ESG Policy
The Access Bank UK Limited

November 2022

Contents

1. Introduction

Purpose of the policy

The Access Bank UK Limited's (The Bank) ESG Policy aims to provide a comprehensive approach to the responsible conduct of its business in the context of Environmental Sustainability, Social Responsibility & Good Governance (ESG). The Bank's policy to embed ESG areas into its operations demonstrates a commitment to:

- Environmentally sustainable business practices in our corporate offices and throughout the business.
- Support for the fair and equal treatment of our clients, employees, stakeholders and contractors.
- Maintenance of high standards of corporate governance and business ethics.

The Bank is an independent UK regulated subsidiary of its parent company, Access Bank Plc, a signatory to the United Nations Environment Programme Finance Initiative (UNEP-FI), an arm of the UNEP devoted to ensuring that the ESG agenda is incorporated into risk analyses in the financial sector, and our parent is a past winner of the World Finance ESG Award as the 2011 Best ESG Asset Manager in Nigeria, as well as the Ecofest Green Initiative Award in recognition of their innovative community initiatives and thought leadership in business sustainability and community support. The Access Bank Plc have continued to win a number of ESG related awards, with recent awards in 2022 including Outstanding Leadership in ESG-related loans, Africa from Global Finance Sustainable Finance, and the Commercial Bank of the year in Sustainability from Independent Finance. Their work in sustainable banking is detailed on their website https://www.accessbankplc.com/sustainable-banking.

The Bank's approach is to embed ESG into its operations and this is consistent with the commitment to ESG areas evidenced throughout the Access Group. The Policy will provide a cohesive approach for proving responsible business services to our customers, employees, shareholders and community. To do so, we will:

- Respond to customers' changing needs by delivering outcomes that are economically, environmentally and socially responsible.
- Maintain our position as accredited Investors in People (IIP) by continuing to promote professional development for our employees through learning and development opportunities.
- Continue the Group's work in promoting opportunities for growth in Nigeria, Sub-Saharan and West Africa and the MENA region, as well as for our UK and international communities.

The Bank's ESG Policy is approved and supported by senior management, the Board of Directors, and is implemented across the business. The Bank will report on its progress in meeting its ESG commitments to the Board and in its annual report published on its website. This is in line with its governance model described in the Bank's Pillar III disclosures.

2. Scope and application of this Policy

The ESG Policy for the Bank will guide all of its business activities and applies to its whole operation, which currently includes a branch operation in Dubai, UAE and a representative office in Lagos, Nigeria. While ownership and ultimate responsibility for the review of this policy rests with the Board, the development of this policy is the responsibility of the Bank's Finance Director through the Executive Committee on behalf of the Board.

The Bank considers these policies essential for providing long-term value to our professional and retail clients. As such, the development of our ESG policies is an ongoing process which we seek to build on over time.

3. Our Business

Overview

The Bank is a wholly-owned subsidiary of Access Bank Plc, a Nigerian Stock Exchange listed company. As an independent UK subsidiary, the Bank's objective is to grow the international business of the Access Bank Group through excellence in customer service and innovative solutions in Trade Finance, Commercial Banking and Asset Management services for customers in their dealings with Organisation for Economic Co-operation and Development (OECD) markets, and supporting companies exporting to African markets. We are authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. The Bank has a Dubai branch office which is regulated by the Dubai Financial Services Authority (DFSA). Our Head Office is located in the heart of the City of London and overlooks the Bank of England; our Operational Centre is located near Manchester; our Dubai branch operation is located within Dubai's International Finance Centre; and the Bank has a Representative Office in Lagos, Nigeria.

Our vision is to be the world's most respected African bank and our mission involves setting standards for sustainable business practices that unleash the talents of our employees, deliver superior value to our customers and provide innovative solutions for the markets and communities we serve.

The Bank's purpose is to support opportunities in OECD markets for our customers. At the same time, our position as Access Bank Group's OECD operational hub supports the flow of investment into markets in Nigeria, Sub-Saharan Africa, West Africa and the MENA region. We have a strong base in the UK and abroad which allows us to stay in touch with our customers wherever they are in the world.

Prohibited business

The Bank has established a clear policy on the types of business for which it will undertake banking and asset management within clear parameters, that include prohibited business types representing elevated risk, ethical challenges or presenting environmental and social implications.

The Bank will decline any application from the following business activities:

- Pornography;
- Animal testing / live exports / fur trade;
- Human rights abuses (e.g., child labour / oppression);
- Environmental damage / pollution;
- Nuclear proliferation;
- Shell Banks;
- Bearer share companies;
- Companies with nominee Director structure;

- Extremist political or religious sects or cults;
- Undemocratic Political Regimes;
- Those who might have any involvement with incitement to racial tension or violence; or Firms and individuals whose profession is arms trading or mercenary activities.;
- Cash for Gold businesses; Any companies involved in gold trading, or individuals seeking to open accounts which will receive proceeds from their involvement with gold trading;
- Companies or individuals that seek to establish anonymous accounts; and
- Companies that provide platforms to buy, sell, and store Bitcoin/Cryptocurrency.

