line across the organization to the benefit of the organization and all our stakeholders. We aspire to secure a leadership position in the practice of sustainable finance.

This report, in accordance with the GRI Standards unveiled in October 2016 by the Global Sustainability Standards Board (GSSB); using the Core option (GRI 102-54); and the GRI content index (GRI 102-55), accentuates our improvements and challenges in sustainable banking during the period under review.

The report highlights our efforts during the year to create a more resilient, inclusive, and

sustainable business, while we continue to pursue our vision *"to be the financial institution of choice"* by satisfying our customers' financial needs. It discloses our positive and negative footprints on the economy, natural environment and the society in 2017.

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

**Assure**

One of the country's reputable audit firms has provided limited assurance to this report. Please refer to the Independent Assurance Report on page 79-81 for their statement.



# OUR AWARDS



Housing Friendly  
Commercial Bank  
of the Year at the  
Abuja Housing  
Awards



Best Bank in  
support  
of Agriculture  
Sector' at the  
Business Day  
Banking Awards



Agriculture  
Bank of the  
Year by the  
Nigerian  
Agriculture  
Awards



Best Company  
in Financial  
Inclusion ' at  
the SERAs CSR  
Africa 2017  
Award



Bank of the  
Year in Women  
Economic  
Empowerment, by  
the Central Bank  
of Nigeria at the  
2017 Nigeria  
Sustainable  
Banking Award



Service Excellence  
Award by the  
Institute for  
Service Excellence  
& Good  
Governance

# OUR SUSTAINABILITY FOOTPRINT ESG



**770,239**

People reached through our  
Financial inclusion Program

**₦133 m**  
In Investment in  
Community Development



**400+**  
**Participants**

Trained via Sterling Bank MSMEs Academy

**2000+**  
**Professional Staff**  
Trained on Sustainable Banking



**30%**

Women in Management

**400+**  
**People Trained**  
In Our Youth and Small Businesses  
Empowerment Programme



**59 ATMs**

On Alternative Energy

**7.4 tons**  
(Nov 2016 – Dec 2017)  
Waste Recycled



**2**

Sustainability  
Awards

**₦178m**

Spent on Capacity Building  
for Female Employees



**8000+**

Mobile Agents On Our  
Agent Banking Platform

**Sterling Towers**





## EXECUTIVE SUMMARY

Over the past 5 years, Sterling Bank has relentlessly and consciously incorporated Environmental and Social Sustainability into its business strategies, operations and engagements with all stakeholders.

We understand the benefits of Environmental and Social Sustainability in improving economic performance, resource capital and social wellness. This has helped influence our decisions on investing significantly in the environment, health sector, community engagement and our workforce to foster a culture of Sustainability that enriches lives for generations to come.

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

### ENVIRONMENT

Our mantra 'committed to be nature's keeper' is a binding decision that has ensured we remain devoted in reducing our ecological footprint and commitment to climate change actions to reduce emission of anthropogenic greenhouse gases (GHGs) and enhance natural carbon sinks by planting trees and utilizing renewable energy technologies. We thereby influence our stakeholders action toward a green economy by acting in an advisory capacity, financing and developing innovative products and services.

### SOCIAL

Sterling Bank is a socially responsible organization committed to an inclusive workplace that promotes diversity and human rights which is part of our culture. We believe that an inclusive and diverse organization creates immense value by providing access a wider talent pool, improved business performance,

creative thinking, strong corporate governance and a richer mix of leadership skills.

Our workforce is our most valuable asset and the importance of a well-motivated, healthy and productive workforce to deliver on stakeholder expectation cannot be over-emphasized. We have constantly improved our service delivery by creating a platform for innovative strategies that engenders a great place to work and work life balance while also improving our customer experience through capacity building at all levels.

Our workforce understands our purpose "Enriching Lives" and constantly participates in employee volunteering programmes to show our commitment to social corporate responsibilities and to help feel the pulse of our communities.

We will continue to support and develop products and services that promote a sustainable economy within our communities through women economic empowerment, financial inclusion for vulnerable groups, financing of MSMEs and infrastructural development. We have incorporated sustainability into our supply-chain and procurement processes to improve service delivery and ensure ethical standards are maintained in our dealings with third parties.

### CONCLUSION

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



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# MATERIALITY ASSESSMENT

The information from our stakeholder engagement provides vital input to our annual 'materiality assessment' – the process of identifying those issues that are core to the bank's sustainable development.

All feedbacks received from our identified stakeholders is collated and reviewed; Issues raised are then evaluated and integrated into our corporate strategy and form the basis for our sustainability focus areas and related initiatives.

The material issues have been analyzed based on a complete list of matters that may affect our business or be of concern to stakeholders. Sources for this list include UN SDGs, ERGP, GRI G4 aspects, GRI G4 sector disclosures, CBN disclosure topics for the financial sector, industry and sector benchmarks, and internal documents. The material issues selected reflect our organization's significant economic, environmental, and social impacts, or they influence fundamentally the assessments and decisions of stakeholders. All material issues change over time, as does knowledge about them, and new issues may arise. We will

therefore review the materiality analysis process on a regular basis. In the future, we will endeavor to engage our external stakeholders directly in our materiality assessment.

Our materiality assessment guides our focus for reporting and informs our strategic approach.

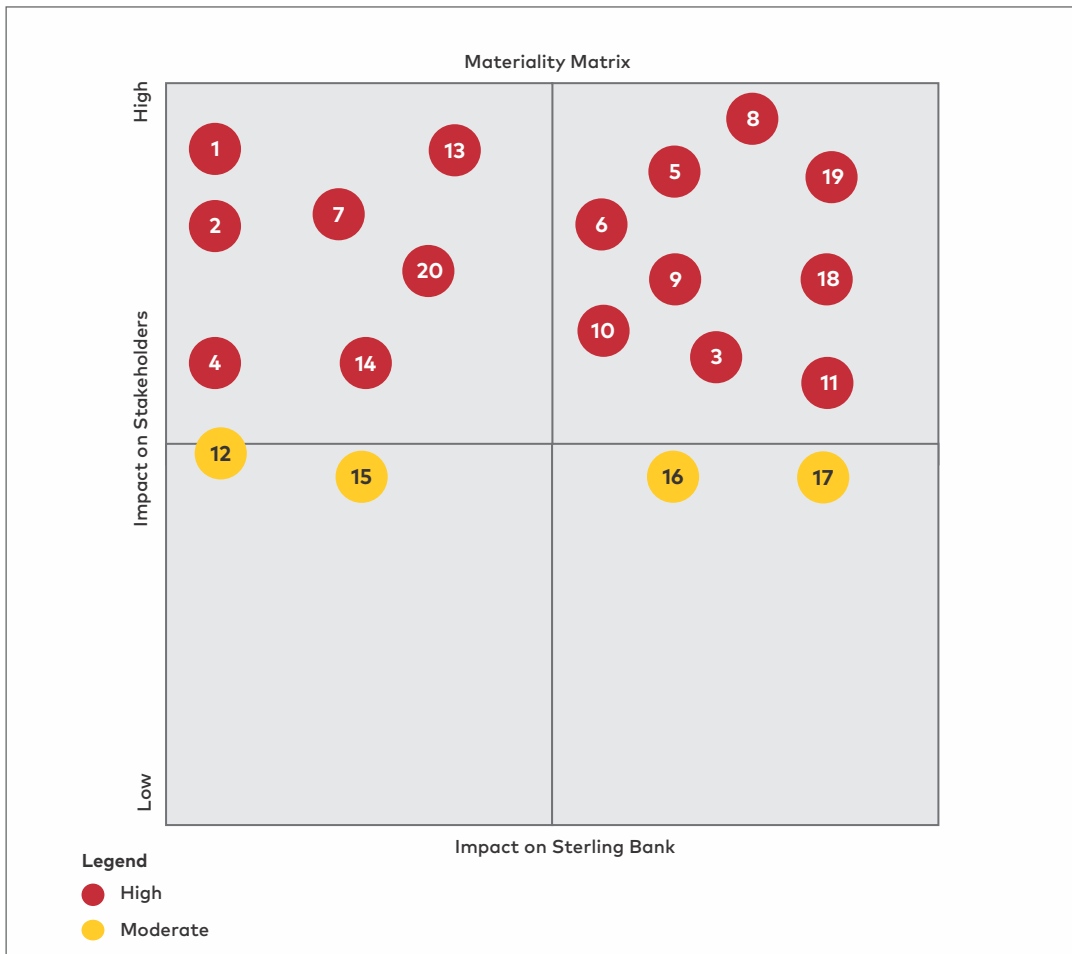
We reviewed the following to determine our material issues:

- Our strategy
- Our core values
- Internal and external stakeholder engagement
- Risk management and regulation
- Global challenges and national priorities
- Sustainability indices

The table and chart below include a list of our material issues.

MATERIAL ISSUE	MOST CONCERNED STAKEHOLDERS
Customer Trust & Protection	Customers
Quality of service	Customers
Customer satisfaction	Customers
Data Security	Customers
Financial Performance	Shareholders

MATERIAL ISSUE	MOST CONCERNED STAKEHOLDERS
Governance and Accountability	Staff, Shareholders, Regulators
Human/Labour Rights & Employee wellbeing	Staff
Financial Stability	Local Community, Staff, Customers
Risk Management	Shareholders, Customers
Fraud & Anti money laundering	Shareholders, Regulators
Financial Inclusion	Customers, Local Community, NGOs
Fair Remuneration	Staff
Innovative Business Development	Customers
Responsible Lending	Customers
Career Development & Employability	Staff
Sustainable procurement	Environment, Suppliers
Infrastructure and Accessibility	Staff, Customers
Business	Ethics Customers, Shareholders, Suppliers
Reduction of environmental impact of our operations	Environment
Carbon Emission	Environment





## CHAIRMAN'S STATEMENT

# 'An organization built truly sustainably'

### Esteemed Shareholders,

I am honoured to present to you the Bank's scorecard for the year ended December 31st, 2017 which, with all sense of modesty, I will say was relatively impressive. Despite the delicate operating environment, our Bank ended the year with a strong performance, reflecting the resilience of our institution's business strategy and the commitment of the leadership team.

### THE OPERATING ENVIRONMENT

According to IMF statistics, the global economy witnessed strong expansion in 2017, growing at 3.7%, up from 3.2% in 2016. This was largely driven by accommodative monetary policies, strong labour markets, buoyant global trade, and higher commodity prices. The US economy reflected strong economic performance underpinned by increased domestic consumption and investment fuelled by increased business confidence. The Euro Area managed to scale through the 2017 election cycle and achieved robust growth led by a multi-year low unemployment rate, dynamic external sector,

and loose monetary conditions. On a broad note, export-driven countries in Eastern Europe, Latin America and Sub-Saharan Africa benefited substantially from the increase in commodity prices.

The UK, though saddled with the weight of uncertainty on Brexit negotiations, recorded a modest growth rate of 1.7% on the back of solid performance in the service sector and loose monetary policy.

China contributed significantly to the global expansion, defying fears of pronounced slowdown by recording an expansion of 6.8%.



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“ *Our objective is to extensively incorporate environmental, social and governance considerations into our business.* ”

However, its economy is gradually shifting towards a more balanced model that is driven by services and consumption.

The Nigerian economy was not left out of the growth trajectory for 2017. The upward trend in crude oil prices in 2017 gave a strong boost to economic performance. Oil prices rallied on the back of strong basics including the conformity of OPEC and key non-OPEC countries to the deal on production cuts, strong global economic activities that increased the demand for oil and supply disruptions in other oil producing countries. Brent crude oil closed the year at \$64/bbl, the highest since May 2015. On the back of gains in the oil sector and the relieving impact on foreign exchange liquidity pressures, the economy grew by 0.55% in the second quarter of 2017 after contracting in the preceding five quarters. Performance for the remaining half of the year remained fragile as the country continued on a slow path to recovery, while still faced with inflationary pressures and a weak business climate across the non-oil sectors of the economy.

### **SHAREHOLDERS' RETURNS**

Despite the slow recovery highlighted above, we continued to enhance shareholder value. Gross revenue rose by 19.8% from N111.4 billion to N133.5 billion. Operating expenses increased marginally by 3.7% from N50.6 billion to N52.5 billion notwithstanding inflationary pressures that persisted during the year. This reflects progress in the strategic cost management

initiatives implemented by Management. Consequently, Profit Before Tax increased by 43.4% from N6.0 billion in 2016 to N8.6 billion in 2017; while Profit After Tax rose by 65.0% from N5.2 billion to N8.5 billion. This impressive performance by Management contributed to the 20.2% rise in shareholders' funds from N85.7 billion in 2016 to N102.9 billion in 2017.

Due to additional capital required to finance our growth ambition and fund the Bank's proposed Holding Company structure, the Board has proposed a dividend of 2 kobo per share for the 2017 financial year. This will enable us retain a substantial amount of profit generated to strengthen available capital in the best interest of shareholders.

### **BANKING ON SUSTAINABILITY**

Our Bank remains committed to its vision of maximizing stakeholders' value by implementing and delivering tailor-made solutions in line with the global Sustainable Development Goals (SDGs) and the CBN's Sustainable Banking Principles. Our objective is to extensively incorporate environmental, social and governance considerations into our business. Our products, services and other interactions must satisfy stakeholders' needs and objectives as well as provide adequate financial returns for shareholders. At times, it is difficult to fulfil these criteria all at once. Still, we consistently strive to increase the importance of non-financial factors in our core business.

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In furtherance of fostering inclusive economic growth, our Bank played an active role in various intervention and social investment programmes in partnership with the Federal Government, some State Governments, and the Central Bank. I am pleased to inform you about some of our interventions during the past year which include:

- The Government Enterprise & Empowerment Programme (GEEP) that has provided micro loans to over 1million Nigerian MSMEs and youth nationwide, in collaboration with Bank of Industry. Sterling Bank was the sole partner during the pilot phase based on our robust agent banking platform.
- Loan administration, management, and account services for smallholder farmers under the Nigeria Incentive Based Risk Sharing System for Agricultural Lending (NIRSAL)/CBN Anchor Borrower Programme. Again, our Bank was the sole participating bank in the scheme due to our competence, experience, and knowledge of the Agriculture business as well as our agent banking network. Over 22,000 farmers benefited from this scheme in Kebbi State.
- Our Bank was one of the three lenders selected for loan administration under the Lagos State Employment Trust Fund (LSETF) programme, aimed at providing financing to SMEs and artisans in the State.
- Partnership with the Nigerian Export Promotion Council (NEPC) to drive the export of agricultural products in the country in fulfilment of the Government's

diversification programme. Under the partnership, Sterling Bank supported the Information Communication Technology (ICT) laboratory of the South West Regional office of the Council by providing 24-hour internet service for the staff and exporters.

