



GTCO

Guaranty Trust Holding Company plc

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Promoting Enterprise

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WINNERS

African

Truly International

**GTBANK
FOOD
AND
DRINK**

2023

Sustainability Report



At GTCO, we seek to advance sustainable solutions for our customers and within our operations. We continue to apply our capital, data, expertise, and other resources to help address climate change and promote long-term, innovative solutions for a more sustainable future. Through our responsible banking approach, we evaluate the impact of our business operations and activities on people and the environment, whilst developing and implementing initiatives that enrich the lives of our stakeholders (investors, shareholders, customers, employees, suppliers, regulators, and communities).

As a Proudly African and Truly International financial services institution with a social conscience, we believe business has a vital role to play in advancing the transition of society to a sustainable, low-carbon economy. As such, across all our businesses, we actively consider environmental and social matters as part of our overall approach to risk management. We strive to minimize the environmental impact of our operations, from our corporate buildings and retail bank branches to our data centres.

Our approach to promoting sustainable development is reflected in an expanding suite of sustainability-focused initiatives across our banking operations. In our effort to promote sustainable banking practices and align with the UN Sustainable Development Goals (SDGs), we have formed partnerships with several organizations and global bodies. We are a member of the United Nations Environment Programme Finance Initiative (UNEPFI), and we maintain development partnerships with the International Finance Corporation (IFC) and the Central Bank of Nigeria.

To drive our goal of being an economically viable and financially sustainable organization, we focus our sustainability efforts on the Marketplace, Community, Environment, and Workplace. We also implement the Central Bank of Nigeria's Sustainable Banking Principles and several of the UN Sustainable Development Goals (SDGs).

Sustainability Report on Banking Business Segment

Marketplace

Across several GTBank branches, we continue to deploy card-printing machines. This fully digitalized initiative allows our customers to print their instant ATM cards independently, eliminating the need to fill out forms or queue at our locations. By reducing the reliance on paper forms, we are not only streamlining the process for our customers, but also significantly reducing paper waste, contributing to our environmental sustainability goals. This initiative aligns with our commitment to reducing our carbon footprint and promoting more eco-friendly banking practices.

Our commitment to sustainability is also demonstrated by our Environmental & Social Risk Management (ESRM) framework, which is integrated into our credit approval process. This ensures that our lending activities do not negatively impact the environment or society. In 2023, we screened all 196 corporate credits approved by the Bank for environmental and social (E&S) risks.

Our ESRM team categorizes project-related transactions into high, medium, and low risks. For high-risk sectors, we conducted enhanced due diligence, while moderate due diligence was performed for medium-risk sectors, as classified by the Central Bank of Nigeria (CBN). This assessment reviews E&S practices against key national regulations and international best practices. We apply an exclusion checklist to all credits, regardless of their risk category. Based on our due diligence assessments, we developed Environmental and Social Action Plans (ESAP), which our customers are required to implement, and we monitor their progress over time.



Community

In line with several UN Sustainable Development Goals (SDGs), GTCO continues to implement Social Investment Initiatives guided by the four pillars of Community Development, Education, Environment, and Arts to contribute, in no small measure, to the overall sustainable development of its host communities wherein it operates.

To drive community development, we host the annual GTCO Autism Conference, an event designed to promote inclusivity and self-advocacy for individuals on the Autism Spectrum. This initiative directly contributes to several UN Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being) and SDG 10 (Reduced Inequalities) by providing a platform for dialogue and awareness, the conference aims to improve the quality of life for individuals with autism and their families. Year in, year out, we offer educational and in-person consultation sessions that equip caregivers, educators, and healthcare professionals with the knowledge and tools needed to effectively support children and persons living with autism.

The GTCO Autism Conference also addresses SDG 10 by advocating for policies and practices that reduce social and economic inequalities faced by individuals with autism. Through our focus on inclusivity, we work to break down barriers and create opportunities for individuals with neuro-developmental disabilities to contribute meaningfully to society.

