



UNEP FI
Principle of Responsible
Banking Reporting and
Self-Assessment
2021



Reporting requirements for Signatories of UNEP FI Principles for Responsible Banking

The Principles reinforce Polaris Bank’s commitment to the Paris Climate Agreement and the United Nations Sustainable Development Goals (SDGs) that inform our Sustainability Strategy, targets, and commitment to transparency. To communicate the progress achieved with respect to the PRB, we have adopted the UNEP FI - PRB self-assessment reporting template shown below.

The bank has up to four years from signing to bring its reporting fully in line with the requirements.

Reporting and Self-Assessment Requirements	High-level summary of bank’s response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank’s full response/ relevant information
<p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Polaris Bank’s corporate strategy as a digitally-led Retail Bank that focuses on growth sectors in Commercial Banking while treading carefully in the Public Sector and Corporate Banking space. We maintain this corporate strategy through a strategic network of business locations across the country, as well as a diverse range of liability and loan products that take advantage of digital technology. Our services are tailored to all customer groups, business sectors, social classes, age groups, and genders. Our offerings range from Polaris Rainbow accounts for children, Polaris Pearl (a female targeted product), to Polaris Seniors accounts for senior folks, as well as education loans, health sector loans, and business loans, to name a few.</p>	<p>See- “Products and Innovation” on page 24, “IT Infrastructure Refresh/ Digital Transformation” on page 25 “Products and Services” from Page 163 – 192 of our 2020 Annual Report https://drive.google.com/file/d/1q5BEOkX05h7RE5UFDo5naUGYOxCOHr9M/view</p>

	<p>We have invested and will continue to invest in our information technology infrastructure to support our organization’s goals. We continue to improve our I.T infrastructure, strengthen cybersecurity, automate procedures, and expand our digital delivery capabilities across the organization.</p> <p>- We operate from over 240 business locations across the country, delivering exceptional banking services and satisfying our growing customer base.</p>	
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society’s goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Every business activity that the Bank finances is anchored on the Sustainable Banking Principles. From climate change, social inequality to financial inclusion, and other numerous challenges facing our society today. Polaris Bank is committed to contributing to solutions that address these issues, as we have a robust environmental and social impact (E&S) assessment frameworks for gauging this. The Bank is a signatory to the United Nations Environmental Program – Financial Initiative (UNEP-FI), the coordinating body for sustainable banking practices. Hence, the Bank supports equal opportunities; gender, diversity and inclusion as the Bank’s MD/CEO was nominated in 2019, as a gender equality champion, “HeforShe” by the Lagos State Ministry for Women’s Affairs in collaboration with UN Women, in recognition of the Bank’s commitment to sustainable banking practices, among other initiatives.</p>	<p>See - “Sustainability Report” from Page 21 - 26 of our 2020 Annual Report https://drive.google.com/file/d/1q5BE0kX05h7RE5UFD05naUGY0xCOHr9M/view</p>
<p>Principle 2: Impact and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		

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<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <ol style="list-style-type: none"> Scope: The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>To further reduce financial exclusion which is currently over 36% in Nigeria and enable economic activities that create shared prosperity for current and future generations as well as support the minority and underserved audience across the nation, the Bank has implemented the following initiatives;</p> <ul style="list-style-type: none"> - Rolled out our agency banking digital service- ‘SurePadi’ to serve as a vehicle to reach the unbanked and underbanked as well as deepen financial inclusion across Nigeria. SurePadi has provided convenient and easy access to funds and other banking services in impoverished neighbourhoods, through partnerships with existing and new retail outlets. Within its first 100 days of introduction, SurePadi, serviced over half a million customers, directly impacting over two million households across the business regions of the Bank. As a result, in the 2020 Shared Agent Network Expansion Facility (SANEF) report, SurePadi ranked 5th; an indication that it is bridging the gap and helping people to meet their needs of accessing funds, as well as sending money to their loved ones. - In addition, Financial Literacy seminars/classes have been delivered to over 80,000 pupils across 180 schools (primary & secondary) with emphasis in the northern area of Nigeria, an underserved region of the country. Numerous Educational materials and customized savings boxes were also contributed to the students to strengthen the learning experience. - We have created a roadmap of activities to promote gender balance and bridge the inequality gap due to our core focus on promoting gender inclusion and equity internally amongst stakeholders and externally to our customers. Over the year, we facilitated free financial and investment trainings & webinars for women aged 18-45 through our gender based product, Polaris Pearl. Internally, we are proposing the scheduled 	<p>See - “Sustainable Economic Growth” from Page 24-26 of our 2020 Annual report https://drive.google.com/file/d/1q5BEOkX05h7RE5UFDo5naUGYOxCOHr9M/view</p>