As a socially responsible institution deeply concerned with the state of the environment, our Bank intensified efforts on the Sterling Environment Makeover (STEM) initiative. We have taken a step further by engaging celebrities and other partners to deepen the reach of this quest to make our environment a better place.

We also commenced a campaign on autism, where we partnered with FitCit and The Zamar Institute (TZR) to facilitate a 5km walk in the Federal Capital Territory (FCT Abuja) and mobilized donations to support the cause.

Achieving business responsibility and acquiring the tools for sustained performance must begin with our employees. It is our goal to attract and retain the best talent, provide our employees with rewarding careers and remunerate performance fairly. We are also building a pipeline of future female leaders to sustain a diversified workforce.

## **MAINTAINING GOOD GOVERNANCE & CHANGES IN BOARD COMPOSITION**

The Board believes that a business built on the principles of good governance is more likely to succeed over the long term and we responded constructively to various government and regulatory consultation exercises in 2017. Our commitment to best practice in corporate governance is further validated by the recogni-

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tion accorded the Bank by the Institute for Service Excellence and Good Governance as the Bank was given the "Service Excellence Award".

### **BUSINESS OUTLOOK**

The outlook for the global economy in 2018 remains strong with principally harmonized growth expected, whereby economic performance in advanced nations will drive and support growth in developing economies. Despite the monetary tightening in the US, financial conditions remain loose across the globe as other key Central Banks including the Bank of Japan and European Central Bank sustained their accommodative monetary policies, which should continue to boost consumer confidence and investments. The IMF has projected a global growth rate of 3.9% for 2018.

For Nigeria, it will be a 'story of two halves'. The first half of the year will see the economy thrive on higher oil prices, increased oil production and recovering household demand. However, the second half of the year will be clouded with uncertainty surrounding the 2019 elections and

its consequent risk to investment growth. Nonetheless, the business outlook presents an opportunity for us to navigate our growth by innovative means. As a business, we will continue to focus on key growth sectors of the Nigerian economy and leverage on our areas of strength to drive sustainable growth and deliver superior returns to our esteemed shareholders.

### **APPRECIATION**

In closing, I would like to take this opportunity to express my sincere appreciation to my fellow Board members; the management and staff of this great institution for their hard work and commitment; our customers for their unwavering support; our esteemed shareholders; development partners; regulators and other stakeholders for their priceless assistance, continuous guidance and support.

**Mr. Asue Ighodalo**

Chairman, Sterling Bank Plc

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## MANAGING DIRECTOR'S STATEMENT

"Strong performance  
amidst a fragile operating  
environment."

**D**istinguished Shareholders, Customers and Business Partners, it is with mixed feelings that I welcome you all to our 56th Annual General Meeting. This meeting is particularly significant to me as it marks my last Annual General Meeting as the Managing Director/Chief of Sterling Bank Plc.

### OPERATING ENVIRONMENT IN 2017

2017 was a year of surprises as the global economy witnessed significant expansion despite geo-political tensions that prevailed in some regions. Global growth was largely characterized by resurgence in trade, investments, and accommodative monetary policies. The US economy performed beyond expectation in 2017 despite the effects of the hurricanes in the third quarter and the uncertainty that loomed around the possible effects of President Trump's economic policies. Buoyant business and consumer sentiment spurred the Federal Reserve to implement three rate hikes

during the year. The United Kingdom, on the other hand, continued to grapple with uncertainty around Brexit negotiations and its consequent risk to investment growth.

Accommodative monetary policies and fiscal stimulus in the Euro Area, Japan, China, and other emerging markets underpinned growth in the economies. On the domestic front, the Nigerian economy started on a slow path to recovery after it exited recession in the second quarter of 2017. Economic performance gained some steam as the Federal Government and the Central Bank consolidated on the gains that sprouted in the energy sector due to the



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recovery of crude oil prices in the global market as well as increased local production. Foreign reserves increased consistently, moving from \$28.5bn in January 2017 to \$38.9bn at the end of the year (the highest since September 2014). The increase in the nation's foreign exchange earnings supported the drive of the Government to stimulate the economy through fiscal intervention schemes that cut across youth entrepreneurship development, economic diversification, and infrastructure development. The foreign exchange (FX) market particularly recorded notable stability on the back of improved FX liquidity.

In a bid to curtail inflationary pressures, improve returns on investments and attract foreign capital into the Nigerian economy, the Monetary Policy Committee (MPC) continued to tow the path of policy tightening that commenced in 2016. The Committee held its key rates constant all through the year - MPR at 14%, CRR at 22.5% and liquidity ratio at 30%. Though recovering, the fragile state of the macroeconomy posed challenges for the banking industry, evident largely in liquidity constraints and frail asset quality. This necessitated cautious business drives and asset growth during the financial year. Notwithstanding the challenges of the operating environment, I am pleased to inform you that our Bank continues to show resilience and an ability to thrive against all odds.

## **BUSINESS PERFORMANCE HIGHLIGHTS**

Our performance for the 2017 financial year highlights our underlying institutional strength despite the delicate operating conditions:

- Gross earnings rose by 19.8% to N133.5 billion from N111.4 billion in 2016 due to an 87.8% rise in non-interest income
- Net operating income rose by 7.9% to N61.1 billion from N56.6 billion in 2016 driven largely an increase in non-interest income
- Operating expenses increased moderately by 3.7% to N52.5 billion from N50.6 billion despite persistent inflationary pressures
- Net loans and advances increased by 27.7% to N598.1 billion, while deposits grew by 17.1% to N684.8 billion
- Total assets rose by 28.5% to N1.1 trillion, while shareholders' funds rose by 20.2% to N102.9 billion
- Overall, our Bank recorded a 65.0% rise in Profit After Tax to N8.5 billion against N5.2 billion in 2016.

Our retail business gained significant traction in 2017. We witnessed a substantial adoption of our mobile, internet and USSD banking services. The number of customers enrolled on these digital platforms witnessed a 160% growth in 2017. The successful launch/upgrade of multiple digital solutions, including a new mobile banking application, our revamped USSD and Corporate Internet Banking platform largely drove this.

In addition, we continued to lead innovation in the retail banking space with the launch of "Spectra", which offers personal loans within a record 5 minutes, from initiation to disbursement of funds. The idea is to enable a simple, convenient, and quick credit experience. I am pleased to inform you that this solution is the first of its kind in the industry and it is expected to significantly boost our retail penetration.

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Our focus on driving financial inclusion witnessed a significant growth across the board. Our lending portfolio in this space grew from N2.5 billion to over N9 billion in December 2017, with a customer base of over 1 million and an Agent network of more than 8,000.

We have realigned our Commercial Banking business to focus on sectors and employed experts across the various sectors who will use financial advisory, customer journey experiences and digital solutions to drive penetration into the various businesses in each sector. Our Corporate Internet Banking solution will provide seamless transaction and payment processing to our customers in that space.

### **THE H.E.A.R.T. INITIATIVE**

One of our pillars for growth is to ensure that we make an impact in the businesses within our focus sectors, through sustainable banking initiatives. These focus sectors are: Health, Education, Agriculture, Renewable Energy, and Transportation. Our Bank was chosen as the sole participating bank for loan administration, management, and account services under the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL)/CBN Anchor Borrowers Programme. The scheme provides micro loans and other banking services to smallholder farmers. The choice of our Bank as the sole partner was due to our competence, experience, and knowledge of the Agriculture business as well as our agent banking network. Over 22,000 farmers have benefited from this Scheme. In a bid to connect small business farmers to the export market, we collaborated with the Nigerian Export Promotion Council (NEPC) to train small businesses on the "Zero to Export" programme.

Notable among our achievements in the Health and Education sectors is the technology support that we provide to our customers. This gives them access to electronic platforms that aid improvement of processes and business optimization. Data management is a critical challenge facing the Health sector and in response to this, our Bank in partnership with a leading healthcare technology company is providing electronic medical record (EMR) solution to hospitals. The EMR solution allows patient's data to be captured and maintained electronically. Payment gateways are also integrated into the solution to give an end-to-end experience. Besides the immediate benefits to hospitals, it provides an opportunity to create a database that will enable informed decisions to be taken by key stakeholders for the overall growth and development of the sector. In the Education space, we continued to strengthen access and content by providing world-class ICT solutions including electronic libraries, educational portals etc to drive development across the entire value chain of the sector.

While our footprint in the Transportation and Renewable Energy sectors is largely in incubation, we will significantly enhance our positioning in our focus sectors by using our three-pronged approach to enabling businesses: providing platforms, capacity building and access to market.

### **OUR DIGITAL TRANSFORMATION JOURNEY**

For us, 'digitization is about how to grow markets and create new ones more efficiently and engagingly'; and our goal on the digitization journey is to do exactly this. Our



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3600 transformation includes a focus on both customer interactions and the enabling environment for the business. We have made major investments in our technology infrastructure, positioning the Bank to provide excellent services to its customers. Today, we have a common platform of services and APIs (Application Programming Interface) which enable us to integrate best-in-breed technologies, allowing us to move faster on the front end. The Bank is embracing cloud technology and other services to enable us to be nimble, efficient, and agile which will lead to material gains in the coming years.

In our digital transformation journey, we expect a significant leap in customer acquisition and retention while leveraging data analytics to improve propositions to customers, prevent fraud, improve alternative channels downtime, and lower employee attrition.

As we move forward, we aim to adopt the practices of global technology companies which are known for their ability to constantly experiment, automatically scale, and rapidly bring new features to market; using customer-centric thinking propelled by journey thinking, data centricity and human-centered design. To ensure this, we are re-focusing the Bank to adopt a "start-up" culture and mindset.

## **RISK MANAGEMENT**

We deployed a multi-faceted risk management solution – the Corporate Axe Credit Portal, which provides a comprehensive platform for seamless risk assessment, monitoring and control for the higher segment of the Bank's target market i.e. Commercial and Corporate customers. We also successfully completed the

implementation work to achieve Basel II compliance, which is a critical milestone on the road to improving the risk management culture of our Bank.

Despite Nigeria's sovereign rating downgrade and the downgrade of several corporates, the credit rating of our Bank was affirmed by four rating agencies, including Fitch Ratings and Moody's Investors Service, with a stable outlook. They cited our coherent growth strategy, strong management team, sound corporate governance, and business transformation initiatives; and our Bank will continue to build on these strengths.

## **CORPORATE SOCIAL RESPONSIBILITY AND BRAND MANAGEMENT**

In a bid to intensify our environmental campaign (Sterling Environmental Makeover "STEM") which seeks to promote practices that contribute to the quality of the environment on a long-term basis, the Bank formally unveiled Olamide Adedeji, popularly called Olamide, as STEM Ambassador. Our Bank leveraged on Olamide's large followership that cuts across socio-economic classes and age groups to create excitement and consolidate on the success of the STEM Programme.

Our campaign for recycling aimed at promoting a sustainable environment continued to gain traction. Spanning the year, we engaged in activities to support this cause including a "Recyclart" competition which was held across four locations - Lagos, Ogun, Rivers and Abuja. The competition rewarded the most innovative users of recycled materials with the sum of N1million each (for four winners) to support their entrepreneurial development.

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In furtherance of our commitment to strengthening early childhood education in the country, we trained 70 kids on coding language at our 2017 summer code camp in Lagos. The summer code camp which had children between the ages of 6 and 15 in attendance was organized in collaboration with Audax Code School. The fun-filled summer code camp served as an avenue to empower children, foster creativity as well as critical thinking skills through ICT learning while expanding career opportunities for the youth.

### **BUILDING A GREAT PLACE TO WORK - OUR PEOPLE, OUR CULTURE**

As a testament to our relentless efforts towards creating a rewarding, fulfilling and endearing workplace for our people, we were ranked 26th amongst the "Top 100 Companies to Work For" by Jobberman. Companies were ranked based on job satisfaction, career growth prospects and work-life balance amongst other factors. Our desire is to achieve an even stronger ranking next year.

In line with our commitment to ensuring a strong pipeline of talent across the institution, we revamped the talent management programmes to ensure our people are nurtured and fully engaged to fulfill their career aspirations within the Bank. We also re-focused the employee performance management process on increased objectivity, alignment with corporate objectives, increased periodic feedback and interventions to improve performance.

In a bid to optimize the employee experience and promote a healthy work-life balance, we introduced Employee Health & Wellness

programmes and a Paternity Leave scheme to encourage our new parents to bond with their children.

### **AWARDS & RECOGNITION**

- Housing Friendly Commercial Bank of the Year – Given in recognition of the laudable achievements of our Non-Interest Banking business in the housing sector. Some notable projects include Crown Court Durumi, 360 low-cost housing units in Amuwo-Odofin, 210 semi-detached houses in Agungi-Lekki, 539 apartments in Lekki Phase 1 and 566 mixed housing units also in Lekki. We are keen on contributing significantly to the development of affordable housing across the country in collaboration with selected mortgage companies
- Best Bank in support of Agriculture – Awarded by Business Day at its 2017 Banking Awards in commendation of the Bank's peerless support to the entire value chain in the agriculture sector
- Best Company in Financial Inclusion – Given by SERA Award at the SERA CSR Africa 2017 event in recognition of our commitment to improving access to finance amongst under-banked and unbanked Nigerian adults through our acclaimed agent banking system.
- Bank of the Year in Women Economic Empowerment – Awarded by the Central Bank of Nigeria in commendation of the Bank's incomparable efforts towards financial inclusion for women and entrepreneurial development.

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## LOOKING AHEAD

The global economy is outperforming predictions, and this is expected to be even more pronounced in 2018. The extension of OPEC's production cut till the end of 2018 is anticipated to stabilize oil prices for the most part of the year and we expect that the Federal Government will further consolidate on the gains to pursue its growth agenda. However, the likely impact of distortion from electioneering activities cannot be overlooked.

Notwithstanding, all signs point to a better year for the banking industry, most especially for players with a keen eye for business opportunities that will no doubt spring up during the year. I am confident in the resilience of our business strategies, execution capabilities and particularly, in the new leadership team that is emerging in our Bank, which is undoubtedly inspirational and purposeful. In 2018, we will intently execute our plans which are entrenched in three pillars:

1. **Agility** – We will be flexible, energetic and act with speed for the good of the institution
2. **Digitization** – We will optimize data analytics and customer insights to meet evolving customer needs. We will streamline and simplify our processes, leveraging on rapidly evolving technologies.