Another key initiative is our support for the Swiss Red Cross, Switzerland's largest humanitarian organization, in their mission to improve healthcare and reduce maternal and child mortality in Africa. Our partnership reflects our commitment to the UN SDG 3, which aims to ensure healthy lives and promote well-being for all at all ages. By supporting maternal and child health, we contribute to the global effort to reduce preventable deaths and build a more sustainable and equitable world



Environment

As a leading financial services institution, we remain committed to upholding the values of environmental stewardship. As such, our approach to minimizing Greenhouse Gas (GHG) emissions is proactive and comprehensive. This entails the timely shutdown of bank branches, replacing physical meetings with virtual alternatives, reducing business travel, implementing duplex printing, and other initiatives. We rigorously monitor our performance in GHG reduction by tracking electricity, fuel, water, solid waste, CO2 footprint, and paper usage.

To further reduce our carbon footprint and optimize resource use, we have introduced various energy-efficient initiatives. For instance, we have integrated Signature Pads in our Lagos branches to facilitate electronic cash deposits, withdrawals, and customer complaints, significantly cutting down paper consumption in banking halls.

Currently, we have:

8 
main branches/business locations

1 
e-branch

31 
offsite locations

powered by a hybrid of solar and conventional energy sources (grid and diesel generators).

Many of these locations feature ATMs and communication devices powered by solar panels.

Across our network, we operate 59 ATMs that are exclusively powered by solar energy.



Throughout our operations, we are proud to report that there have been no significant negative environmental or social impact issues associated with our branches or financed projects. This underscores our commitment to sustainable practices and responsible corporate citizenship in every aspect of our business.

Climate Risk

GTCO is committed to effectively managing climate risks across all its businesses and their operations. Building upon our established Environmental and Social Risk Management (ESRM) policy, we benchmark our banking practices against global best standards and guidelines for climate risk management. To formalize our commitment, we developed our Climate Risk Policy (approved by the Board), outlining our strategy and integration action plan.

The following principles and commitments toward climate change guide our everyday decision-making and behaviour:



Work to achieve net-zero (cutting greenhouse gas emissions to as close to zero as possible) operations and reduce supply chain emissions by investing in the continued de-carbonization of our operations and developing a net-zero pathway for the emissions from our supply chain. GTBank would strive to support energy efficiencies by promoting or utilizing renewable power generation, reducing business travel, commuting, and other green initiatives.



Incorporate climate-related risk factors in GTBank's investment and credit underwriting decisions as well as our engagements with third parties.



Financing the transition to a low-carbon economy presents to GTBank a defining opportunity for innovation and growth. There is a significant opportunity for the bank to play a leading role in helping to meet the demand for climate change-related financing to support the transition. GTBank will strive to direct investment into new green technologies and infrastructure projects that will build up low-carbon capacity and capability.

Regulatory Framework

GTBank's Climate Risk Policy is benchmarked against the following guidelines:



By adopting these guides, the Bank would be able to measure the resilience of its portfolio to physical and transition risks as it relates to climate change.

In March 2022, the International Sustainability Standards Board (ISSB) published Exposure Draft IFRS S2 Climate-Related Disclosures, integrating and building on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and incorporating industry-based disclosure requirements derived from SASB Standards. The ISSB redeliberated the proposals after considering the feedback on the Exposure Draft. In June 2023, the ISSB issued IFRS S2 Climate-Related Disclosures.

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-

purpose financial reports in making decisions relating to providing resources to said entity. IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium, or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

In addition to the regulatory framework listed above, GTBank's Climate Risk reporting aligns with the requirement of the IFRS S2 Climate-Related Disclosures. The Disclosure highlights four (4) content areas for reporting (Governance, Strategy, Risk Management and Metrics and Targets), which also form the core pillars for the Bank's climate change roadmap.

Climate Risk Initiatives, Integration and Action Plans

GTCO considers the management of climate risks and opportunities very important. Therefore, we have taken several actions and outlined others to effectively manage these risks.

1. Update of the Bank's Sustainability KRIs and Enhanced Due Diligence Forms

The Bank has updated its sustainability KRIs with climate-related disclosures. Additionally, templates utilized for conducting enhanced due diligence to assess E&S risks of customers have been updated accordingly to include KRIs for monitoring climate risks.