4. Responsible Business

The Bank's Procurement Policy outlines the key management and oversight controls in place for all supplier and critical outsourced relationships.

Due diligence is performed on all prospective suppliers by the Bank prior to entering into an agreement, and if the due diligence is satisfactory, the supplier will be reviewed and approved by two members of the Bank's Executive Committee. Annual due diligence is conducted by the Bank on all suppliers and enhanced due diligence is conducted on suppliers identified as material outsourcers. These controls are designed to ensure that the use of suppliers by the Bank operates within an appropriate control environment, where consideration is given to a range of due diligence metrics designed to provide assurance on the integrity of the supplier, which includes steps to ensure that there is no adverse information from an environmental, social, ethical or regulatory perspective that would indicate a barrier to the supplier relationship. In addition to this, all new suppliers are notified of requirements in respect of their compliance with the Bank's Bribery Policy, and also a review is completed to evaluate the supplier's operational resilience and identify any potential impact which could be caused by an operational disruption at a third party.

In terms of the integration of ESG across the Bank's services and operations, the Bank continues to develop its approach to ensuring that ESG themes feature in all aspects of its service provision.

Consistent with the ESG focus of its parent and wider group, the Bank views ESG as being both intertwined and overlapping in its business, and we are proactively engaging with all three areas of ESG.

Environmental – Reducing our carbon footprint by managing our waste recycling is essential to doing our part for the environment. We will maintain our lean and efficient physical footprint, and our hybrid-working structure contributes to this by reducing how often our employees travel into the office. The Bank ensures that where possible all of its publications and corporate marketing materials, including the Report and Accounts, Annual Report, corporate profiles and customer literature are printed on FSC-certified paper (Forest Stewardship Council UK). The Bank is also focused on reducing the use of paper within the Bank, and has recently moved all Human Resources processes on line, with all forms completed electronically, including the provision of contracts of employment to new employees.

Social – Diversity and inclusion, gender equality, and Mental Health support are critical to how we operate at the Bank. In an industry that suffers from stereotypes, and in a time that suffers from inequality, and with a need for structured mental health support, the Bank has established policies and practices to support employees so all are welcomed, recognised, supported and included.

Governance – We commit to responsible practices in line with our regulators, the Financial Conduct Authority and Prudential Regulation Authority. We have clear, detailed Anti-Bribery and Anti-Corruption policies, as well as detailed terms of reference that outline the responsibilities of our Board and its sub-committees.

5. Disclosures & Transparency

As noted within this policy, the Bank's approach to the areas of ESG will be included in the content of information and reports published on its website, for example the website contains information on the Bank's corporate social responsibility initiatives, this ESG Policy will be made available, and other relevant documents include the Modern Slavery statement, the Bank's annual report and its Pillar 3 disclosures.

6. Environment

6.1 Transition to Net Zero

The Bank is currently in the process of developing its strategic approach to achieving net zero carbon emissions. As noted in section 4 the Bank is contributing to the reduction of its carbon footprint by managing waste recycling and through the general maintenance of a lean and efficient physical footprint, and our hybrid-working structure contributes to this by reducing how often our employees travel into the office. In the course of this work, the Bank will review the defined scope 1 and 2 emissions that it owns and controls, directly or indirectly, and the collection of data in respect of scope 3 emissions from the activities of sources such as counterparties.

The Bank benefits from its Group's membership of the Partnership for Carbon Accounting Financials (PCAF) and the requirements in respect of the Taskforce on Climate-related Financial Disclosures (TCFD) are being monitored, pending their full regulatory definition. PCAF membership is beneficial in terms of enabling financial institutions to measure and report the carbon (greenhouse gas) emissions financed by loans and investments. The Bank is looking at how to harness the information available from the PCAF as part of the Group membership.

The Bank is monitoring the regulatory updates in this area closely and notes the current limitations in respect of data availability in the industry, however it commits to further strategic enhancement as this area of sectoral guidance develops. The next section provides conformation of the Bank's progress in respect of developing its climate risk management approach, which factors in the drive towards net zero.

6.2 Climate Risk Management

The Bank's approach to managing the financial risks from climate change is based on regulatory guidance, and there has been a training provision for key staff in respect of the regulatory requirements of the PRA, and expectations for the Bank's strategic approach to managing these risks. The Bank is developing its strategic response through integration of climate change risk into the Bank's Risk Management Framework and the programme of updates required for documentation in the Bank's Internal Capital Adequacy Assessment Process (ICAAP).

The Bank has completed a qualitative materiality driven, risk assessment to identify and assess the impact, likelihood and velocity of the key areas of risk for the Bank under physical, transition and liability risk across its strategic business units (SBU's); Trade Finance, Commercial Banking, Dubai, Asset Management and Treasury, as defined by the Bank of England. This initial qualitative materiality assessment utilises the Bank's established risk assessment scoring methodology, measuring the impact and likelihood of the risks occurring, and this was progressed alongside the development of a quantitative approach for climate risk stress testing.