3. **Business Specialization** – We will build expertise in focus sectors, particularly Health, Education, Agriculture, Renewable energy, and Transportation (*"Sterling's HEART"*). We have decided to make significant investments to develop our human capital around these sectors to enable us to provide the best support to our customers' businesses.

Our expectation is that these three pillars will propel us toward sustainable growth by - enhancing our ability to continuously innovate and remain ahead of competition; solidifying our retail funding base; strengthening our enterprise-wide risk management framework and driving excellent service delivery across all channels to enhance our customers' experiences.

Thank you

**Adeyemi Razack Adeola**  
MD/CEO, Sterling Bank Plc.

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# OUR STRATEGY

## The Bank's strategic intent is to be a trusted and sustainable institution.

**T**he Business strategy, corporate plans and budgets of the Bank are prepared by the Management team and recommended to the Board for approval. The Bank has a five-year corporate plan which is reviewed and updated periodically. The Bank's strategic intent is to be a trusted and sustainable institution. The Bank has mapped out a five-year plan to capture 5% market share measured by deposits.

The Bank's vision 'to be the financial institution of choice' has been pursued with a commitment to building a culture of knowledge, service, and professional excellence.

The Bank's mission statement is to deliver solutions that enhance stakeholders' value by enhancing technological capability and entrenching a customer-centric business model.

The strategic goals of the Bank are targeted at building sustainable business lines, engaging our community and building leadership from within. Specifically, the bank's overarching financial and non-financial priorities include:

- Build strong and sustainable funding base for business growth by achieving 5% market share measured by deposits
- Entrench best practices in risk management in the institution to achieve NPL below peer group average and assure optimum returns to investors
- Pursue digitization to improve processes, service delivery and customer experience
- Deliver Return on Equity above peer group average to maintain Shareholders' confidence
- Drive customer-centricity and operational excellence
- Be a trusted operator materially impacting all our segments of business participation
- Build a great place to work to be an employer of choice

In a bid to effectively achieve its strategic intent amid economic uncertainties and disruptive technological changes, the Bank has also decided to adopt a culture of agility that will enable it to innovate faster with shorter time to market and drive focus on business specialization across five key sectors – Health, Education, Agriculture, Renewable Energy and Transportation.

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## ABOUT STERLING BANK

Sterling Bank Plc "Your One-Customer Bank" is a full-service national commercial bank in Nigeria with asset base of over \$4.4 billion (N708 billion) and shareholders' funds in excess of \$395m.

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

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

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



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

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**OUR VISION** To be the financial institution of choice

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**OUR MISSION** We deliver solutions that enhance stakeholders' value.

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**CORE VALUES**

**Customer Focus**

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

**Integrity**

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

**Team work**

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

**Excellence**

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

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**OVERVIEW OF STERLING BANK**

We have been in the Nigerian market since 1960. Our clientele cuts across individuals, corporates and institutions. We are a publicly listed company with more than 90,000 shareholders. As at the end of 2017, there were 1556 professionals and 1114 support staff employed in Sterling Bank Plc.

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

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

**Website:** <http://www.sterlingbankng.com>

**TOTAL ASSETS**  
Over **N834 billion**

**TOTAL EQUITY**  
Over **N85 billion**

**CREDIT RATINGS**  
**A3** SHORT TERM

**BBB** LONG TERM

**CHANNELS**

**179+**  
BUSINESS OFFICES

**1871+**  
POS TERMINALS

**761+**  
ACTIVE ATMS

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## OUR RATINGS

Sterling Bank ranks amongst the Tier 2 banks in Nigeria. The Bank has a long-term rating of BBB and a short-term rating of A3 by Global Credit Rating Co. The Bank also received a B2 rating with a Stable Outlook on its local and foreign currency issuer and deposit ratings underpinned by a B3 baseline credit assessment from Moody's Ratings, a top-notch foreign based Ratings agencies. These ratings are valid until June 2018.

## ETHICS & INTEGRITY

Sterling Bank's core values form the acronym – **C I T E 'Customer focus', 'Integrity', 'Teamwork' and 'Excellence'**. In line with this commitment, the Bank has instituted various mechanisms to ensure that employees display a high level of integrity and good ethical behavior.

### EMPLOYEE HANDBOOK

The Bank has a robust Employee Handbook, that clearly defines acceptable behavior and all employees at all levels are bound by them. The Sterling Bank Brand Pillars and Personality of Professionalism, Efficiency, Quality and Dependability are at the core of every transaction and represent the essence of our being 'Your One-Customer Bank'

### CORPORATE GOVERNANCE

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

Corporate Governance for Banks in Nigeria (2014) and the Securities and Exchange Commission (SEC) Code of Corporate Governance.

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

The following are the governance units within the Bank:

- The Board of Directors
- Bank Executive Committee

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

### THE BOARD OF DIRECTORS

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

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

### THE EXECUTIVE COMMITTEE (EXCO)

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

The EXCO is responsible to the Board and plays an important role in the Bank's corporate governance structure. The EXCO manages the broad strategic and policy direction of the



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Bank, submits them to the Board for approval where necessary, and oversees their implementation.

### **E&S GOVERNANCE**

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

### **BOARD OF DIRECTORS**

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

### **EXECUTIVE MANAGEMENT (EXCO)**

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

### **ERM & SUSTAINABILITY WORKING GROUP**

The Chief Risk Officer and members of the sustainability working group are responsible for leading the Bank's effort at implementing the Environmental and Social risk management policy, as well as communicating with senior management on environmental and social issues and concerns.

The sustainability unit is responsible for developing and updating the procedures and documents that make up the Bank's E&S risk management. The unit also evaluates the Environmental and Social risks at the portfolio level and helps Loan Officers/Relationship Managers in evaluating and monitoring the environmental and social performance of customers.

### **RELATIONSHIP MANAGERS & LOAN OFFICERS**

The Relationship Managers and Loan Officers are responsible for following the procedures of the E&S risk management framework at the transaction level. They discuss and negotiate possible environmental and social mitigation measures with the customers.

These officers are also responsible for evaluating the Environmental and Social risks at the level of individual transactions and make recommendations to the approving authority on whether to proceed with a transaction. They decide if E&S risks are acceptable to the Bank's overall exposure to risk before proceeding with a transaction.

### **LEGAL DEPARTMENT**

The Legal Department ensures that the Bank's environmental and social requirements are incorporated in legal agreements for transac-

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tions that are considered as high risk. The Legal Department advises if a customer's non-compliance with environmental and social clauses constitutes a breach of contract and is considered an event of default under the terms of the legal agreement that requires follow up.

### **GENERAL INTERNAL SERVICES DEPARTMENT**

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

### **HUMAN RESOURCES DEPARTMENT**

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

### **BRAND MARKETING & COMMUNICATIONS DEPARTMENT**

The Brand Marketing and Communications Department communicates the Bank's achievements in Environmental & Social Banking to internal and external stakeholders.

### **PROPOSITIONS & PRODUCTS DEPARTMENT**

The Propositions & Products Department develops sustainable products that speak to women economic empowerment solutions, Green Products, including promotion of financial inclusion.

### **ETHICAL CONDUCT**

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

### **WHISTLEBLOWING**

The Bank regularly sensitizes employees on the Whistleblowing Policy and welcomes employees, contractors, vendors, customers and any member of the public who have concerns about any inappropriate or irregular aspect of the Bank's operations, management's actions, or decisions to come forward and voice those concerns in person or anonymously. The concerns will be recognized wherever practicable, and subject to any legal constraints, such matters shall be dealt with in a confidential manner.

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

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know, for investigative and resolution purposes.

### **DISCIPLINARY PROCESS**

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

The Disciplinary Committee is made up of two separate committees;

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

### **GIFT POLICY**

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

The policy establishes standards relating to the giving and acceptance of gifts, including gratuities or rewards across the organization, provides guidance on expected behaviours in relation to giving and acceptance of gifts. It also promotes transparency and fairness. The policy is applicable to all Sterling Bank employees, directors, contractors, consultants, advisers and any person or entity acting at the

instance of an employee of Sterling Bank and guides engagement with all stakeholders of the Bank which includes and is not limited to vendors, service providers, potential employees, Government officials, etc.

### **BEHAVIORAL CODES**

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

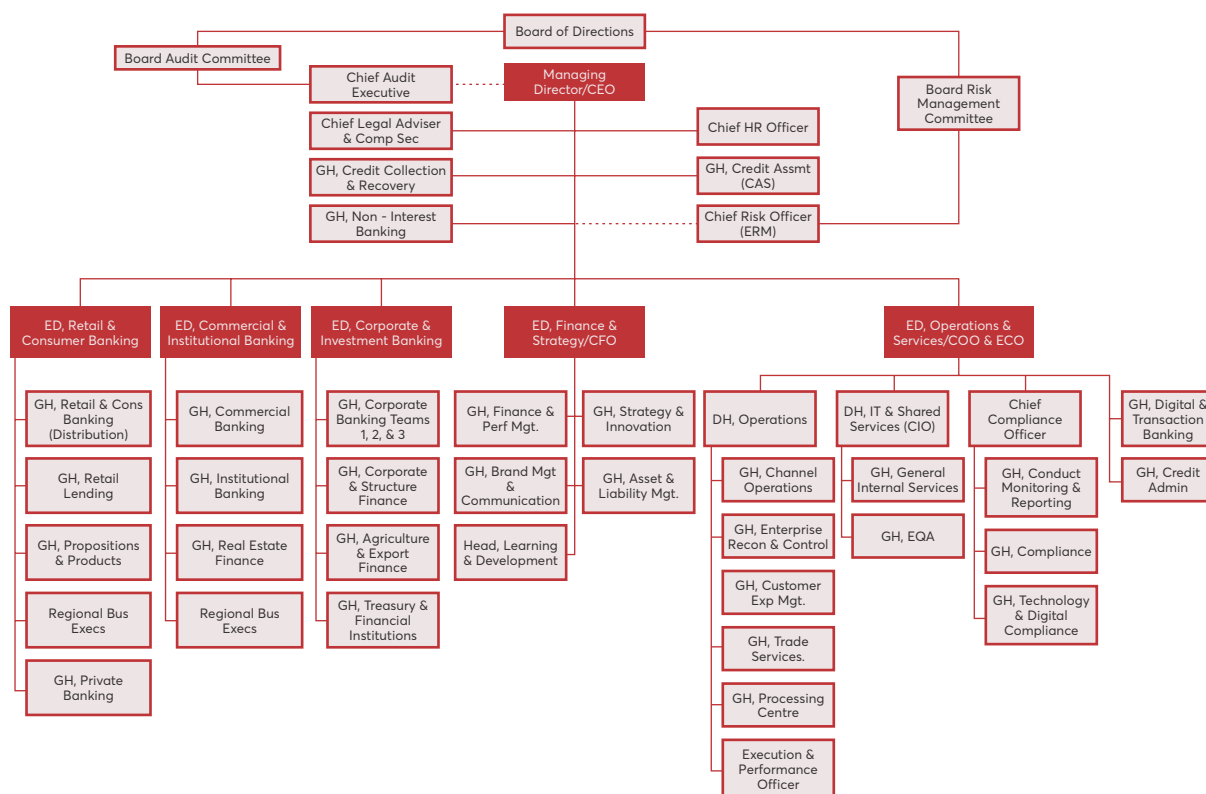
### **OUR BUSINESS FOCUS**

In a bid to effectively achieve its strategic intent amid economic uncertainties and disruptive technological changes, the Bank has also decided to adopt a culture of agility that will enable it to innovate faster with shorter time to market and drive focus on business specialization across five key sectors – Health, Education, Agriculture, Renewable Energy and Transportation.

To achieve this, huge investments will be made towards research & development, capacity building, innovation and technology upgrades among others.



## OUR ORGANIZATIONAL STRUCTURE



## OWNERSHIP & LEGAL FORM

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

Following the consolidation reforms introduced and driven by the Central Bank of Nigeria (CBN) in 2004, the Bank emerged from the consolidation of NAL Bank Plc, Indo-Nigerian Bank Limited, Magnum Trust Bank Plc, NBM Bank Limited and Trust Bank of Africa Limited. NAL Bank Plc as the surviving bank adopted a new name for the enlarged entity,

'Sterling Bank Plc'. The enlarged Bank commenced post-merger business operations on 3rd January 2006 and the Bank's shares are currently quoted on The Nigerian Stock Exchange (NSE).

In October 2011, the Bank had a business combination with Equitorial Trust Bank Limited to re-position itself to better compete in the market space. The Bank has 163 branches and cash centers as at 31st December 2017.

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



# OUR STAKEHOLDERS

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

## STAKEHOLDERS IDENTIFICATION AND ENGAGEMENT

Our success as a business depends chiefly on our ability to sustain good relations with our stakeholders. We strive to build lasting, trusting relationships through an open and productive dialogue and by considering our stakeholders' views when we make major decisions. We also seek to provide timely, reliable, and apt information about ourselves, the financial sector and the economy so that

our stakeholders have an informed basis for their views and decisions.

Our identified stakeholders can be categorised as:

- Internal Stakeholders (Employees, Shareholders)
- External Stakeholders (Customers, Suppliers, Civil Societies, NGOs, Regulators).

The table below highlights our engagement with our various stakeholders:

OUR STAKEHOLDERS	HOW WE ENGAGE	THEIR EXPECTATIONS	OUR RESPONSE
<b>Customers (Our customers are over 2.6m)</b>	• Branches	• Innovative, high quality products and services	• Award-winning Internet and mobile banking
	• Contact center	• 24/7 quality customer service	• 24/7 call contact center
	• Mobile and online banking	• Secure, accessible and easy banking	• First Call Resolution Program
	• Website	• Transparent and fair fees and charges	• Loyalty programs



OUR STAKEHOLDERS	HOW WE ENGAGE	THEIR EXPECTATIONS	OUR RESPONSE
<b>Customers</b> (Our customers are over 2.6m)	• Social media channels	• Privacy	• Code of Conduct
	• Relationship managers		• Privacy Policy
	• Customer research		• Customer Awareness and Education unit
	• Customer Complaint Unit		• Customers Segmentation
	• Customer satisfaction surveys		
<b>Employees</b> (Over 2,000 employees)	• Employee engagement survey	• Equal opportunity & fairness.	• Employee grievance policy.
	• Sterling NOVA (internal magazine)	• Employee health, safety, and wellbeing	• Safety training and inspections.
	• Training and development	• Open & two-way communication with management.	• Employee satisfaction survey.
	• Regular meetings	• Competitive salary & benefits.	• Employee Suggestions Program – "Idea Bank"
	• Annual summit	• Opportunities for training & career development.	• Sterling Bank Learning Academy.
	• HR helpdesk	• Transparent and accountable management team.	
	• Secure channels for suggestions and feedback		
	• Recognition and awards programs.		
	• Yammer (staff social media)		
	• Whistle blowing portal.		
<b>Shareholders</b>	• Annual general assembly	• Profitability and growth.	• Net income growth
	• Board of directors' meetings	• Strong, sustainable financial returns	• On-going development of the corporate governance framework.
	• Annual, semi-annual and quarterly reports	• Excellent corporate reputation.	• Strengthening of risk management capabilities
• Sound corporate governance.			