2. Collateral Assessment for Climate Change Impact

Physical risks, such as damage to physical assets, as well as transition risks, such as changes in real estate values, may affect the values of assets pledged as security. The location of physical collaterals can also be used to estimate how climate change might affect property value.

As such, collaterals of this nature have been documented and analysed to determine the exposure of the bank's collaterals to climate change. The collateral report has been updated with information gathered from the analysis, highlighting securities that are in areas prone to climate physical risks. This acknowledges that the identification of collateral in this category may be cumbersome; however, it would continue to review and refine the criteria till the data is accurately captured.

3. Partnership Organizations

Partnership with organizations to drive GTBank's climate risk management goals. This is done in tandem with GTBank's CSR (Corporate Social Responsibility) initiatives.

4. Climate Risk Initiatives towards net-zero emissions and financing the transition to a low-carbon economy

As part of our commitment to achieving net-zero emissions and financing the transition to a low-carbon economy, the Bank has highlighted several initiatives to be implemented in the coming year:

- Installation of solar panels to power ATMs at offsite locations and subsequent installation across suitable branches.
- Implementing waste segregation techniques in branches by purchasing colour-coded waste bins for segregation.
- Partnering with accredited waste management companies for the management of the Bank's plastic waste for recycling. Recyclable waste will be turned into more valuable products and donated to local communities and schools, fostering a sustainable and circular economy.





Workplace

At GTCO, we continue to take significant steps towards capacity building and gender equality. In 2023, we trained 3,321 employees in various courses to enhance their knowledge of sustainability concepts. These courses include Building a Sustainable Enterprise: The Role of ESG, Green, Social, and Sustainability (GSS) Bonds, IFRS for Small and Medium Scale Entities (SMEs), Integrating Renewable Energy into Nigeria's Energy Mix: Prospects and Challenges, among others.

In line with the UN Sustainable Development Goal (SDG) 5, "Gender Equality", the Bank remains committed to promoting gender equality and women empowerment. Currently, 49.47% of our employees are women, 41.03% of our senior management positions are held by women, and 50% of our Board of Directors are women.

To raise awareness about men's well-being, we celebrated International Men's Day with the theme "**Zero Male Suicide**". The event featured activities such as webinars on substance abuse and addiction, stress management and anger management sessions, financial management workshops, a men's dress-up contest, sports trivia, and after-party activities.

These initiatives highlight our commitment to fostering a sustainable and inclusive workplace while addressing crucial societal issues.



SUSTAINABLE DEVELOPMENT GOALS

At GTCO, our business strategy is geared towards making impactful contributions that are aligned with the United Nations' Sustainable Development Goals (SDGs). The 17 SDGs represent an ambitious agenda to achieve a sustainable future by 2030.

As a leading financial services provider in Africa, our business operations positively contribute to achieving all the 17 interrelated Goals; however, our activities directly support the following 8 goals:



SDG 1

End poverty in all its forms everywhere

GTCO continues to finance poverty-alleviation initiatives through payment of taxes to the government and introduction of collateral-free credits for low-income earners such as QuickCredit. Since inception, our commitment has always been to give back to the society through various CSR initiatives such as provision of scholarship to indigent students, renovation of schools, among others.



SDG 2

End hunger, achieve food security, improved nutrition & promote sustainable agriculture.

Through our financing activities, we continue to eradicate hunger through strategic allocation of capital and lending to customers in the agribusiness sector, such as AFEX commodities, PRESCO, GY Farmers Limited, Olam Hatcheries, Great Northern, CHI Farms, Life Care Ventures, among several others. Using various initiatives such as Food Credit for SMEs in the food industry, we provide access to cheap and affordable food, thereby reducing hunger.



SDG 3

Ensure healthy lives & promote well-being for all at all ages

We continue to prioritise the health and safety of our employees by investing in health and safety practices, including the mandatory bank-wide annual medical check-up for all employees. The Bank also has an Employee Assistance Programme accessible to all employees to provide psychological and emotional support at all times. In addition to these, the Bank holds an annual Autism Conference which serves as a key advocacy platform for people living with autism and other neuro-developmental disorders.



