



FCMB GROUP PLC
RC No: 1079631

Sustainability Report FY 2022



ARA 2022 Sustainability Report - Purposeful Impact with Innovation.

Sustainability at FCMB Group Plc.

Our commitment to a greater purpose beyond financial returns drives sustainable progress at FCMB Group. We firmly believe we can only prosper when people in our local communities thrive, and the environment is protected and preserved for future generations.

We recognise the need for urgent action against climate change, social and economic exclusion, and lack of opportunities by creating and supporting an ecosystem of changemakers rooted in Africa, connecting people, capital, and markets.

Despite the challenges of the past year, which include rampaging floods across many states, the global cost of living and the energy crisis caused by the Russia-Ukraine war, lingering COVID-19 woes, and gruesome inflation in 2022, we delivered a strong environmental, social, and corporate governance scorecard.

This report highlights how we use innovation to serve people and businesses in alignment with the Global Sustainable Development Goals (SDGs) and regulatory disclosure guidelines through our activities and business platforms.

Our Business Operations – Environmental and Social Risk Managament



FCMB continues to improve its lending processes to meet Global Best Practices in Social and Environmental Risk Management (SERM). The Bank incorporated additional and emerging environmental and social risks, including Gender-Based Violence and Harassment, Climate Risk, Circular Economy, and Environmental strategy, into its Environmental and Social (E&S) policy and procedure.

Through its Social and Environmental Management System (SEMS), the Bank screens, categorizes, appraises, and performs necessary due diligence on all loans granted to its Retail, Business and Corporate Banking customers.

In our business activities, we continue to identify mainstream Climate Risk, ensuring financial flows to sustainable development priorities align with the Task Force on Climate-Related Financial Disclosures (TFCD)s. To align with Communication of Progress-COP 26 goals and Nationally Determined Contributions (NDCs) of Nigeria and meet the Climate Actions – SDG 13, FCMB continues to extend its support to greener businesses, i.e., in renewable energy and energy efficiency spaces, Agriculture, and Technology to build a green portfolio and drive a low carbon economy towards being a net zero financial institution. We pursue these by collaborating and partnering with Multilateral Financial Institutions (MFIs) and Development Finance Institutions (DFIs) like - PROPARCO, Mastercard, the African Development Bank and International Finance Corporation.



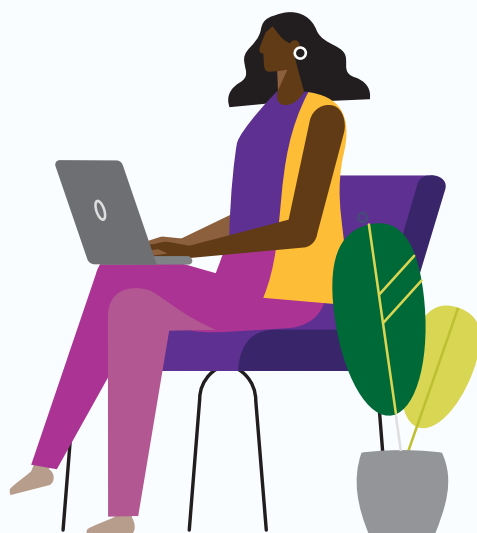
Our Business Operations – Environmental and Social Footprint



FCMB continues to push the border of innovation, making work-life balance as rewarding as possible and creating a conducive working environment.

Some of our landmark achievements in 2022 include the following:

- Successfully hosted the 9th Annual General Meeting (AGM) online and streamed it live to shareholders and stakeholders via social channels.
- We upgraded our Flexible and Smart work policy resulting in 60% of our workforce working remotely. This, in turn, resulted in a reduction in CO2 emissions and diesel consumption, as shown in the Energy Efficiency Audit carried out at the Head Office and Annexes.
- Regarding employee wellness and care, HR policies were upgraded to ensure employees have access to a comprehensive health plan with competitive compensation while providing a robust performance-driven reward system.