OUR STAKEHOLDERS	HOW WE ENGAGE	THEIR EXPECTATIONS	OUR RESPONSE
Shareholders	<ul style="list-style-type: none"> <li>Annual, semi-annual and quarterly reports</li> </ul>	<ul style="list-style-type: none"> <li>Transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of risk management capabilities</li> </ul>
		<ul style="list-style-type: none"> <li>Compliance with all laws and regulations.</li> </ul>	
		<ul style="list-style-type: none"> <li>Strong risk management</li> </ul>	
Regulators	<ul style="list-style-type: none"> <li>Letter, correspondences and email communications</li> </ul>	<ul style="list-style-type: none"> <li>Reduce ecological footprint</li> </ul>	<ul style="list-style-type: none"> <li>Resource efficiency initiatives</li> </ul>
	<ul style="list-style-type: none"> <li>Meetings and onsite visits</li> </ul>	<ul style="list-style-type: none"> <li>Limited use of finite resources (energy, water, and paper)</li> </ul>	<ul style="list-style-type: none"> <li>Recycling initiative</li> </ul>
	<ul style="list-style-type: none"> <li>Sustainability Champions Online Platform</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in measurement of resource consumption</li> </ul>	<ul style="list-style-type: none"> <li>Reducing printing</li> </ul>
	<ul style="list-style-type: none"> <li>Seminars and Workshops</li> </ul>	<ul style="list-style-type: none"> <li>Incorporation of environmental criteria in financed projects</li> <li>Compliance to policies and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Electronic document archiving</li> </ul>
	<ul style="list-style-type: none"> <li>Regular reporting</li> </ul>	<ul style="list-style-type: none"> <li>Reporting disclosures as per engagements</li> </ul>	<ul style="list-style-type: none"> <li>Funding of environmentally friendly products and services</li> </ul>
	<ul style="list-style-type: none"> <li>Participation in governmental initiatives and campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Delivering best banking practices.</li> </ul>	<ul style="list-style-type: none"> <li>Reporting performance for relevant disclosures such as Basel-II</li> </ul>
<ul style="list-style-type: none"> <li>Investment in customer awareness and education initiatives (financial literacy)</li> </ul>		<ul style="list-style-type: none"> <li>Seeking consultation to increase transparency and prevent non-compliance</li> </ul>	
<ul style="list-style-type: none"> <li>Consumer protection</li> <li>Alignment to the Country's National Strategy.</li> </ul>			
Suppliers	<ul style="list-style-type: none"> <li>Bidding and tendering</li> </ul>	<ul style="list-style-type: none"> <li>Supplier communications</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of procurement policy and diversity policy</li> </ul>
		<ul style="list-style-type: none"> <li>Ethical business dealings</li> </ul>	
		<ul style="list-style-type: none"> <li>Fair contract bidding and awarding processes</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of suppliers with preference to local suppliers where possible.</li> </ul>
		<ul style="list-style-type: none"> <li>Favoring local bids from local companies</li> </ul>	
		<ul style="list-style-type: none"> <li>Timely payment</li> </ul>	







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# SUSTAINABLE PRACTICES

Our focus on sustainable practices helps us to enhance how we create lasting value for our stakeholders. In addition, it gives us an informed steer on the short-, medium- and long-term risks and opportunities for all parties.

**W**e focus on the key issues that most affect our stakeholders and us, but also those over which we have direct influence, and for which there is a sound business case. Sustainability helps us generate revenue, cut costs, attract talent and future-proof our business. We strongly believe that financial risk is irrefutably inter-twined with environmental and social risks, therefore, we sought to integrate sustainable principles into our core business strategy to make our business better, wealthier and more sustainable.

We believe that financial services are significant drivers for a stable society as well as a healthy economy. Although we are a financial institution, we believe that our role goes beyond delivering monetary returns. We have an opportunity to utilize our scale of operations, reach and expertise to help society achieve long-term sustainable prosperity.

Further to our commitment to actively implement best practice in our business activities and lending operations, we are expanding the number of sectors assessed for E&S credit

analysis to include Manufacturing, Construction/Real Estate and Mining.

We assiduously manage E&S risks in our business activities in line with industry best acceptable standards and principles such as the International Finance Corporation (IFC) performance standards and other veritable tools such as the IFC exclusion list, and International Organization for Standardization (ISO) standards where relevant.

We also go a step further to monitor E&S risks associated with loans given out in key sectors to ensure positive developmental outcomes. While we experienced some challenges associated with logistics in the past on this, we are proud of our progress as a bank in this area as we believe our processes do not only facilitate value creation for stakeholders but also enhance our commitment to the environment, which we hold on to fastidiously.

Using the three pillars of sustainability, we highlight our journey on sustainable banking showcasing our victories and challenges.

## SUSTAINABILITY TARGETS AND ACHIEVEMENTS

FOCUS AREA	DESCRIPTION	2017 TARGETS	2017 ACHIEVEMENT	2018 TARGET
<b>Financial Sustainability</b>	Ensure the organization remains profitable without jeopardizing its existence in the long term	3.5% Market Share by deposits	Deposit market share of 3.1% achieved	3.8% Market Share by deposits
		Non-performing loans (NPL) ratio of <7.5%	NPL ratio of 6.5% achieved	NPL ratio of <5%
		Return on equity of above peer group average	Return on average equity of 8.6% achieved	Return on equity of above peer group average
		Deposit growth of 15% Y-o-Y	Deposit growth of 17.1% achieved	Deposit growth of 15% Y-o-Y
		Liquidity ratio >30%	Achieved liquidity ratio of 35.5%	Liquidity ratio >30%
		Double-digit revenue growth Y-o-Y	Earnings growth of 19.8% achieved	Double digit revenue growth Y-o-Y
		Capital adequacy ratio >10%	Capital adequacy ratio of 12.6% achieved	Capital adequacy >10%
		Minimum of two investment grade credit ratings	Two investment grade ratings achieved from Global Credit Rating (GCR) and DataPro	Two investment grade credit ratings
<b>Social Sustainability</b>	Ensure the organization prioritizes engagement with her employees, customers, shareholders and communities	<b>CUSTOMERS</b> Top 10 ranking in the KPMG customer satisfaction survey	Ranked 8th in KPMG customer satisfaction survey	Top 5 in 2018 in the KPMG Customer satisfaction survey
		Increase customer engagement via various channels to drive the bank's sustainability strategy	<ul style="list-style-type: none"> <li>Re-vamped our mobile banking platform application. This platform has recorded an impressive growth in the number of users.</li> <li>Increased customer base on the mobile agent platform to 1,100,000, while mobile agents have increased to 8,000.</li> <li>Refreshed the look and feel of our website to encourage easy navigation and ease of access to content by customers and stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Aspire to be the Number 1 Digital Bank in Nigeria over the next 2 years</li> <li>Increase mobile agent customer acquisition to over 1million customers.</li> </ul>

## SUSTAINABILITY TARGETS AND ACHIEVEMENTS (cont'd)

FOCUS AREA	DESCRIPTION	2017 TARGETS	2017 ACHIEVEMENT	2018 TARGET
<b>Social Sustainability</b>	Ensure the organization prioritizes engagement with her employees, customers, shareholders and communities	Conduct employee surveys to feel the pulse of the workforce	<ul style="list-style-type: none"> <li>A trust index survey was conducted by Great Place to Work, engaging various departments within the bank and outcomes from the survey are being addressed</li> <li>Organized road shows in various Regions to feel employee pulse and address issues raised.</li> </ul>	Working on a model where each group/department would have a business partner which engages with them to sup
		Establish an E-learning platform to block knowledge gaps and build capacity	Provided E-learning trainings in the form of short video clips along with the traditional E-learning platform.	<ul style="list-style-type: none"> <li>Re-vamp our E-learning training platform.</li> <li>Develop and implement additional Sustainable Banking E-learning training.</li> </ul>
		<b>SHAREHOLDERS</b> Continuous engagement with shareholders	<ul style="list-style-type: none"> <li>The Investor Relations team regularly sent updates on the bank's business to analysts and shareholders.</li> <li>Regular engagements were also held with shareholders via our social media channels to drive real time engagements.</li> </ul>	Increase engagement of shareholders/analysts via various channels to improve the Bank's fair valuation
		<b>COMMUNITIES</b> Continue to identify and invest in communities where we operate in line with our Corporate Social Responsibility (CSR) focus areas i.e., Education, Empowerment and the Environment	Impacted positively on over 10 communities across the country during the Sterling Environmental Makeover exercise. Donations were also made to the Channel for Widow Relief Initiative NGO, based in Ibadan, Oyo State for empowering the women. The MSME Academy also held in select communities like Kano and financial literacy trainings were organized for women in Kaduna under the Market Women Quick Cash scheme amongst others.	Continue to identify and invest in communities where we operate in line with our Corporate Social Responsibility (CSR) focus areas i.e., Education, Empowerment and the Environment



## SUSTAINABILITY TARGETS AND ACHIEVEMENTS (cont'd)

FOCUS AREA	DESCRIPTION	2017 TARGETS	2017 ACHIEVEMENT	2018 TARGET
Environmental Sustainability	Ensuring Sustainability in our business operations through reducing greenhouse gas emissions in our business operations and also promoting Sustainability in our sphere of influence through analysing the environmental and social impact of bank-financed projects i.e. responsible lending	<ul style="list-style-type: none"> <li>Participate in international and multi-stakeholder initiatives to drive improved standards and progress of Sustainable banking in Nigeria</li> </ul>	<ul style="list-style-type: none"> <li>Partnership with LAWMA and Wecyclers on the Bank's Waste Recycling initiative.</li> <li>Partnership with the British council to organise The Recyclart competition (Finale)</li> <li>Partnership with several organisations to organise the 2017 Sterling Environmental makeover such as Beats FM, Wecyclers, Pepsi, LAWMA etc.</li> </ul>	<ul style="list-style-type: none"> <li>Subscribe to be a member of the Equator Principles(EP) and or The United Nations Environmental Programme Finance Initiative (UNEPFI).</li> </ul>
		Incorporate energy efficiency equipment into new and already existing buildings	<ul style="list-style-type: none"> <li>Significant increase in use of alternative energy at our branches and ATMs located across the country reducing the Bank's carbon footprint.</li> <li>Completion of the on-going 45KW Hybrid Solar project at Head Office Annex, Ilupeju, Lagos</li> <li>Deployed hybrid power and renewable energy to 10 branches</li> <li>Two solar powered offsite ATMs were commissioned at Lekki Admiralty Way and Dolphin Estate</li> <li>A Power Audit has been completed in Lagos and the installations of Low Energy Consuming Appliances has been extended to several branches</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the Bank's Carbon Footprint by a minimum of 5% over the next 3 years.</li> <li>Deployment of hybrid/ renewable energy to 20 additional branches.</li> <li>Electrical load optimization in 20 additional branches.</li> </ul>
		Conduct Environmental and Social Risk Assessment for transactions under the 3 sectors of focus (Agriculture, Oil & Gas and Power)	70.83% of all approved corporate and commercial transactions under the 3 sectors of focus were screened and assessed for E&S Risk. This was an improvement from 2016 where, 60.47% of transactions were screened.	Expand the sectoral coverage of E&S Risk Assessment and analysis to cover four additional sectors: Mining, Manufacturing, Real Estate and Construction.

## ECONOMIC

### ECONOMIC PERFORMANCE

It is our responsibility to operate in a way that earns the trust of our stakeholders and creates continuing value for shareholders, customers, employees, business partners, and the society at large. This means supporting financial inclusion, sharing culpability for the ethical use of our products and services, conducting our business in accordance with national regulations and international principles for ethical behavior, as well as protecting our customers' rights.

To support the economy and inspire confidence in the financial system, we must operate a profitable business. We strive to deliver a strong financial performance for our shareholders by executing our growth strategy while maintaining a disciplined approach to financial management.

Our performance for the 2017 financial year highlights our underlying institutional strength despite the delicate operating conditions:

- Gross earnings rose by 19.8% to N133.5 billion from N111.4 billion in 2016 due to an 87.8% rise in non-interest income

- Net operating income rose by 7.9% to N61.1 billion from N56.6 billion in 2016 driven largely an increase in non-interest income
- Operating expenses increased moderately by 3.7% to N52.5 billion from N50.6 billion despite persistent inflationary pressures
- Net loans and advances increased by 27.7% to N598.1 billion, while deposits grew by 17.1% to N684.8 billion
- Total assets rose by 28.5% to N1.1 trillion, while shareholders' funds rose by 20.2% to N102.9 billion
- Overall, our Bank recorded a 65.0% rise in Profit After Tax to N8.5 billion against N5.2 billion in 2016.

### MARKET PRESENCE

Our Bank is a thriving and growing brand. We understand that strong Information, technology capacity and skill development are central to our strategy of increasing our market presence and branch network.

We aim to differentiate our brand by positioning our Bank as a Green Bank and continuously implementing environmental and social risk management framework.

### Financial Highlights (N)

TOTAL ASSETS <b>1.1tn</b> ↑ <b>28.5%</b> FROM FY 2016	LOANS & ADVANCES <b>598.1bn</b> ↑ <b>27.7%</b> FROM FY 2016	GROSS EARNINGS <b>133.5bn</b> ↑ <b>19.8%</b> FROM FY 2016	NET OPERATING INCOME <b>61.1bn</b> ↑ <b>7.9%</b> FROM FY 2016
DEPOSITS <b>684.8bn</b> ↑ <b>17.1%</b> FROM FY 2016	SHAREHOLDERS' FUNDS <b>102.9bn</b> ↑ <b>20.2%</b> FROM FY 2016	PROFIT BEFORE TAX <b>8.6bn</b> ↑ <b>43.3%</b> FROM FY 2016	PROFIT AFTER TAX <b>8.5bn</b> ↑ <b>65.0%</b> FROM FY 2016

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In 2017, 70.83% of all approved corporate and commercial transactions under the 3 sectors of focus (Agriculture, Oil & Gas and Power) were screened and assessed for E&S Risk. This was an improvement from 2016 where, 60.47% of all approved corporate and commercial transactions under the 3 sectors of focus were screened and assessed for E&S risk.