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	<p>implementation of our women community, ‘Polaris women connect’ by the second quarter of 2021 to support and raise women leaders within the Bank by creating institutionalized engagements and mentorship programs.</p> <p>In order to manage the environmental impact of the Bank’s activities, the Bank has continuously reduced carbon emission to the environment by reducing our dependence on fossil fuels. This is evident in the Bank’s drive for the use of alternate energy source i.e. Solar Energy to power security lights, ATMs and some business locations bank wide. We also successfully implemented an automated system creating an electronic alternative to paper output by fully optimizing digital receipts and internal memos to reduce carbon footprints to mitigate the risk of waste generation and ensure our business strategy contributes to individuals’ needs and societal goals. In the first 2 months of implementation, we achieved a 50% reduction in paper consumption which was also largely contributed to by reducing our print frequency, consolidating print output, re-using print paper and implementing sustainable practices and guidelines.</p>	
<p>2.2 Target Setting: Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p>	<p>In recent years, we have intensified our focus at Polaris Bank on environmental sustainability. This is exemplified in our drive to raise consciousness about the environment internally within the Bank, and with our partners in the public and private sectors. Our environmental sustainability drive is focused on: paper reduction, waste recycling, water, and energy-saving.</p>	<p>See - “Environmental Responsibility” on Page 23 of our 2020 Annual report https://drive.google.com/file/d/1q5BEOkX05h7RE5UFD05naUGYOxCOHr9M/view</p>

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<p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>The Bank's attention to environmental preservation reflects in its steady commitment to mitigating and possibly bringing to the barest minimum the impact on the environment arising from its business decisions. This year 2020, one of Polaris Bank's primary focuses, which was intensified by the COVID-19 virus is, offsetting the negative impacts its business has on the environment while ensuring that productivity is not hampered.</p> <p>Polaris Bank is committed to continuously reducing carbon footprints by reducing the use of paper while at the same time tracking our printing costs. Q2 had a significant reduction due to the lockdown in the wake of the coronavirus (COVID-19) pandemic. The Bank has also reduced its negative impact on the environment by reducing pollution caused by diesel usage through the use of alternative sources of energy. More business locations and ATMs are being solar powered whilst also maintaining a strict closing time of 6 pm across all branches nationwide to reduce energy consumption and carbon emission.</p>	
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>To achieve our objectives, we have implemented our commitment to these Principles through effective governance and a culture of responsible banking. We will incorporate sustainability regulation teams with representation from key stakeholder departments (ie Internal Audit, Compliance & Risk Management) to monitor target setting, manage the risks to people and environment resulting from our activities, products and services and ensure periodic review of our individual and collective implementation of the Principles to achieve transparency and accountability for our impact and contribution to society's goals.</p>	<p>See - "Responsible Banking" on Page 22 of our 2020 Annual report https://drive.google.com/file/d/1q5BE0kX05h7RE5UFD05naUGYOxCOHr9M/view</p>

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<p>2.4 Progress on Implementing Targets</p> <p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>We have implemented the initiatives listed above and made progress in deepening our financial inclusion strategy and environmental preservation/ responsibility;</p> <ul style="list-style-type: none"> - Our environmental sustainability drive is focused on: financing environmentally friendly businesses, paper reduction, water recycling, water and energy-saving. The Bank's attention to environmental preservation reflects in its steady commitment to mitigating and possibly bringing to the barest minimum the impact on the environment arising from its business decisions. In year 2020, one of Polaris Bank's primary focus, which was intensified by the COVID-19 virus, was offsetting the negative impact its business has on the environment while ensuring that the productivity is not hampered. - Reduced pollution caused by diesel usage through the use of alternative sources of energy. More business locations and ATMs are being solar powered whilst also maintaining a strict closing time of 6 pm across all branches nationwide to reduce energy consumption and carbon emission. 	<p>See - "Environmental Responsibility" on Page 23 of our 2020 Annual report https://drive.google.com/file/d/1q5BEOkX05h7RE5UFDo5naUGYOxCOHr9M/view</p>
<p>Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Since 2018, Polaris Bank has been a major player in the financial world. This is reflected in the company's resiliency and financial strength, as well as its competitive electronic and retail banking products and platforms. As a result, in the fourth quarter of 2020, VULTe (a Digital Banking Solution) was introduced, which was positioned for customer acquisition through its deployment on Google and IOS stores. Account opening, cash transfer, bill payment, and airtime purchase, as well as access to Payday loans, are all possible transactions while using VULTe</p>	<p>See - "Products and Innovation" on page 24, "Digital Business" on Page 25 "Customers Complaints & Petitions" on page 27 of our 2020 Annual report https://drive.google.com/file/d/1q5BEOkX05h7RE5UFDo5naUGYOxCOHr9M/view</p>