- Improved communication by consistently sharing our vision, goals, performance data, challenges, risks and stakeholder feedback to build trust and encourage transparency between the Bank's Management and Employees.
- Encouraged career growth through the revamp of the Career Management Framework.
- Kicked off various Graduate Trainee Programs to attract the best talents with defined career paths in the Bank:
 - ▶ 42 graduates participated in the Executive Trainee Programme.
 - ▶ FCMB organized a boot camp for developers with few years of experience in coding to join the Technology Division. The Bootcamp will be an annual event.
 - ▶ 10 graduates were onboarded for 2022 in the newly introduced Agribusiness Graduate Development Programme (AGDP), aimed at producing dynamic leaders and developing multi-dimensional talents needed to succeed in the Agribusiness banking space in the years to come.
- Online Learning and Development scaled to 100% of staff training programmes.



- All ATMs upgraded to use fingerprint services nationwide, reducing the use of plastic cards.
- HubOne, a co-working space developed to support early-stage tech start-ups, experienced a significant increase in community membership to over 4,500 new entrepreneurs, with over 20,000 members compared to 550 in 2021. In addition, we impacted over 5000 founders through our flagship capacity-building program, “Epic Hour.” Total funding raised by HubOne participants reached \$27 million in 2022.
- In 2022, through our unique Women-In-Business initiative (SheVentures), we supported budding female techpreneurs with grants and seed funds. We also celebrated the fourth anniversary of the SheVentures proposition, and celebrated the milestone of 50,000 women-owned businesses receiving funding support from inception. 150 women-empowered businesses were offered up to N310 million in Zero Interest Loans. 125 women-owned businesses provided credit guarantees to secure loans without collateral. Over 2000 women in business have attended business management training programs (webinars), gotten free advisory services, mentorship and more. Another 2,000 participated in free entrepreneurship capacity-building sessions, with 240 more mentored.
- Energy Transition and Climate Change Action: 160 branches and 573 ATMs (73% of total branches) are now on solar power, further reducing our carbon footprint by 60% YoY with an estimated diesel cost savings of N64m monthly.



- The Bank bagged ISO- recertifications:
 - **ISO 27001** – Implementation of Information Security Management across the Bank’s systems and networks.
 - **ISO 20000** – Implementation of Service Management system across all IT operations and processes.
 - **PCI-DSS** – Implementation of PCI-DSS requirements across the Bank’s cards and payment environment and other in-scope functions.
 - **ISO 20022** – Implementation of the new swift message format on the bank swift environment and other payment systems.
 - **ISO 9000** – Implementation of Quality Management System across all the Bank’s processes and operations.
- We continued our Corporate Recycling Utilization Programme at strategic business locations, saving 25% of waste to landfills, resulting in a 65% increase in waste upcycling uptake.
- In 2022, we operated a 100% regulatory-audited safe business environment.



DIGITAL TRANSFORMATION



Our digital transformation drive played a significant role in reducing our carbon footprint, whilst advancing our business and learning objectives as a Group.

Some of our key achievements include:



Increasing the number of customers using mobile channels (app and USSD) **from 3,703,133** customers in 2021 **to 4,534, 732** in 2022.



Onboarding **774,396** new to bank customers via mobile and agency channels, reducing the need to visit branches for account opening and improving financial inclusion.



Increasing the number of newly onboarded offsite agents to **15,000** in 2022, representing a 5X growth Year on Year. These fixed agents opened over **250,000** accounts and conducted about 4m transactions worth **N65Billion**, bringing greater convenience to our customers that still perform cash transactions.



Underwriting and disbursing over **#1,145,541** loans totalling over **N208 billion** via digital channels (mobile and web).



Underwriting the disbursement of over **1 million loans worth N47 billion** with the use of artificial intelligence and automated workflows, thereby reducing paperwork and improving customer experience, credit penetration and financial inclusion.



Growing assets under management by **159% to N6.83 billion** (including Gro and iNest) in our Gro suite of digital wealth products.

SUPPORTING ACCESS TO AFFORDABLE CLEAN ENERGY



In 2022, the Bank disbursed nearly N2bn in direct loans to renewable energy businesses. This brings our total exposure to over N6bn across mini-grids, commercial, industrial and Solar Home Systems (SHS). Our investments are expected to generate over 2.5MWp (Mega Watt peak) of Photovoltaic capacity and lead to over 6,000 new connections consisting of households and businesses that are attracting suitable investments to Nigeria and will, in turn, impact directly on performance indices like local and national GDP and indirectly on employment, supply chain, infrastructure and more.