### **PROCUREMENT PRACTICES**

We believe small and medium businesses are the engine for growth in any economy. In line with our enduring support for local businesses, we continued to source our products and services from local vendors spread across the country, to meet our growing and diverse operational needs. Some of the major items sourced from vendors, suppliers and contractors during the year include office stationeries, computers and accessories, software, office furniture and equipment, office electronics, building and construction materials, electronic banking equipment, training and capacity building services and so on. The Bank sourced from SMEs to show our commitment to sustainable practices.

Most of the procurement budget of the Bank was committed to locally sourced materials procured through local suppliers. This is geared towards the effort to empower local businesses while also significantly cutting down on travel time in products sourcing and delivery. This has helped tremendously in reducing our Carbon footprint as a bank.

### **ANTI-CORRUPTION**

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

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

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

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

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

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

### **ENVIRONMENTAL**

We implement measures aimed at protecting and restoring the natural environment in which we operate through internal and external environment projects and campaigns. Our environmental sustainability drive focuses on five areas: waste disposal, waste recycling, public spaces sanitation, tree planting, and energy-saving.

While the growth in online transactions has contributed tremendously to achieving our set



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goals to ensure our banking processes are conducted in a more environmentally friendly manner, it has also presented challenges associated with continuing our journey towards reduction in our reliance on fossil fuels to power our processes. Coupled with our numerous branches nationwide, we invest considerably in fuel used for energy consumption and travel.

Our sector has traditionally been very paper-intensive as well, although more and more banks, including Sterling Bank Plc, are now shifting to online digital media and encouraging their customers to do the same. With more than 3,000 employees on the workforce, we consume a significant quantity of both electricity and water to maintain our offices and the well-being of our staff.

### **EFFLUENTS AND WASTE**

As an environmentally friendly brand, we understand that we can significantly reduce the wastes we generate through more efficient use of assets and resources. We are also committed to sustainable waste management, and this entails, among other measures, reducing the amount of wastes sent to dump sites, by adopting the principle of "Reduce, Reuse and Recycle."



*Signing of Olamide as an ambassador for STEM*

### **Sterling Environmental Make Over (STEM)**

The Sterling Environmental Makeover – Cleaning Exercise is an employee volunteering initiative that involves senior management and staff of the Bank nationwide to clean the streets of the country working with states' street sweepers.

It is one of several initiatives the Bank has embarked on to promote environmental sustainability in line with the Sustainable Development Goals. The initiative has since become a movement currently attracting corporates and celebrities who intend to be part of this good cause.

Since its inception 5 years ago in Lagos state, the Bank has successfully held the cleaning exercise in 14 states in the country with the highlight been the signing of Olamide the artist as an ambassador for STEM which connects with different socio-economic classes.

STEM is one of several initiatives the Bank has embarked on to promote environmental sustainability in line with the Sustainable Development Goals. The initiative has since become a movement currently attracting corporates and celebrities who intend to be part of this good cause.



*At the Computer village – MD Sterling Bank and ED Operations and Services with the Honourable Commissioner of Environment, Lagos state.*

Other corporate organizations have since joined the #STEM initiative. These include British Council, Megalectric, L'oreal, Daar comms, Malta Guinness, Indomie Noodles, KPMG, MTV Base, Pepsi and Wecyclers.

### Waste Management Partnership

In 2017, we extended our waste management partnership to 10 states. In accretion, we have kitted over 22 states from the previous year. The partnered states were Benue, Edo, Niger, Kogi, Kaduna, Akwa Ibom, Cross-river, Imo,

Ondo, Plateau. For the first time, the street sweeping coverage was extended to a private estate, the Lekki Phase 1 Estate in Lagos.

Sterling Bank provided branded kits for over 10,000 street sweepers as part of these partnerships.

### Recyclart Competition

In furtherance to our cleaning environmental practices; we launched a Recyclart competition where recyclable materials are used in creating sculptures and art works.

The competition serves as a means to preserve culture by empowering young artists and emerging talent nationally. Participants were required to create an original piece of art made from recycled and repurposed materials to be exhibited at a public space. The competition took place in four zones– Lagos, Ogun, Rivers and Abuja. A cash prize of One Million Naira and several other benefits in kind were awarded to each winner from the four zones.



Presentation of the sweepers uniform with the Osun state governor with the ED Commercial and Institution Banking.

**RECYCLART COMPETITION**  
Meet The **MILLIONAIRE WINNERS**

<p><b>Soiled Soil</b> It is said that there will be no rain unless we first turn out our hearts of stone. This is a sculpture made from recycled glass and stones to form the shape of a hand holding a seedling. It is a symbol of hope and growth.</p>	<p><b>Undressed Identity</b> Undressed Identity is a sculpture that represents the struggle of the Nigerian people. It is a sculpture made from recycled aluminum cans and plastic bottles, including a soft drink and a flower. It is a symbol of the struggle of the Nigerian people.</p>	<p><b>Egungun</b> Egungun is a part of the Ogun State traditional culture. It is a performance to mark the death of a person. The Egungun is a costume made from recycled materials. It is a symbol of the traditional culture of the Ogun State.</p>	<p><b>Devolution Of Power</b> Devolution of Power is an art piece that depicts the struggle of the Nigerian people. It is a sculpture made from recycled materials. It is a symbol of the struggle of the Nigerian people.</p>
<p><b>Udeh Charles</b> RIVERS</p>	<p><b>Dudu Emmanuel</b> LAGOS</p>	<p><b>Samson Ogundeji</b> OGUN</p>	<p><b>Ifedilichukwu Chibuikwe</b> ABUJA</p>

• Sterling Bank Recyclart competition winners



- The Vice president, Prof. Yemi Osinbajo at the display of the Recyclart artworks with the ED, Finance and Strategy at the African Culture & Design Festival art exhibition themed 'This is Africa'



- Mr Adegboyega Adegun, Business Executive, Corporate banking, presenting the One Million Naira cheques to winners of the Sterling Bank Recyclart competition

### Waste Recycling Initiative

As an environmentally friendly brand, we understand that we can significantly reduce the wastes we generate through more efficient use of assets and resources. We are also committed to sustainable waste management, and this entails, among other measures, reducing the amount of wastes sent to landfills, by adopting the principle of "Reduce, Reuse and Recycle."



- Assistant General Manager, Special Services, Lagos Waste Management Authority (LAWMA), Jide Onayiga; Chief Executive Officer, WECYCLERS, Olawale Adebisi; Chief Risk Officer, Ojonimi Imaji; Chief Marketing Officer, Henry Basse and Company Secretary, Justina Lewa, during the Waste Recycling Points Redemption event at the bank's headquarters in Lagos

The Bank in partnership with **Wecyclers** and **LAWMA** commenced a Waste Recycling Initiative with the aim of managing the bank's wastes in an orderly manner thereby reducing the Bank's Carbon footprint. The initiative enables the Bank to dispose its waste by separating bio-degradable waste and recyclable wastes. LAWMA disposes the bio-degradable wastes while the recyclable (Paper, Cans, Sachet, Pet etc.) are further processed from waste to wealth thereby creating additional employment for small and medium entrepreneurs. **The Bank earned 38,718 redeemable green points in one year of implementing its Waste recycling initiative.**

The Bank is one of the first financial institutions in Nigeria to adopt a sustainable approach to waste management in partnership with LAWMA and Wecyclers Ltd.

The Bank is looking at expanding the Waste recycling initiative to branches in the nearest future.



### Commemoration of the World Environmental Day

We commemorated the world environmental day where all staff members were encouraged to plant a tree and an event was organized to recognize and award several of our environmental champions. A documentary (*Nowhere to Run - Nigeria's Climate and Environmental Crisis*) was shared to educate staff on the impact our business activities can have on the environment.

### Biofil Toilet Digester

To further integrate effective waste management, we deployed a Biofil toilet digester system to one of our branches. The system works by filtering toilet waste into two compartments (Liquid and Solid) whereby the solid waste undergoes decomposition through an aerobic process using bio-enzymes.

The Digester chamber is self-sustaining and frequent dislodging is not required, thereby



The Group Head, General Internal Services, Yemi Adebomi giving out gifts to environmental champions to commemorate the World Environment Day.



A cross-section of the Environmental Champions



Biofil Toilet Digester

eliminating water and air contamination and the risk of dumping untreated waste into the environment. The Digester also reduces greenhouse gas emissions as methane is not released directly into the atmosphere.

The total waste generated by the Bank's business operations within the period, reduced by 8.22% from 1,568 tons in 2016 to 1,439 tons in 2017. Per-capita waste generated reduced by 10.42% from 438.59 kg in 2016 to 392.87 kg in 2017.

## ENERGY

In living up to our commitment to protect the environment, we work hard to reduce our Carbon footprint whenever we can. We are currently exploring ways to optimize energy consumption in our buildings and have come up with different initiatives and practices to improve our energy efficiency.

Energy continues to be the main source of our impact on the environment, thus constituting an important area in need of improvement. To reduce our electricity consumption, we have recently replaced standard light bulbs with highly efficient LED bulbs in majority of our offices. We have also carried out awareness

campaigns throughout the Bank on electricity usage. In order to minimize our fuel consumption for business travels, we are also reducing non-essential travels.

## Energy Saving Initiatives

Sterling Bank is committed to reducing greenhouse gas emissions as a result of our operations. To achieve this, the Bank continued to deploy hybrid power and renewable energy solutions to its branches. The solution was deployed to 10 branches this year, bringing the total number of branches on renewable or hybrid power solutions to 14 branches.

Two solar powered offsite ATM were commissioned at **Lekki Admiralty Way** and **Dolphin Estate** in 2017, bringing the total number of ATMs on hybrid/renewable energy to 59 ATMs locations. Solar powered branch perimeter lighting solutions have been deployed to about 80% of the Bank's network.

## Power/Energy Audit

An energy audit was conducted for all branches to ascertain the energy consumption of the branches and explore opportunities to improve energy efficiency. Results from the audit indicate that about 4% of branch energy usage



Deployment of hybrid power/ renewable energy to Aromire and Magboro branches





Top: The 45Kwh Hybrid Solar project installed at the Head Office Annex, Ilupeju, Lagos  
 Bottom: Hybrid powered Offsite ATMs at Admiralty Way, Lekki and Dolphin Estate, Lagos

is tied to cooling systems. This was addressed by converting the cooling systems at certain locations from conventional ACs to Inverter ACs.

These efforts are not without rewards as electricity consumption(Kwh) from the national grid reduced significantly by **15.77%** from 9,445,228.21 kwh in 2016 to 7,955,772.59 kwh in 2017. Diesel (litres) consumption reduced by **7.86%** from 2,617,724.39 litres in 2016 to 2,411,858.13 litres in 2017. Carbon Footprint per employee reduced by **11.21%** from 4.4 tCO<sub>2</sub>e in 2016 to 3.9 tCO<sub>2</sub>e in 2017.

Per-capita electricity consumption from the national grid reduced by **17.79%** from **2,640 kwh in 2016** to **2,170 Kwh in 2017**. while Per-capita diesel consumption reduced by **2.96%** from **678.15 litres in 2016** to **658.08 litres in 2017**.

However, as a financial services institution, the bulk of our environmental footprints is also generated through our financial intermediary role and in our dealings with third parties. We invest in, and fund projects and initiatives in diverse sectors of the economy, including Agriculture, Oil and Gas, Real Estate and Construction, Telecommunications, Mining and

the Extractive Sector, to mention but a few. All these constitute the biggest part of our overall indirect corporate footprints.

However, we understand the constraints and limitations in enforcing environmental and

social standards in third-party business concerns. Our resolve, however, is to deploy measures, in the form of moral suasion, incentives, and penalties, to influence the environmental and social compliance of our stakeholders.

**Resource consumption for the bank over the last 2 years.**

RESOURCE	2016	2017	% CHANGE
Amount spent on petrol (N)	248,277,120.00	241,705,490.90	-2.65%
Average cost per liter of petrol (N)	145.00	145.00	0%
No of liters consumed	1,712,256.00	1,666,934.42	-2.65%
Co2 emission on petrol consumed (KgCO2e)	3,958,222.2	3,853,452.3	-2.65%
Weight per liter of petrol consumed (kg)	0.71	0.71	0%
Total weight of liters of petrol consumed (kg)	1,215,701.76	1,183,523.44	-2.65%
Amount spent on diesel (N)	523,544,878.00	482,371,626.00	-7.85%
Average cost per litre of diesel (N)	200.00	200.00	0%
No of litres consumed	2,617,724.39	2,411,858.13	-7.86%
Co2 emission on diesel consumed (KgCO2e)	6,983,041.58	6,433,872.75	-7.86%
Weight per litre of diesel consumed (kg)	0.84	0.84	0%
Total weight of litres of diesel consumed (kg)	2,198,888.49	2,026,296.83	-7.85%
Amount spent on dispensed bottled water (N)	29,065,050.00	30,360,060.00	4.46%
Cost per bottle of dispensed water (N)	450.00	450.00	0%
No of litres consumed	1,227,191.00	1,281,869.20	4.46%
Weight per litre (kg)	1.00	1.00	0%
Weight of litres of water consumed (kg)	1,227,191.00	1,281,869.20	4.46%
Amount spent on paper (N)-	20,314,800.00	25,682,040.00	26.42%
Average cost per paper ream (N)	1,200.00	1,500.00	25%
No of reams consumed	16,929.00	17,121.36	1.14%
Weight per ream (kg)	2.40kg	2.40kg	0%
Weight of reams of paper consumed (kg)	40,629.60	41,091.26	1.14%
Amount spent on electricity (N)	283,356,846.30	318,230,903.60	12.31%
Average cost of electricity per KWH (N)	30.00	40.00	33.33%
No of KWH consumed	9,445,228.21	7,955,772.59	--15.77%
Co2 emission on electricity consumed (KgCO2e)	4,954,966.72	4,173,598.30	-15.77%
Total CO2 emissions on electricity, diesel and petrol consumed (KgCO2e)	15,896,230.50	14,460,923.35	-9.03%
<b>Total waste generated (kg)</b>	<b>1,568,825.23</b>	<b>1,439,880.95</b>	<b>-8.22%</b>



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## **EMISSIONS**

With over 160 locations and more than 600 vehicles in our company fleet as at December 2017, greenhouse gas (GHG) emissions remain a material topic for us. The largest share of our GHG emissions comes from our fossil fuel consumption, predominantly to power self-generated electricity, vehicular travels and air travels.