SDG 4

Ensure inclusive & equitable quality education and promote lifelong learning opportunities for all

Education remains a critical pillar of our CSR initiatives, as we recognise that education has a multiplier effect on the economic growth and development of a nation. We continue to finance educational facilities and lending to schools. We also continually implement several initiatives to promote education, such as provision of support for school activities in secondary schools and universities, renovation of school hostels, financial literacy training and World Savings Day initiatives for secondary schools, hosting of the Masters Cup, amongst others.



SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

At GTCO, we operate an inclusive system that provides equal employment opportunities for all. Through our strategic credit model, we lend to businesses across development-oriented sectors to promote sustainable economic growth and decent work for all. Through this model, we are able to indirectly provide more job opportunities for people. This is in addition to the direct jobs that we create through recruitment of staff to meet the needs of our customers. We continue to offer competitive salary and benefits to promote decent living for all our employees.



SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

We remain committed to using our value-adding banking products and services to improve the condition of Nigeria's social infrastructure. We ensure that our investment in infrastructure is environmentally friendly and respond to the needs of low-income users, women, and other marginalized groups (including persons with disabilities, indigenous persons, racial and ethnic minorities, and older persons).



SDG 13

Take urgent action to combat climate change and its impacts

At GTCO, we are aware of the impact of climate change on our business activities and operations. As such, we integrate environmental considerations in our lending process by conducting enhanced due diligence for customers operating in high-risk sectors and moderate due diligence for customers in medium risk sectors. This is with a view to minimizing the effects of climate change in the operations of our customers.

As an organization, we measure our carbon footprint in the use of utilities such as water, fuel, paper, and electricity usage and develop several initiatives to reduce carbon emissions. We report our tracking of carbon emissions to the Central Bank of Nigeria through our Nigerian Sustainable Banking Principles (NSBP) Report. We have also developed our Climate Risk Policy with implementation in progress.



SDG 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development

We are aware of the vital role partner organisations play in realizing the UN SDGs. As such, we have formed partnership with several organizations as well as other global bodies. Some of these organizations are United Nations Environment Programme Finance Initiative (UNEP-FI), Nigerian Sustainable Banking Principles Champions, Central Bank of Nigeria (CBN), International Finance Corporation (IFC), amongst others.



Summary of our ESG Materiality

At GTCO, we continue to create solutions that protect the environment and enrich lives. We are committed to the development of innovative initiatives that meet the needs of all our stakeholders. Our material ESG issues are summarized below:

- **Access and affordability:**

We continue to improve access to our services and develop affordable financial services. In 2023, we further deployed card-printing machines to some of our locations for customers to print their instant ATM cards by themselves. We also continue to enhance the features of our Alternative Delivery Channels such as GTWorld, *737#, Internet Banking, among others to improve access to the Bank's financial services.

- **Labour practices:**

We continue to train and provide a competitive welfare package to all our employees. This is based on our awareness of the importance of our workforce in achieving our strategic business objectives.

- **Data security and customer privacy:**

Considering the importance of data security, we have put in place sophisticated tools to prevent cyber-attacks and promote data security. We also ensure customer privacy by aligning with best international practice. We continue to create awareness to all our staff, customers, and vendors to prevent fraud.

- **Lifecycle impacts of products and services:**

We have fully integrated environmental and social considerations into all our business activities and operations. This is to ensure that our lending activities do not have adverse environmental and social implications on the environment.

- **Business ethics:**

We remain committed to the highest standards of governance in our operations and business conduct. We promote our core values to employees through our Code of Professional Conduct, our Ethics Policy as well as Communications Policy, which helps to regulate employee relations with internal and external parties.

- **Systemic risk management:**

The Bank's Enterprise Risk Management (ERM) Division works with relevant units in the Bank in managing risks in our business operations and activities. There are several risk management units in charge of managing different risks such as environmental and social, credit, operational, reputational, market, legal, cyber risks, among others