Workplace Culture and Diversity:

- 33% female representation on the Bank’s (12) - member Executive Management Committee.
- In 2022, 41% of our workforce were women (See Figure 1 below).
- Four physically challenged employees were part of measures to promote diversity and inclusion.
- A minimum of 60 training hours per employee was observed.
- Celebrated annual Employee Health Week and Customer Service week.
- Weekly sensitization tips on health and wellness
- Provided robust health benefits for all employees.
- Strict adherence to FCMB’s non-discrimination policy

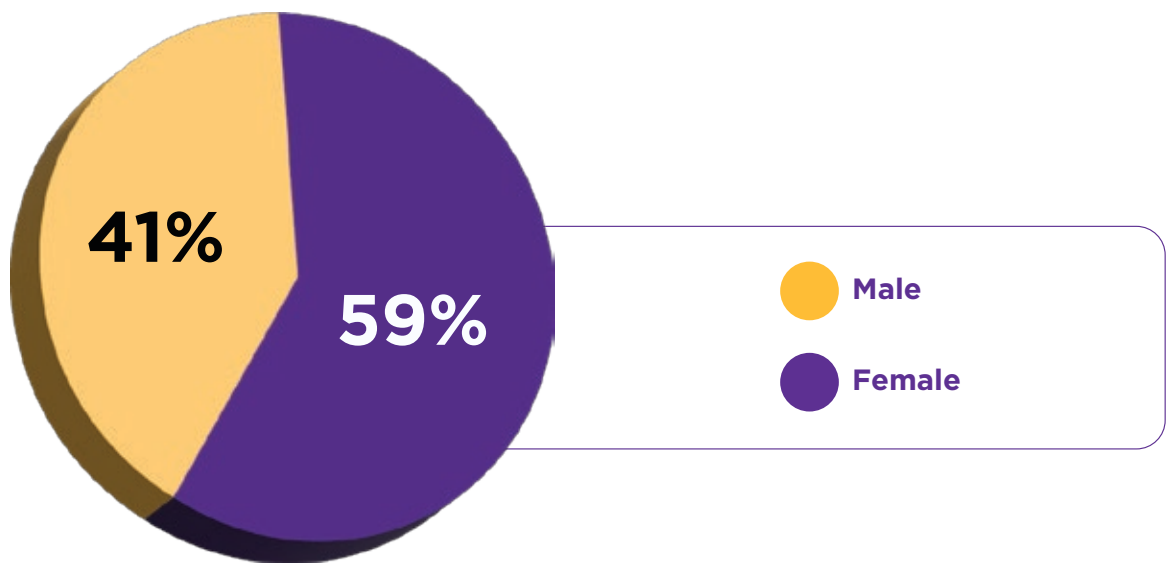


Figure-1: FCMB Workforce

Financial Inclusion

The Group consolidated its microfinance business through FCMB Microfinance Bank Limited and a robust Agent Banking network comprising 15,000 Fixed Agents and 200 branches, achieving a transaction volume of N250B in 2022, as against N45B in 2021.

The microfinance lending business covered 30 states and onboarded nearly 80,000 customers (22% growth YoY) comprising 82% (91, 138) female and 48% youth. Total microfinance loan disbursement grew to N13.3b in 2022EOY.

Through our agent network, spread across urban and rural communities, we opened accounts for over 250,000 individuals and created financial as well as credit profiles for the unbanked and under-banked, crossing over 1.5m accounts in 2022.

It makes it easier for them to obtain loans and grants, enjoy other benefits, such as cash deposits into any bank account, withdrawals, transfer funds, buy airtime, pay bills, and carry out other financial transactions conveniently and securely. They also have opportunities to access the Bank's agricultural value chain products and services via our EasyClub Platform.



We worked with three major funding partners in 2022 - MasterCard Foundation, World Savings Banking Institute (WSBI), and Women World Banking. Through the MasterCard Foundation's partnership worth \$27m, we provided single-digit interest-rate loans to alleviate the challenges faced by vulnerable people and MSME businesses in critical sectors. With WSBI's \$1.2m partnership, we assisted over 50,000 small-holder farmers in opening new accounts and developing a savings culture. We also worked on a sustainable micro-insurance product with Women World Banking for people at the bottom of the pyramid. The business also sealed a partnership project with Opportunity International on EduFinance project, where several education finance products were developed and offered training to support 1.2m beneficiaries within 5 years.