Nevertheless, we have made significant improvement in reducing our carbon footprint. Some of the initiatives and practices to reduce our carbon emission include:

- The outsourcing of pool cars from Non-market facing staff in 2017.
- The reduction in company fleet vehicles from 889 vehicles as at Q2, 2016 to 651 vehicles as at Q4, 2017.

The total GHG emitted by the Bank's business operations reduced by 9.03% from 15,896 tCO<sub>2</sub>e in 2016 to 14,461 tCO<sub>2</sub>e in 2017. Diesel consumption constituted our biggest emission point at 44% of total emission in 2017. Carbon Footprint per employee reduced by 11.21% from 4.4 tCO<sub>2</sub>e in 2016 to 3.9 tCO<sub>2</sub>e in 2017.

Further to our commitment to reduce carbon emissions from our business operations, in line with our Carbon Footprint Policy, we plan to engage relevant stakeholders to implement Carbon reduction initiatives at selected locations with the aim to reduce the Bank's Carbon footprint by 5% in 3 years.

Already, the Bank outsourced its pool cars for Non-market facing staff in 2017 to reduce emissions from trips and for costs maintenance. A partnership has been established with

Uber for Business to help meet relevant staff transportation needs.

## **SOCIAL**

### **SUPPLIER ENVIRONMENTAL ASSESSMENT**

We began the sustainability-related supplier assessments in 2016 with the integration of Environmental and Social risks considerations into our Procurement policy.

We assess our supplier's compliance in relation to environmental responsibility, labour practices and human rights in accordance with the CBN directive on screening third party suppliers for E&S risks.

Essential issues related to Environmental and Social risks assessment have been integrated into our policy to create an eco-friendlier document that demonstrates the Bank's commitment to a responsible sustainable environment.

### **LABOUR MANAGEMENT RELATIONS**

At Sterling bank, we strive for positive employee management practices across our branch network. We are committed to adherence with all applicable labour laws and regulations (covering wages, working hours and conditions of service, gender equality, fairness and equity).

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

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As with any business, restructuring is sometimes necessary. We ensure significant plans of operational changes that could impact the wellbeing of employees are communicated to them in a timely manner before the actions are taken.

### **Work-life Balance**

We have adopted the "Flexi-plan and Flexi-place" initiatives for staff to enable them to achieve a desirable work-life balance.

The Bank has also implemented a medical insurance scheme for staff with the leading Health Management Organizations (HMO) to enhance qualitative medic-care. For cases requiring immediate but mild health challenges, the Bank has also set-up a well-equipped clinic facility at the Head office annex and continued to upgrade the clinic at the Sterling Towers to address staff health developments.

### **OCCUPATIONAL HEALTH & SAFETY**

We value the health, safety and well-being of our employees and the communities we operate. In line with our commitment, we have established a Health, Safety and Environmental (HSE) Policy, to ensure our premises, facilities, systems and processes are safe. We ensure fire-fighting equipment are installed at strategic locations within our premises, while periodic fire drills are conducted to create awareness amongst staff.

In 2017, we established a Health & Wellness desk to attend to all staff health issues. We commenced several Health & Wellness programmes for staff such as;

- Office recreational facilities have also been provided at our Head Office Annex building for all staff.
- Doctor consultation channels have been provided for all
- Health Insurance scheme (HMO) to cover all staff, this scheme is borne by the bank.

*Mr Adeola having his blood glucose level checked during the health campaign*



Images from the Sterling health campaign





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## **TRAINING & EDUCATION**

We understand that our employees are our most valuable asset and competitive advantage. Consequently, we make significant investment in the development and training of our employees.

We realize that for us to retain highly trained, skilled, competent and motivated employees, we have to offer them opportunities to improve their skills and maximize their potential. In line with the Bank's policy of Learning and Development, trainings are offered in our well-equipped training centers. These are complemented by on-the-job training and via e-learning platforms.

We also offer mandatory trainings to update employees of developments in the financial services industry, including anti-money laundering and combating the financing of terrorism in banks, operational risk management, and sustainability.

A total of N177,585,894.39 was spent on training female staff during the 2017 financial year.

## **DIVERSITY & EQUAL OPPORTUNITY**

We aspire to be as diverse as our customers. The more we reflect the diversity of our customers, the better equipped we are to understand and serve them. To realize the full power of diversity, our culture of inclusion values every employee's talents. We go all-out for every Sterling Staff to be valued, included and able to perform at their best.

In line with global best practice, we have established a diversity and equality policy which promotes female representation at all levels of management and prohibits discrimi-

natory practices. The Bank actively promotes meritocracy – career advancement and the bonus structure are performance linked.

We maintain a policy which prohibits the discrimination against physically challenged persons in our recruitment, training and career development processes.

We encourage gender equality and offer equal opportunities to all personnel. Female employees represent 40 percent of our workforce while male employees make-up the remaining 60 percent as at December 31st, 2017.

Also, within the period, 49 employees made up our top management group (assistant general managers, deputy general managers and general managers), of this number, 12 were female and 37 were male, representing 32% female and 68% male. During the same period, there were 15 members in the executive management group (made up of five Executive Directors, five Non-Executive Directors, three Independent Directors, the MD/CEO and the Chairman). Of this number, four were female and eleven males, representing 27% and 73%, respectively.

## **NON-DISCRIMINATION**

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



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## **CHILD/FORCED LABOUR**

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

In line with the CBN NSBPs, Credit lines and Loan & Advances under the three sectors of focus by the CBN NSBPs (namely, Agriculture, Oil & Gas and Power sectors) are screened for social risk implications like the violation of labour laws, health and safety requirements. We are committed to developing and maintaining a structure that upholds human rights. We will continue to improve our human rights protection and resolution mechanisms.

## **WOMEN ECONOMIC EMPOWERMENT**

Sterling Bank is committed to promoting Women Economic Empowerment and fostering an organizational culture that exemplifies the Bank's deep commitment to the development and empowerment of our female employees and clients.

In a bid to provide a bespoke offering for all our female customers and clients given their unique needs, a well- rounded proposition was established in the course of the year which boasts of a bouquet of life impacting solutions catering to the health, finances, social and networking needs of the Nigerian woman among so many other benefits.

The platform seeks to support women from diverse economic backgrounds by offering discount on loan offerings, free health checks, internship opportunities, customized debit card with a multi-offering discount provision on

various services, empowerment workshops/academy, lifestyle nuggets, business needs, personal support etc.

Other initiatives the Bank invested in in 2017 to empower women include:

- Mentoring programmes bespoke for both genders (male & female) at all levels
- A child care (creche) facility and a "Flexi-plan" for nursing mothers to enable them balance work and motherhood comfortably as part of the Bank's work-life balance strategy.
- Over five million naira via our Market Women Quick Cash Initiative to empower 30 women in Kaduna State.
- Encouraged staff to adopt a medical insurance plan with Industry leading Health Management Organizations (HMO) to enhance qualitative medic-care for staff. For cases requiring immediate attention that are mild health challenges, the Bank has set up a well-equipped clinic facility at the Sterling Towers as well as the head office annex to address such emergencies.
- Female employees enjoyed free medical checks during the International Women's Day celebration while the Bank flagged-off a month-long Breast Cancer Awareness campaign.
- Donated over three million naira to Channel for Widow Relief Initiative NGO, based in Ibadan, Oyo State for empowering the women in the scheme.
- Trained over 5,000 women on financial

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literacy which was held in Kaduna and Bayelsa, while we empowered them with affordable financing.

- Sponsored a “Mamalette” event – centered around nursing mothers and pregnant women.
- Sponsored numerous initiative created by different women from different socio-economic classes such as (Mums in Business Fair, Her Own Network, and the launch of a book titled Sounds of Silence Musings written by a woman, Mrs. Ifeoma idigbe etc.)

Women Economic Empowerment will be at the bane of our business model and we remain committed to fostering a culture that promotes the development and empowerment of our female employees and clients.

In recognition of our efforts so far in this light, the Bank was awarded the Bank of The Year in Women Economic Empowerment at the 1st edition of the 2017 Nigeria Sustainable Banking Awards organized by the Central Bank of Nigeria (CBN).

**The Bank launched the 'One Woman' proposition on 8th March 2017-** an initiative focused on supporting women across various facets of life and empowering them to be the best they can be. The One-Woman value proposition comprises an array of different value-add offerings developed to meet financial, business, health, social networking and personal needs of the Nigerian woman. It provides a platform to support women across all walks of life. A dedicated website was also set up to provide wholesome content for women and equip them in their various endeavors.



*Award-winning actress, Kate Henshaw; Group Head, Corporate Banking, Mojisola Bakare; wife of the Chairman, Sterling Bank, Mrs Ifeyinwa Ighodalo; on-air personality, Tope Odigie and Marian Nwana, Strategic Marketing Group, Sterling Bank at the Sexually Confident woman event held in Lagos powered by [www.onewoman.com.ng](http://www.onewoman.com.ng)*

## FINANCIAL INCLUSION

Sterling bank further deepened its **Agency Banking Platform** by providing financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector. The number of unbanked individuals who received financial services or products for the first time increased by **2382%** from 25,038 individuals in 2016 to 621,427 individuals in 2017. While the Agent banking network increased from about 212 stationary agents in 2016 to over 6000 mobile agents in 2017. The Agency banking model is one of the National Financial Inclusion Strategic tools for taking banking to the market segment that may be unwilling to come to bank premises. Others include financial literacy for children as well as women. **The Bank was awarded the 2017 Nigeria Sustainability Banking Award for Financial Inclusion organized by SERAS -CSR Awards for Africa**

Some of the Financial literacy initiatives organized in 2017 include:

### **Sterling MSME Academy**

This capacity building programme aims at empowering women entrepreneurs and equipping small business owners on how to run a sustainable business and position them to access funding for development. We organized two MSME trainings in Kano (245 participants were trained) and Ilorin, (156 participants were trained) in 2017. Eight MSME training (8) sessions have been carried out since 2015.

### **Sterling E-Money Box**

We launched the E-Money box to encourage a savings culture amongst children. The E-Money

box is available to children that have an "I can save" account. Over 1800 E-Money boxes have been given out since its launch.

### **Financial Literacy Initiatives**

Last year, Financial literacy trainings were organized across the country by staff volunteers under the Employee Volunteer Programme. In addition, the Bank has embraced the CBN's Adopt-a-School recommendation. To this end, a total of 54 schools were visited and 7,382 students were taught the rudiments of financial literacy during the 2017 World Savings Day held on October 31st, 2017.




*Sterling MSME Training*



*Financial Literacy Seminar*





The image features a vibrant green background with a bright, glowing sun in the center. In the foreground, two stylized paper figures are holding hands. The figure on the left is a light green color, and the figure on the right is a darker green. The overall scene is bright and optimistic, symbolizing unity and environmental care.

“The greatest threat to our planet is the belief that someone else will save it.”  
– Robert Swan, Author

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# MEMBERSHIP & PARTNERSHIP

The bank actively participates in international and multi-stakeholder initiatives to drive improved standards and progress of Sustainable banking in Nigeria.

Some of the organizations the bank partnered with in 2017 include;

- Partnership with LAWMA and Wecyclers on the Bank's Waste Recycling initiative.
- Partnership with the British Council to organize "The Recyclart" competition (Finale).
- Partnership with Afrigrants, Wimbiz to launch the Sterling Bank One Woman product.
- Partnership with several organizations to organize the 2017 Sterling Environmental makeover such as Beatz FM, Wecyclers, Pepsi, LAWMA etc.
- Partnership with the Gombe, Jos and Bauchi state governments to organize the 2016 Tree planting exercise.
- The Sustainable banking team actively participated in the Quarterly CBN Sustainable Banking champions' meeting

The Sustainable banking team attended a training organized by International Finance Corporation on Environmental and Social Risk Management.

In line with global best practice and the principle 8 of the NSBPs, the Sustainable banking team is assessing some global initiatives (United Nations Environment Programme Finance Initiative (UNEPFI) and the Equator Principles (EP)) for membership/partnership.

## **CORPORATE SOCIAL INVESTMENTS**

Our Corporate Social Responsibility (CSR) investments in 2017 exceeded those of 2016. A total of N113 million Naira was expended on CSR initiatives in 2017, resulting in 132% percent increase from N48 million expended in 2016.

There has also been increased CSR participation from employees and external parties, with over 30,000 participants in 2017 compared to about 7,000 participants in 2016.