	<p>Our digital banking services have continued to thrill our customers in considerable extent.</p> <ul style="list-style-type: none"> - We are committed to constantly ensuring we deliver an enjoyable and satisfying banking experience to our customers. - We also ensure that the provision of the Consumer Protection regulations form part of any consumer related transactions, products, or service agreement the Bank may enter into with consumers. 	
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>The Bank has Environmental and Social (E&S) Policy and Assessment Framework in place that guide the nature of business activities that we support and finance in order to ensure sustainability of the environment. The Bank is also working on Environmental & Social Risk Management training for all its active vendors that will further entrench sustainable practices in their business dealings with the Bank. We also currently, power some of our technology infrastructure (ATM hubs, Cash centres, business offices etc) with solar energy in order to protect the environment and also encourage our vendors and customers to do same.</p>	<p>See- “Responsible Banking” on page 22 of our 2020 Annual Report. https://drive.google.com/file/d/1q5BE0kX05h7RE5UFDo5naUGYOxCOHr9M/view</p>
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</p>		
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Polaris Bank is committed to making a positive contribution in the communities that have provided an enabling, business-friendly environment for it to achieve its goals and objectives. As a result, it established partnerships with a wide range of stakeholders, including:</p>	<p>See- “Sustainability report” on page 26 “Corporate Social Responsibility” on page 54 https://drive.google.com/file/d/1q5BE0kX05h7RE5UFDo5naUGYOxCOHr9M/view</p>

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	<ul style="list-style-type: none"> • The Lagos State Ministry of Women Affairs and Poverty Alleviation, to alleviate poverty and empower women to upgrade the Women Development Centre in Ibeju-Lekki, which primarily benefits widows, indigent, and vulnerable women/ladies. • Coalition Against COVID-19 (CACOVID), a private sector initiative spearheaded by Central Bank of Nigeria (CBN) to push back the spread of the COVID-19 pandemic; • International Women Society, to set up an e-learning infrastructure for the Centre in addition to facilitating skills acquisition for 21 women; • Renal Dialysis Centre, a symposium on Kidney Health to reduce the risk of developing diseases associated with kidney by encouraging prevention and early detection of kidney-related diseases; • Abule-Ado Emergency Relief Fund, which catered to victims of the Abule Ado gas explosion that affected a whole community in Lagos, Nigeria. • Yobe State Sustainable Development Goals office, to facilitate the penetration of the CBN Shared Agent Network Facility (SANEF) that deepens financial inclusion of persons not captured by the state’s financial net in line with SDGs. 	
<p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>In 2020, the following initiatives were enhanced to strengthen the culture of responsible banking among employees:</p> <ol style="list-style-type: none"> 1. The Board Governance, Nomination and Compensation Committee ensured business priorities were determined, in consideration of environmental, social and ethical issues 2. With the outbreak of the COVID-19 pandemic, maintaining employee health and safety were the primary focus of the Bank. This was exemplified through various initiatives such as Remote/flex work; strict adherence to recommended non-pharmaceutical interventions, virtual trainings and Employee Assistant Programs. 3. Providing equal opportunities to all staff irrespective of gender, creed or ethnicity. This is exemplified in unbiased remuneration, 	<p>See - “Responsible Banking” from page 21-23 of our 2020 Annual report. https://drive.google.com/file/d/1q5BEOkX05h7RE5UFDo5naUGYOxCOHr9M/view</p>

<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>training opportunities (capacity building) and functions. 4. Creating an engaging and sustainable workforce through healthy living initiatives and lectures in collaboration with our NHIS certified HMOs</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>Governance means operating according to high ethical standards, including those that address environmental and social challenges. It also means operating within the field of regulations, sound principles of transparency, responsibility, fairness, and efficiency. At Polaris Bank, the Board Governance, Nomination, and Compensation Committee have oversight over target-setting, measures put in place to achieve the targets, and determining remedial action where targets are not on track, or where measures need to be put in place to address unforeseen negative impacts. They are also tasked to determine the business priorities of the Bank with regards to environmental, social, and ethical issues. The Board, Audit, and Risk Management Committee also integrates the management and implementation of the Environmental and Social Risk Management policy into the Bank’s business decisions.</p>	<p>See - “Governance” on Page 23 “Corporate Governance” on page 33 of our 2020 Annual report https://drive.google.com/file/d/1q5BEOkX05h7RE5UF-Do5naUGYOxCOHr9M/view</p>
<p>Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.</p>		
<p>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>Responsible Banking, Sustainable Economic growth and Community investments are interlinked to the sustainable activities of Polaris Bank.</p> <p>We have developed an Environmental & Social Risk Management Framework (ESRMF) that sets out the agenda for consistent and systematic management of the Banks E&S risks. The framework was built based on Polaris Bank’s business principles and underlying commitment to respect human rights and the environment. The portal is continuously updated and enhanced to screen qualifying transactions for environmental and social risk towards efficient business decision-making. It ensures that the Bank’s risk management processes are aligned with international best practices through efficient internal standards and external collaborations such as UNEP FI, IFC, ILO, Equator principles, etc.</p>	<p>See “Our Strategy” on page 21 of our 2020 Sustainability Report https://drive.google.com/file/d/1q5BEOkX05h7RE5UFDo5naUGYOxCOHr9M/view</p>



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