Reporting:

FCMB fully aligns with the CBN's bi-annual and the NSE's annual reporting systems. Equally, the Bank shares periodic reports with foreign-UNGC/local partners-NCF.



Community Initiatives and Specific Engagements:

FCMB continues to deliver benefits to its host communities with its Corporate Social Responsibility pillars of Economic Empowerment, Poverty Alleviation and Environmental Sustainability by creating value and providing resilient responses to the challenges in these communities.

Financial Literacy and World Savings Day 2022 celebration- (FLD/WSD):

Since 2015, we have continued to build and deepen savings culture tenets among the future generation by equipping over 50,000 secondary school students across the nation with financial literacy skills, a cardinal activity of the Central Bank of Nigeria (CBN)-led World Savings Day annual celebration.

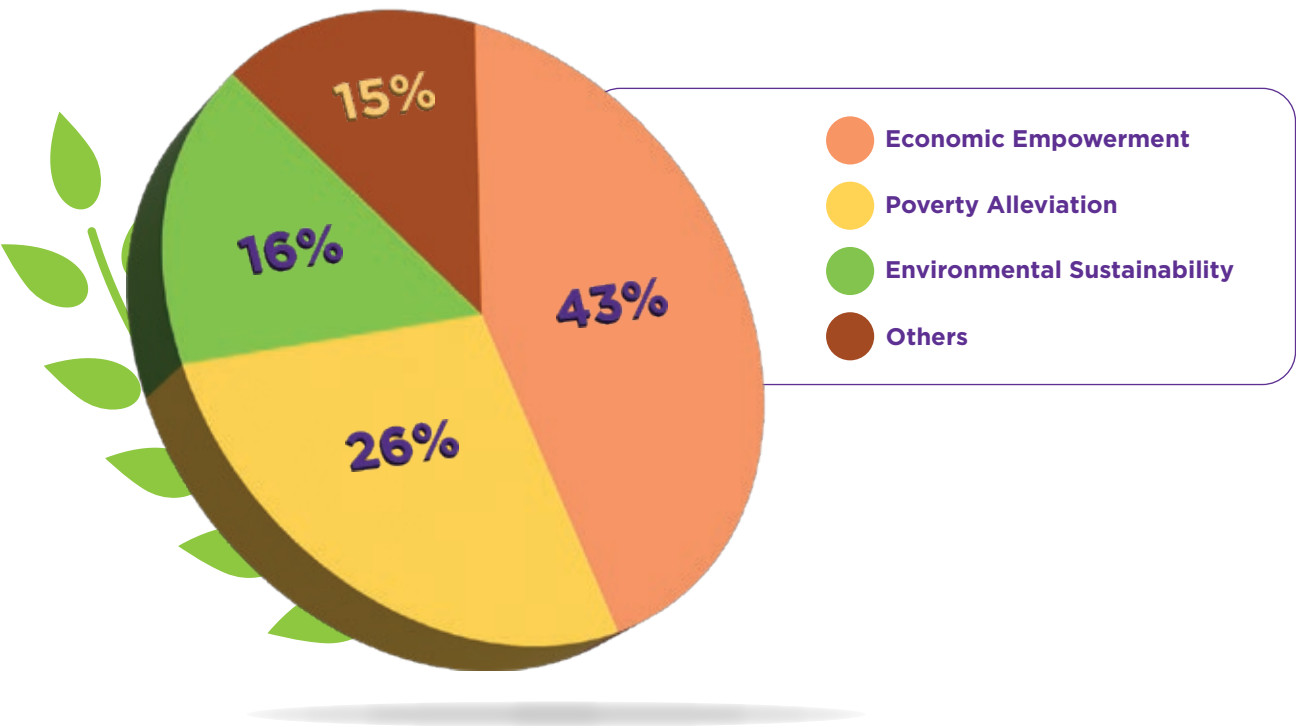


Figure 2 - CSR expenses in 2022

ECONOMIC EMPOWERMENT



Empowered for the Future:

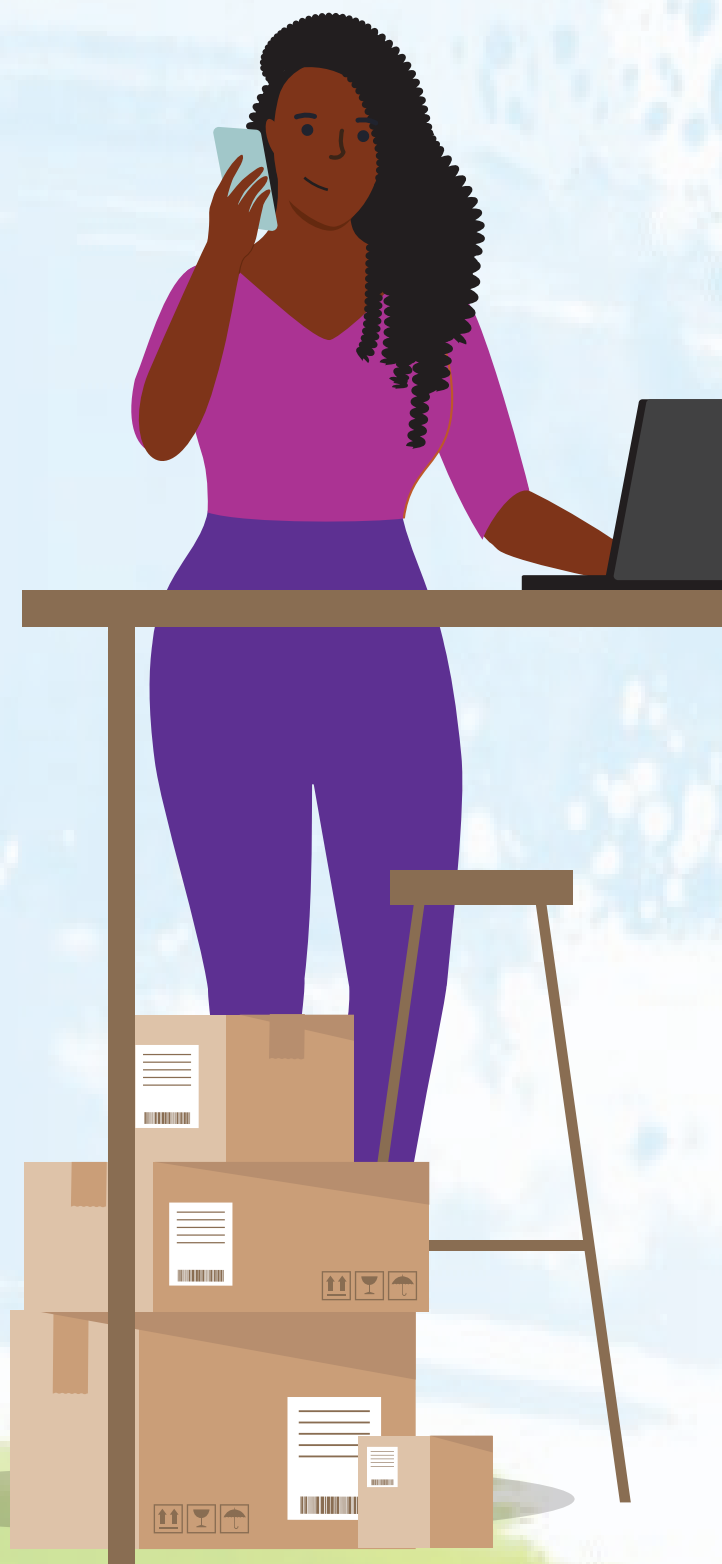
FCMB, in partnership with Youth Empowerment Foundation (YEF), organized the fifth edition of "Empowered for the Future (E4F)", a 12-month programme designed to empower youths in Lagos and Oyo states and Abuja. The project has benefited 500 youths directly, who have, in turn, transferred the knowledge gained on financial literacy, employment strategies, life skills, and social support to over 7500 peers.