PROJECT NAME	LOCATION OF PROJECT	ACTIVITIES ORGANIZED	DATE OF EVENT	AMOUNT INVESTED (NAIRA)	NUMBER OF PARTICIPANTS INVOLVED
Free Movie Ticket	Lekki, Maryland, Ibadan, Port Harcourt	Giving out free movie tickets at 4 different locations to reward and celebrate customers during the Sterling Bank Valentine's activation #thingswedoforlove	February 13-15, 2017	2,918,000.00	150 participants
Free BRT Tickets	Sterling Cares - Free BRT Bus Tickets	Free BRT bus tickets at 3 different locations- Tafawa Balewa Square, Ikorodu and Mile 12 with approval from LAMATA (Lagos State Mass Transport Association) and Primero	February 13-15, 2017	2,918,000.00	800 Participants
One Woman launch event	Oriental Hotel, Victoria Island, Lagos	The launch of the One-woman proposition	March 8, 2017	2,500,000.00	300 Participants
Open House Lagos	British Council, Ikoyi, Lagos	Press conference, opening launch, bus tour and volunteer party	April 18-30, 2017	3,500,000.00	Over 500 Participants
Abuja Color Blast	Abuja	Press conference, color blast activation	April 29, 2017	2,800,000.00	Over 1,000 Participants
Financial Literacy	Selective Schools- Nationwide	Selection of schools across regions, children taken to different branches for excursion	May 23-27, 2016	6,700,000.00	Over 15,000 Participants
LAWMA Workers May Day	Lagos	Celebration/award of street sweepers in Lagos state	May 24, 2017	4,700,000.00	Over 10,000 Participants
Leap Africa: CEO's Forum	Lagos	The forum is a knowledge sharing platform for supporting and empowering SMEs to grow into sustainable businesses.	June 1, 2017	3,500,000.00	Over 500 Participants
Healthcare Excellence Awards 2017	Lagos	Annual Nigerian Healthcare Excellence Awards (NHEA) 2017	June 23, 2017	2,000,000.00	Over 200 Participants
Sexually Confident Woman - Self Love 2.0	Lagos	Event supported to drive women empowerment	June 25, 2017	3,000,000.00	Over 200 Participants
Sponsorship of Lagos @ 50 Event	Lagos	Event organized in celebration of Lagos @ 50	June 1, 2017	5,000,000.00	Over 200 Participants
Sponsorship of Kb Klub	Lagos	Event supported to promote youth empowerment	July 14, 2017	200,000.00	Over 200 Participants
Sterling Environmental Makeover	Computer Village, Ikeja	Skate and clean activation, press conference, STEM activation	August 12, 2017	14,840,000.00	Over 1000 Participants



PROJECT NAME	LOCATION OF PROJECT	ACTIVITIES ORGANIZED	DATE OF EVENT	AMOUNT INVESTED (NAIRA)	NUMBER OF PARTICIPANTS INVOLVED
Commissioning of Igbosere High Court Library	Lagos Island	Commissioning event	September 18, 2017	50,000,000.00	Over 100 Participants
CFA Women Society	Civic Centre	Women in Investment and Management Initiative and 2017 Charter Award Ceremony	November 10, 2017	3,000,000.00	Over 200 Participants
Recyclart Competition	British Council	Official unveiling of miniature art pieces made from recycled materials	November 16, 2017	1,200,000.00	Over 200 Participants
Mums in Business Fair	Kings' College Annex	A seminar and a business fair for existing and emerging mothers	November 25-26, 2017	2,500,000.00	Over 300 Participants
Africa Culture and Design Festival	Balmoral Hall, Federal Palace VI	A weeklong festival promoting renowned artistes and showcasing their best work	November 10-11, 2017	12,500,000.00	Over 500 participants
Sponsorship of Ake Books & Art Festival	Abeokuta, Ogun State	The Ake festival	November 14-18, 2017	6,000,000.00	400 Participants
Book Launch - Sounds from Silence Musings	Lagos	Official launch of the book - Sounds from Silence Musings	November 17, 2017	2,000,000.00	Over 100 Participants
Transport Event Abuja	Abuja	Official launch of the bank's transport desk	October 23, 2017	1,500,000.00	Over 500 Participants
Transport event Uyo	Akwa-Ibom	Official launch of the bank's transport desk with focus on Uyo	November 2017	500,000.00	Over 500 participants
				<b>133,776,000.00</b>	

### Investments in Agriculture

In line with our corporate objectives, Sterling Bank invested heavily in agricultural projects in various communities across the country. These investments ranged from poultry to piggery and rice farming. Priority was given to providing financing to small holder farmers under the Anchor Borrowers Programme sponsored by the Central Bank of Nigeria. So far, five

thousand farmers have received loans from the Bank under the Programme.

*The Bank was awarded the Agricultural Bank of the Year at the 2017 Nigeria Agricultural Awards(NAA), and the Best Bank in Support for Agriculture at the 2017 Business Day Banking Awards.*

# EXTERNAL ASSURANCE REPORT

At Sterling Bank Plc., we strive to be frontrunners in transparency and in ensuring that our stakeholders have a reasonable level of confidence in the credibility of our continuing efforts to embed sustainability into our 'core purpose'.

**T**o achieve this, we have selected specific sustainability activities which were performed during the year under review - 2017 and have engaged a third party to provide an attestation to the assertions (occurrence, existence, validity) of these activities as disclosed in our Sustainability Report.

This process is in line with requirements of Principle 9 of the Central Bank of Nigeria's Sustainable Banking Principles (NSBP) and global best practices as set out by the Global Reporting Initiative (GRI) standards. It also provides our stakeholders with information

that confirms that our internal and external sustainability systems are functioning effectively and in line with our overall sustainability strategy to consciously incorporate Environmental and Social Sustainability into our business strategies, operations and engagements.

Below are identified indicators we have selected for assurance. We have also disclosed on the definitions, scope, criteria and boundaries established for each one of the indicators - all of which is referred to as our "Reporting Criteria":

INDICATOR	REPORTING CRITERIA	SUSTAINABILITY REPORT
<b>SOCIAL</b>		
Increased customer engagement via various channels to drive the Bank's sustainability strategy	The existence and functionality of our customer engagement mechanisms listed below: 1. Social Media 2. 24/7 Call Centre 3. Whistleblowing Portal 4. Complaints Management and reporting to CBN	<b>Stakeholders Identification and Engagement:</b> Customer engagement
Established internal communications within the Bank	Internal engagement with our employees which include dissemination of health & wellness tips and employee welfare programs.	<b>Labour Management Relations</b>

INDICATOR	REPORTING CRITERIA	SUSTAINABILITY REPORT
Regular employee surveys to feel the pulse of the workforce	Culture survey carried out by a third party – Good Place to Work.	<b>Sustainable Practices:</b> Sustainability Targets and Achievements
Investment in Communities	Community investment initiatives and value reported in 2017.	<b>Corporate Social Investments</b>
Financial Inclusion through innovative products (Agency Banking Platform)	Bank's agency Banking Platform – BankOne and the number of mobile Agents registered for the year 2017.	<b>Financial Inclusion</b>
Employee welfare packages such as flexi-time etc.	Initiatives implemented to improve the welfare of our staff: 1. Gym facilities; 2. Staff Clinic and Wellness Checks; 3. Flexi Time Policy.	<b>Occupational Health &amp; Safety (1&amp;2); Labour Management Relations:</b> Work-life balance (3)
<b>ENVIRONMENTAL</b>		
Continued partnership with LAWMA and its equivalent in other states of the federation	Partnerships with Lagos, Ondo and Cross River States respectively; and the donation of branded Kits & equipment to the Ogun State street sweepers and Kwara State highway managers.	<b>Effluents and Waste:</b> Waste Management Partnership
Align credit processes to the sustainability principles via investment in environmentally friendly projects (ESMS Assessment)	Compliance of our E&S Risk management system to the requirements set in our Risk Strategy and its alignment to the IFC's performance standards.	<b>Sustainable Practices</b>
Implementing the Bank's Carbon Footprint Reduction Policy	The existence of the following carbon reduction initiatives implemented by in 2017: 1. <b>Waste treatment solution for the Bank's Martin Street Branch and HQ Annex:</b> – A toilet digester system which reduces frequent dislodging of waste by treating toilet waste with bio-enzymes. 2. <b>Uber for Business:</b> The outsourcing of pool cars from Non-market facing staff in 2017 to reduce emissions from trips and costs maintenance.	<b>Biofil Toilet Digester (1) Emissions (2)</b>
Practical reduction of electricity consumption and diesel usage	Reduction in resource consumption across our energy sources: Diesel and National Grid.	<b>Energy:</b> Power/energy audit
Eco-friendly disposal of waste using Recycling companies	Waste categorization and pick up performed by a third party - Wecyclers Limited	<b>Effluents and Waste:</b> Waste Recycling Initiative

We refer to this information as the "Selected Sustainability Information for Limited Assurance" which is also referred to as the "Selected Sustainability Information".





## *Independent Assurance Report on Selected Sustainability Information to the Directors of Sterling Bank Plc for the year ended 31 December 2017*

### **Introduction**

We have been engaged by the Directors of Sterling Bank Plc. (the “Bank”) to provide an independent limited assurance in respect of “Selected Sustainability Information” disclosed in the Assurance Section of the Bank’s Sustainability Report for the year ended 2017 (the “Report”). This report is produced in accordance with the terms of our contract with the Bank dated 25 January 2018.

### **Independence, Quality Control and Expertise**

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multi-disciplinary team of social, governance, economic, environmental, SDGs and assurance specialists with extensive experience in sustainability reporting.

### **Responsibilities of the Directors of Sterling Bank Plc.**

The Directors are responsible for selection, preparation and presentation of the “Selected Sustainability Information” in accordance with selected objective guidelines, collectively referred to as the “Reporting Criteria”.

The Directors are also responsible for designing, implementing and maintaining internal controls, as they determine necessary, to enable the preparation of the “Selected Sustainability Information” that are free from material misstatements, whether due to fraud or error.

### **Our Responsibility**

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Selected Sustainability Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including the conclusion, has been prepared solely for the Directors of the Bank as a body, to assist them in reporting on the Bank’s sustainable development performance and activities.

### **Scope and Subject Matter**

The subject matter of our engagement and the related level of assurance that we are required to provide are as follows:

We refer to the Sustainability Assurance section contained in **section 6.0** of Sterling Bank’s 2017 Sustainability Report where Indicators, activities and Sustainability report references have been captured on “Selected Sustainability Information” as well as the Reporting Criteria against which limited assurance was performed.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report 2017 and, therefore, do not express any conclusion thereon. We have not performed work in respect of future projections and targets.



### **Assurance work performed**

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the Selected Sustainability Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the “Selected Sustainability Information”. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Sustainability Information.

Our limited assurance procedures primarily comprised of:

- *Discussions with the Bank’s staff primarily responsible for matters on sustainability;*
- *Interviews with primary process owners (key management staff) across departments including Sustainable banking, Strategy, Human Resources, GIS and IT;*
- *A study of the key controls put in place by the management;*
- *Reviewing documented policies, reports and supporting information for relevant management assertions;*
- *Examining the sustainability report in relation to the findings from our assurance engagement and providing recommendations for improvements.*

The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the “Selected Sustainability Information”, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Bank’s preparation of the “Selected Sustainability Information” in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Inherent limitations**

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

### **Conclusion**

On the selected key performance indicators on which we are required to express limited assurance, based on the results of our limited assurance procedures, we have not identified significant issues that causes to believe that the “Selected Sustainability Information” for the year ended 31 December 2017 have not been fairly presented in accordance with the Reporting Criteria.

### **Restricted Use and Distribution**

We permit the disclosure of this Report for the year ended 31 December 2017, to enable the Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Report. To the fullest extent permitted by law, we do not accept or



assume responsibility to anyone other than the Directors and the Bank for our work or this report, except where the terms are expressly agreed and with our prior consent in writing.

The Directors are also responsible for the maintenance and integrity of the Bank's website. Our procedures did not involve consideration of these matters and accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may occur when uploaded on the website.

A handwritten signature in blue ink, appearing to read 'Sam Abu', is written over a faint, light blue circular watermark or stamp.

For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria

29 March 2018

Engagement Partner: Sam Abu  
FRC/2013/ICAN/0000001495



# GRI STANDARDS CONTEXT INDEX DATA TABLE

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)
<p>Sterling Bank's Sustainability Report has been prepared in accordance with GRI Standards; Core option (GRI 102-54); and GRI content index (GRI 102-54)</p> <p><b>GENERAL DISCLOSURE</b></p> <p>GRI 102: Organizational Profile</p>	<p>102-1: Sterling Bank</p> <p>102-2: Business Focus</p> <p>102-3: Contact Information</p> <p>102-4: Business Focus</p> <p>102-5: Financial Inclusion</p> <p>102-6: Our Corporate Profile Governance, Ownership &amp; Structure</p> <p>102-7: Market Presence</p> <p>102-8: Employment and Labor Relations</p> <p>102-13: About this Report</p>	<p>Cover Page</p> <p>38</p> <p>87</p> <p>38</p> <p>71</p> <p>28</p> <p>40</p> <p>49</p> <p>64</p> <p>4 - 5</p>
GRI 102: Strategy	<p>102-14: Chairman's Statement</p> <p>GMD/CEO's Statement</p>	<p>12-17</p> <p>18-26</p>
GRI 102: Ethics and Integrity	<p>102-16: Our Corporate Profile</p> <p>102-17: Ethics and Integrity</p>	<p>28</p> <p>31</p>
GRI 102: Governance	<p>102-18: Organizational Structure</p> <p>102-20: E&amp;S Governance</p> <p>102-20: Board of Directors and Board Structure</p>	<p>39</p> <p>33</p> <p>33</p>
GRI 102: Stakeholders Engagement	<p>102-40: Our Stakeholders</p> <p>102-42: Stakeholders' Mapping</p> <p>102-43: Engagement with stakeholders</p> <p>102-44: Stakeholders' key issues and concerns</p>	<p>40</p> <p>40</p> <p>40</p> <p>40</p>
GRI 102: Reporting Practice	<p>102-45: Business Focus</p> <p>102-46: About this Report</p> <p>102-47: Executive Summary</p> <p>102-48: Restatements of information</p> <p>102-49: Changes in reporting</p> <p>102-50: Reporting period</p> <p>102-51: About this Report</p> <p>102-52: Reporting cycle</p> <p>102-53: Contact Information</p> <p>102-55: Sterling Bank GRI content index</p>	<p>38</p> <p>4-5</p> <p>7-8</p> <p>There are no restatements of information</p> <p>There are no changes in reporting periods</p> <p>January 1 to December 31, 2017</p> <p>4-5</p> <p>Annual</p> <p>87</p> <p>82</p>

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)
<b>GRI 200 ECONOMIC STANDARD SERIES</b>		
Economic Performance GRI 103: Management Approach	103-1: Economic performance 103-3: Financial scorecard	48 44-45
Procurement Practices GRI 103: Management Approach GRI 204: Procurement practices	103-1: Procurement Practices 204-1: Procurement Practices	49 49
Anti-corruption GRI 103: Management Approach	103-1: Anti-corruption 103-2: Anti-corruption 103-3: Anti-corruption	50 50 50
GRI 205: Anticorruption	205-2: Anti-corruption	50
<b>GRI 300 ENVIRONMENTAL STANDARDS SERIES</b>		
Energy GRI 103: Management Approach	103-1: Energy 103-2: Energy 103-3: Energy	60 60 60
GRI 302: Energy Emissions	302-1: Consumption within the organization	60
GRI 103: Management Approach	103-1: Emissions 103-2: Emissions 103-3: Emissions	63 63 63
GRI 305: Emissions Effluents and Waste	305-1: Direct GHG Emissions	63
GRI 103: Management Approach	103-1: Effluents and waste 103-2: Effluents and waste 103-3: Effluents and waste	51 51 51
<b>GRI 400 SOCIAL STANDARDS SERIES</b>		
Employment GRI 103: Management Approach	103-1: Employment 103-2: Employment 103-3: Employment	10 10 10
Labour/ Management Relations GRI 103: Management Approach	103-1: Labour and management relations 103-1: Labour and management relations	64 64
GRI 402: Labour and management relations Occupational Health and Safety	402-1: Labour and management relations	64
GRI 103: Management Approach	103-1: Occupational Health and Safety 103-3: Occupational Health and Safety	65 65