Flexxtern 6.0 Initiative:

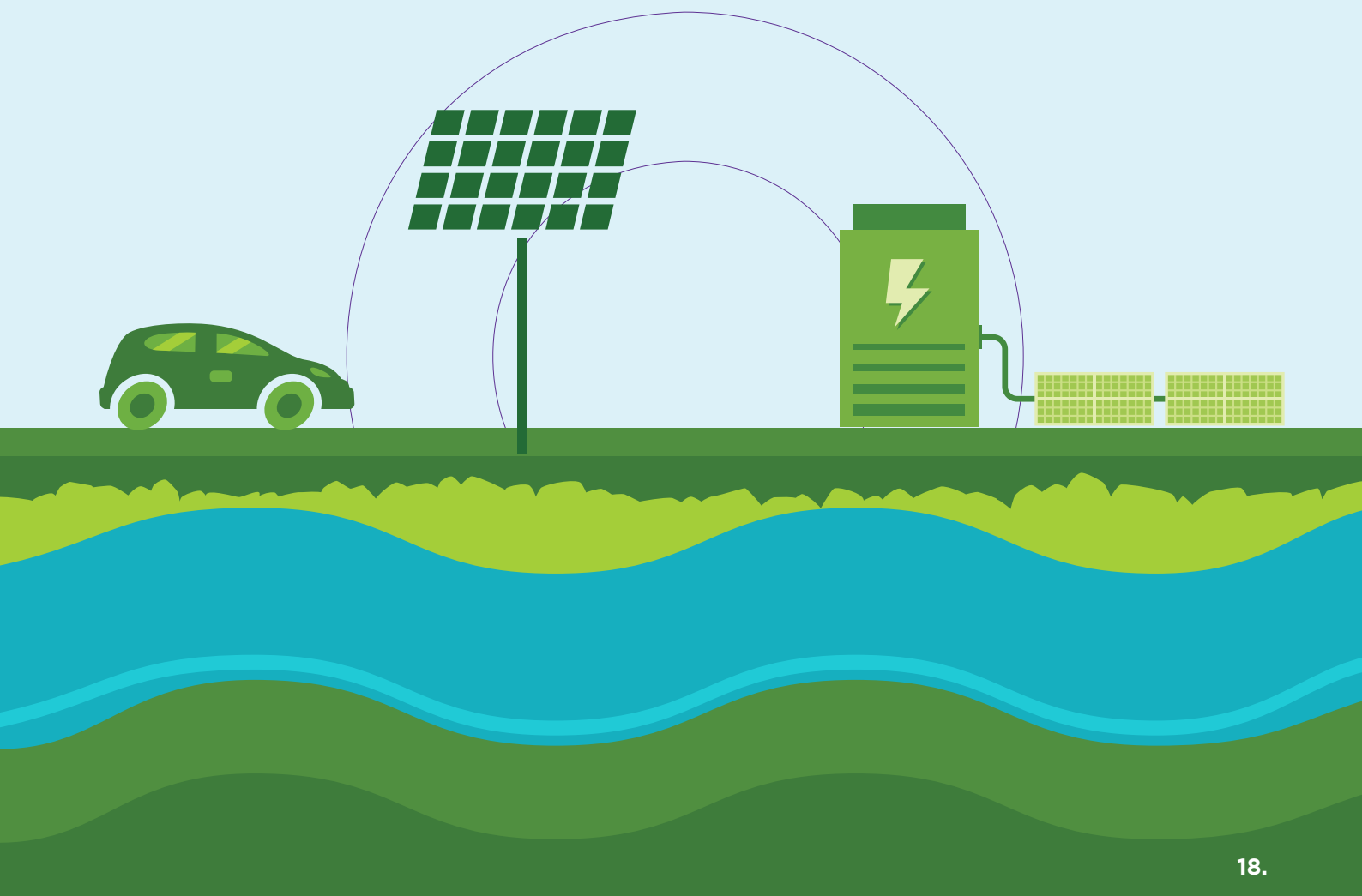
Delivering on our promise for inclusive and sustainable economic growth, full and productive employment, and decent work, we inducted 30 recent graduates into our annual Flexxtern Internship Program. The #FCMBFlexxtern program has boosted the careers of over 150 youths since its inception in 2016 with career-building experience, mentorship and partnership with other organizations.

Vocational Skills Acquisition by Women:

FCMB partnered with MitiMeth to train 100 women in Ogun state and 600 more beneficiaries nationwide with vocational skills to transform Water Hyacinths plants into creative items of daily use for economic benefit. These women underwent a 2-week Bootcamp to gain skills to transform the plant into ropes to make household decor and fashion items like bags, cups, foot mats etc., to be sold in the local market.