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)
Training and Education GRI 103: Management Approach	103-1: Training and development 103-2: Training and development 103-3: Training and development	41 41 41
GRI 404: Training and Education Diversity and Equal Opportunity	404-1: Training and development	41
GRI 103: Management Approach	103-1: Diversity and Equal Opportunity 103-2: Diversity and Equal Opportunity 103-3: Diversity and Equal Opportunity	67 67 67
GRI 405: Diversity and Equal Opportunity Non-Discrimination	405-1: Diversity and Equal Opportunity	67
GRI 103: Management Approach	103-1: Non Discrimination 103-2: Non Discrimination 103-3: Non Discrimination	68 68 68
GRI 405: Diversity and Equal Opportunity Child/Forced Labour	405-1: Non Discrimination	68
GRI 103: Management Approach	103-1: Child/Forced Labour 103-3: Child/Forced Labour	68 68
GRI 406: Child/Forced Labour Women Empowerment	406-1: Child/Forced Labour  Women Empowerment	68  69
<b>FINANCIAL SERVICES SECTOR SPECIFIC</b>		
Audit Management Approach	Audit	91
<b>THE NIGERIAN SUSTAINABLE BANKING PRINCIPLES</b>		
Principle 1:	Our Business Activities: Environmental and Social Risk Management	88
Principle 2:	Our Business Operations: Environmental and Social Footprint	89
Principle 3:	Human Rights	90
Principle 4:	Women's Economic Empowerment	90
Principle 5:	Financial Inclusion	91
Principle 6:	E & S Governance	91
Principle 7:	Capacity Building	91
Principle 8:	Collaborative Partnership	92
Principle 9:	Reporting	92

## THE NIGERIAN SUSTAINABLE BANKING PRINCIPLES

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

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

NSBP PRINCIPLES	EXPECTATIONS	OUR PROGRESS
<p><b>Principle 1:</b>  <b>Our Business Activities:</b>  <b>Environmental and Social Risk Management</b></p>	<p>To integrate environmental and social considerations into decision-making processes relating to Business Activities to avoid, minimize or offset negative impacts.</p>	<p>At Sterling Bank, we have established an Environment and Social Risks Management System (ESRMS) to effectively manage (avoid, minimize and mitigate) the E&amp;S risk impact of credit transactions within 3 sectors of the economy (Agriculture, Oil &amp; Gas and Power). The ESRMS of the Bank is based on the IFC (International Finance Corporation) Performance Standards and the CBN NSBPs and Sectorial Guidelines.</p> <p>In 2017, 70.83% of all approved corporate and commercial transactions under the 3 sectors of focus (Agriculture, Oil &amp; Gas and Power) valued at N48.721 Billion were screened and assessed for E&amp;S Risk. This is an improvement from 2016 where, 60.47% of all approved corporate and commercial transactions under the 3 sectors of focus valued at N 21.560 Billion were screened and assessed for E&amp;S risk.</p> <p>In Q1 2018, We plan to expand our E&amp;S risk sectorial review to cover three (3) additional sectors; Real Estate (Construction), Mining and Manufacturing in line with the proposed CBN NSBPs implementation plan for 2018.</p> <p>In line with CBN directives on E&amp;S risk performance monitoring on customers and in compliance with the ESRMS, the Bank Commenced E&amp;S risk monitoring on the 1st of May 2016. A total of 32 E&amp;S risk field compliance monitoring visits have been conducted in 2016 and 2017.</p>
<p><b>Principle 2: Our Business Operations:</b>  <b>Environmental and Social Footprint</b></p>	<p>To avoid, minimize or offset the negative impacts of our Business Operations on the environment and local communities in which we operate and where possible, promote positive impacts.</p>	<p>In 2017, Sterling Bank carried out its operations from 162 branches, 17 cash offices, 4 Archive offices, the Head Office at Sterling Towers, 20 Marina, and the Head Office Annex, Ilupeju.</p> <p>In a bid to considerably reduce our carbon footprint, Sterling bank implemented several energy efficiency initiatives (e.g. commissioning a CNG plant installation at the Sterling Towers, commissioning of a 45Kwh Hybrid Solar project at the Head office annex, Ilupeju, deployment of offsite solar powered ATMs Solar energy, Rightsizing and downsizing of Generators and energy outsourcing at several branch locations).</p> <p>During the year, diesel consumption dropped by 7.85% from 2,617,724.39ltrs in 2016 to 2,412,258.13 in 2017. While grid electricity consumed declined by 16.52% from 9,445,228.21 kwh in 2016 to 7,885,199.59kwh in 2017, this led to a 15.77% decline in Carbon emissions from Electricity consumption. Petrol consumption from company fleet also dropped by 2.65% from 1,712,256.00ltrs in 2016 to 1,666,934.42ltrs in 2017.</p>



NSBP PRINCIPLES	EXPECTATIONS	OUR PROGRESS
<p><b>Principle 2: Our Business Operations: Environmental and Social Footprint</b></p>	<p>To avoid, minimize or offset the negative impacts of our Business Operations on the environment and local communities in which we operate and where possible, promote positive impacts.</p>	<p>The total GHG emitted by the Bank's business operations reduced by 9.02% from 15,896 tCO<sub>2</sub>e in 2016 to 14,460 tCO<sub>2</sub>e in 2017. Diesel consumption constituted our biggest emission point at 44% of total emission in 2017. Carbon Footprint per employee reduced by 11.21% from 4.4 tCO<sub>2</sub>e in 2016 to 3.9 tCO<sub>2</sub>e in 2017.</p> <p>Paper consumption per ream of A4 paper increased marginally by 1.14% from 40,629.60kg in 2016 to 41,091.26kg in 2017. This can be attributed to the increase in staff strength, from 3577 core and outsourced staff in 2016 to 3665 in 2017.</p> <p>Drinking water consumption from water dispensers at our offices increased marginally by 4.5%, from 29,065,050ltrs in 2016 to 30,360,060ltrs in 2017, which can also be attributed to an increase in staff strength and customer base.</p> <p>Our Procurement policy for screening third party suppliers and vendors has been reviewed to integrate essential issues regarding Environmental and Social risks to create an eco-friendlier document that demonstrates the Bank's commitment to a responsible procurement.</p> <p>We are intensifying our on-going paper reduction initiatives especially at locations with a greater number of staff, through the deployment of centralized Printers and Copiers and promote document sharing and collaboration using office 365.</p> <p>Sterling bank is one of the first financial institutions in Nigeria to adopt a sustainable approach to waste management in partnership with LAWMA and Wecyclers Ltd, we commenced a Waste Recycling program at our Head Office, Sterling Towers, Marina. Lagos on the 1st of November 2016. We have recycled a total of 7515.2kg of waste from November 2016 to December 2017. We also partnered with Wecyclers during our annual Sterling Environmental Makeover (STEM) event of 12th August 2017, collecting about 100 kg of recyclable waste. We plan to extend the Waste recycling initiative to more office locations in the nearest future.</p> <p>We also established the Recyclart competition in 2017, where recyclable materials/wastes are used to form Art. We also deployed a Bio-fill digester system at one of our branch locations and organized an event to recognize our environmental champions on June 5th, 2017, World Environmental day. Our Corporate Social Responsibility (CSR) investments in 2017 exceeded those of 2016. A total of N113 million Naira was expended on CSR initiatives in 2017, resulting in 132% percent increase from N48 million expended in 2016.</p> <p>There has also been increased CSR participation from employees and external parties, with over 30,000 participants in 2017 compared to about 7,000 participants in 2016.</p>
<p><b>Principle 3: Human Rights</b></p>	<p>To respect human rights in our Business Operations and Business Activities</p>	<p>Sterling Bank is committed to protecting and upholding human rights by adopting all internationally recognized standards and practices such as United Nations Declaration on Human Rights, and other International treaties to which the Nigeria is signatory, including ensuring compliance with the local labour laws. As an equal employer of labour, Sterling Bank does not allow any form of discrimination on the basis of race, color, religion, gender, disability or marital status in its workforce and its relations with external parties.</p>

NSBP PRINCIPLES	EXPECTATIONS	OUR PROGRESS
<p><b>Principle 3: Human Rights</b></p>	<p>To respect human rights in our Business Operations and Business Activities</p>	<p>We have in place our Code of Conduct, Diversity and Equality policy and a Human rights policy with clearly laid down guidelines on how employees are expected to relate among themselves and with other stakeholders within our business operations.</p> <p>As at December 2017, ethnicity breakdown for core staff stood at 53% Yoruba, 18% Igbo, 4% Hausa and 25% Other ethnic groups, with one physically challenged staff in our workforce. We also commenced the provision of a Health Insurance Scheme(HMO) to cover all core staff, we plan to extend this initiative across our outsourced employees. An anonymous and confidential grievance redress mechanism to address genuine cases of bullying, fraud, sexual harassment, intimidation and community grievances has been established, complaints can be sent to: whistleblowing@sterlingbankng.com or customercare@sterlingbankng.com.</p> <p>42,541 customer complaints were resolved via the Bank's Contact center compliant resolution mechanism, and 2 cases were investigated on the anonymous Whistle blowing platform in 2017.</p>
<p><b>Principle 4: Women's Economic Empowerment</b></p>	<p>To promote women's economic empowerment through a gender-inclusive workplace culture in our Business Operations and seek to provide products and services designed specifically for women through our Business Activities</p>	<p>Sterling Bank promotes a gender-inclusive workplace culture. In our business operations, we seek to provide products and services designed specifically for women and promote female empowerment.</p> <p>As at December 2017, female representation on the Board of Directors was at 26.67%, while the ratio of women to men in the bank stood at 41% to 59% respectively. We have developed several female oriented products such as the Women in Business (WIMBIZ) and the Market Women's Quick Cash Scheme. We launched our signature female oriented product called The One-Woman in 2017.</p> <p>The number of individual loans made to women increased by 26% from 484 individual loans in 2016 to 609 loans in 2017. Sterling Bank has implemented a gender inclusive mentoring scheme through our SGAP and SMAP schemes, which identifies outstanding staff and nurtures them for potential leadership positions.</p> <p>In 2017, Sterling Bank spent over 170 million naira on capacity building for female employees. We have a creche facility for nursing mothers with a capacity to manage 20 children at our Head office location. We encourage our nursing mothers to take advantage of our flexi-time and flexi-place schemes and allow early closure, three months after resuming from maternity leave.</p>
<p><b>Principle 5: Financial Inclusion</b></p>	<p>To promote financial inclusion seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.</p>	<p>Sterling Bank has taken a leadership position with reference to financial inclusion in the country. We have established our financial inclusion policy and are one of the foremost banks to launch the Agent Banking model to target the unbanked/under banked individuals. We also obtained our non-interest banking license and have commenced operations with a view to include the financially excluded and enhance the socio-economic situation in the country.</p> <p>The number of unbanked individuals who received financial services or products for the first time increased from 25,038 individuals in 2016 to 621,427 individuals in 2017. While the Agent banking network increased from 212 stationary agents in 2016 to over 6000 mobile agents in 2017.</p>

NSBP PRINCIPLES	EXPECTATIONS	OUR PROGRESS
<b>Principle 5: Financial Inclusion</b>	To promote financial inclusion seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.	The Sterling I Can Save account along with our E-money box provides financial literacy opportunities for children at an early age. The Sterling Kia Kia account provides a simple and streamlined account opening process for unbanked/under banked individuals. We are also focused on providing support for SMEs and small-scale businesses through our MSME Academy, two sessions were organized in 2017, 245 customers trained in Kano and 156 customers trained in Ilorin. We also organized a Zero-to-Export training for our prospective and existing customers.
<b>Principle 6: E &amp; S Governance</b>	To implement robust and transparent E & S governance practices in our respective institutions and assess the E & S governance practices of our clients	<p>Sterling Bank has in place an E &amp; S governance structure that supports its sustainable banking policies and practices. We have established Policies, Frameworks and a Standard Operating Manual which clearly defines the roles, lines of responsibility, and processes for assessing, categorizing and managing environmental and social risks inherent in our operations.</p> <p>During the year 2017, We conducted an internal audit assessment of our processes and procedures, of which identified gaps are being addressed.</p> <p>In line with International best practice, Sterling Bank engaged PricewaterhouseCoopers (PWC) to provide a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 on selected sustainability information in our annual report for the period ended 2016.</p>
<b>Principle 7: Capacity Building</b>	To develop individual, institutional and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our Business activities and operations.	<p>At Sterling Bank, we are committed to capacity building and investing in the Knowledge base and competence of our staff on sustainability issues. We have established a dedicated Sustainable Banking Working group, made up of members of various strategic units who have attended sessions on Sustainable banking. The Sustainability team liaises with relevant departments such as Human Resources and Branding and Communications to engage internal and external stakeholders in a bid to create awareness on the NSBPs and to also communicate potential opportunities in the implementation of ESRMS through various capacity building sessions, meetings and articles.</p> <p>In 2017, a total of fifteen (15) training sessions and 8 Sustainability sensitization articles were organized, involving all cadres of staff from entry level to executive management level.</p>
<b>Principle 8: Collaborative Partnership</b>	To collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one, ensuring our approach is consistent with international standards and Nigerian development needs.	<p>As part of our efforts to promote sustainability practices within the Nigerian financial services sector, we have collaborated with several local and international organizations to support sustainability initiatives.</p> <p>In 2017, we partnered with LAWMA and Wecyclers on our Waste Recycling Initiative, British council to organise our Recyclart competition, Afrigant and Wimbiz to launch our Sterling One-Woman product, several state governments on Kitting Street Sweepers and organizing our Sterling Environmental Makeover to name a few.</p> <p>Sterling Bank is actively represented at the NSBPs Industry Sustainability Champions Forum.</p> <p>We are currently apprising relevant multilateral Environmental focused agencies to play an active role e.g. Equator Principles, United Nations Environment Programme Finance Initiative (UNEP FI) etc.</p>

NSBP PRINCIPLES	EXPECTATIONS	OUR PROGRESS
<p><b>Principle 9: Reporting</b></p>	<p>To regularly review and report on our progress in meeting these Principles at the individual institution and sector level.</p>	<p>Sterling Bank is committed to rendering a transparent Sustainability progress report to relevant internal and external stakeholders.</p> <p>We have established a Sustainability Reporting Portal to aid the monitoring and reporting of sustainability metrics across our business operations.</p> <p>We published our first Stand-alone Sustainability Report in 2015 using the Global Reporting Initiative (GRI G3) principles and guidelines. In line with CBN requirements on NSBPs reporting, we report twice yearly to the CBN on our NSBPs implementation progress.</p> <p>We will continue to adequately inform our stakeholders on our progress with reference to our commitment to the sustainability principles.</p>



# CONTACT INFORMATION

For Questions regarding the content  
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