ENVIRONMENTAL SUSTAINABILITY



#Environmental Restoration:

For eight consecutive years, the bank has partnered with the Nigerian Conservation Foundation (NCF) to celebrate World Environment Day (WED). The 2022 edition, themed #OnlyOneEarth, had over 400 students from various locations across Nigeria in attendance. It educated all attendees on ways to recover eroded ecosystems and mitigate climate change impact. This aligns with the Green Recovery Nigeria (GRN) Initiative's goals in fulfilling the UN-SDG goals 11, 13, 15 & 17.

Central Business District-CBD Cleaning Initiative:

For Seven (7) years now, FCMB has continued to partner with the Lagos State Government Central Business District (CBD) on the "Cleaner-Greener Lagos Initiative" to clean the Tinubu/Marina Business axis. Since 2016, FCMB has consistently provided monthly salaries, equipment and apparel for the cleaners who ensure the environment remains clean.



POVERTY ALLEVIATION



#PricelessGiftofSight:

FCMB has continued to restore hope to Nigerians with eye-related problems by helping them regain the Priceless Gift of Sight. Over 350,000 beneficiaries from Katsina, Owerri, Yola, Ogun, Kebbi, Cross Rivers and FCT have enjoyed free access to eye care services delivered by world-class ophthalmologists, including eye surgeries, primary eye testing and provision of eyeglasses.

In 2022, FCMB sponsored Three (3) outreaches in Abuja, Cross Rivers and Kebbi, resulting in more than 1,000 surgery interventions to tackle avoidable blindness.

Prosthetic Limb Donation:

Amputation is a serious issue that has stolen the joy and livelihood of amputees, with the affected individuals having to depend on others for assistance. FCMB partnered with the Ishk-Tolaram Foundation (limb center) and donated 50 Artificial Prosthetic limbs to the physically challenged in Lagos and Enugu state. The limbs helped amputees regain mobility and function adequately in society. This partnership aims to achieve the UN-SDGs goals 1, 2, and 3 (No poverty, Zero Hunger, Good health and well-being).

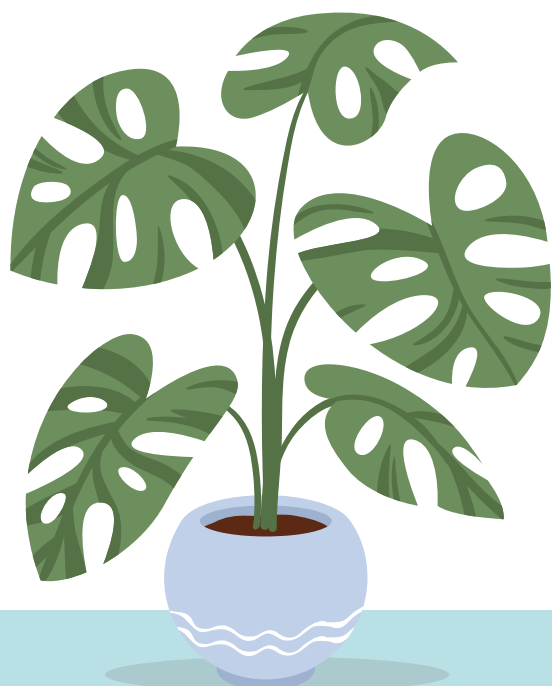


Supporting the Less Privileged:

Since 2007, FCMB has supported Bethesda Child Support Agency (BCSA) by giving scholarships to less privileged children. Our support has contributed significantly to the children's academic progress, with over 5000 beneficiaries.

Additional support provided by the Bank includes:

- Distribution of school bags to children in public schools.
- Distribution of writing materials and exercise books to public school pupils.
- Distribution of 1000 Kiosk Umbrellas to our customers
- Employment of 50 children of customers in local communities.



FCMB – FOSTERING INCLUSIVE AND SUSTAINABLE GROWTH



FCMB is transitioning from a platform to a supportive ecosystem that brings multiple platforms and stakeholders together. In the process, we will unlock shared growth and prosperity.

Our business activities and operations are designed to achieve a greater purpose by ensuring we lend responsibly, increase diversity, equity, and inclusion, adhere to health and safety standards, and reduce or avoid any negative environmental impact. We have chosen the path of collaboration and partnerships to make our contributions in solving some of Nigeria's and indeed the world's greatest challenges. We will continue to lead by example and serve as a critical resource through which like-minded change makers can fulfill their purpose.



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