A granular review has been performed of the business activities of each SBU to assess level of exposures to climate risk types including:

- Physical risks both chronic and acute:
    - Chronic risks from gradual changes in climate patterns such as temperature rises, sea level rise and drought
    - Acute risk from extreme climate events such as hurricanes, floods and wildfires and risk of increased severity and frequency of these events due to a changing climate
- Transition risk such as:
    - Policy and legal implications of new policies such as carbon taxations and legal risk connected to sanctions arising from domestic and international climate-related regulations, laws and litigation
    - Market - global trade and changing consumer preferences for low-carbon products, risks of stranded assets due to changing demand for commodities such as fossil fuels etc,
    - Technology - changes in the availability of low-carbon technology such as renewable energy causing disruptions on patterns/methods of energy consumption
    - Reputational risk - in respect of changes, or lack of changes, made in respect of climate change causing reputational damage amongst consumers, peers and the regulators e.g. attempts to make products appear 'greener' than they are.

The outcome of these qualitative risk assessments and concentration reviews indicated that the Bank does not currently have a material risk exposure from the physical, transition and liability risks of climate change due to the short-term nature of the Bank's Trade Finance contracts. The learnings and outcome from this identification and assessment exercise have been mapped across to the Bank's established Risk Register and following the initial mapping against the taxonomy as a cross-cutting risk, the risk has now moved to a standalone assessment, with review and approval received from the Board Risk and Audit Committee. A regular update on the Bank's progress in respect of its strategic approach to financial risks in climate change is provided to meetings of the Bank's Board. The review and ongoing assessment of climate change risk is captured in the embedded risk management framework, including the regular risk and control assessments, and will continue to develop over time.

Whilst the qualitative materiality assessments of climate risk did not indicate a material impact, the Bank recognised the risk assessment would benefit from a quantitative approach to ensure climate risk is being captured accurately and reflects industry advances in modelling capabilities and understanding of climate risk, whilst also meeting the expectations of the PRA.

As such, the Bank has established a scenario analysis model with the assistance of external advisers, in order to quantitatively assess the impact of climate risk drivers on the Bank's balance sheets, in particular transition risk associated with carbon price changes. The modelling approach builds upon the United Nations Environment Finance Initiative (UNEP FI) Framework, an industry standard for climate stress testing methodology developed in 2018, by leveraging carbon price forecasts under various transition scenarios to quantify balance sheet impact at firm, sector or portfolio level. Utilising this quantitative approach, the Bank conducted a climate stress test exercise which consisted of:

- a materiality assessment which highlighted carbon price changes as a key transition risk driver on the Bank's corporate and banking lending portfolios
- collection of relevant data, including but not limited to carbon price forecasts; carbon intensity data at sector level; and counterparty financials
- selection of scenarios both for short and long-term horizons:
    - For the short-term approach a carbon price shock scenario quantifies the stress impact from a sharp increase in the price of carbon emissions occurs over a time horizon of 3 years.
    - For long-term approach the Bank selected three scenarios developed by the Network for Greening the Financial System (NGFS), which aligns with the scenarios used for the PRA's Climate Biennial Exploratory Scenario (CBES) exercise and the ECB's climate stress test. The scenarios illustrate carbon price changes over a time horizon of 30 years under various transition plan pathways:
        - Current policies - No change to the current climate change policies.
        - Delayed transition - Steady, delayed transition to reducing carbon.
        - Net Zero (1.5°C) - Policies implemented to meet net zero carbon by 2050.
- calculations of stress impact on probability of default for each of the Bank's key counterparties and sectors.

The Bank is currently assessing the initial outputs of the exercise where the key initial takeaway is that the short-term impact of transition risk on the Bank is negligible due to the short-dated term nature of the Bank's balance sheet and the ability to pivot away from sectors/counterparties.

In terms of next steps, the Bank will continue to demonstrate continued progress of climate risk management processes including:

• Integration of methodology and findings of the climate risk scenario analyses into the Internal Capital Adequacy Assessment Process ICAAP

• Continued monitoring of climate risks via materiality assessments and conducting regular stress testing of such risks

• Review and enhancement of modelling approach as capabilities progress and development of strategies to address data gaps in line with regulatory expectations

In addition to the development of the scenario testing model, the Bank is focused on the following areas:

- Assessing whether changes are required to the quantitative risk exposure limits that the firm is willing to bear, factoring in the long-term commercial interests of the firm and how current decisions affect future financial risks.
- Developing a system of quantitative Early Warning Indicators and Amber triggers below the Bank's exposure limits

6.3 Counterparties

A further area of focus for the Bank is the development of the customer onboarding risk assessment and due diligence procedures to incorporate ESG ratings, noting the ongoing challenge of inconsistent ratings analysis and available data.

The Bank will continue to monitor guidance in this respect in order to develop its approach. As noted within section 3 of this policy (Prohibited business), the Bank has a defined policy stance on sectors with which it will not undertake business, including those whose activities facilitate environmental damage / pollution such as physical extraction industries.

7. Social

7.1 Tax Strategy

The Bank has an established tax strategy which sets out its policy and approach to conducting its tax affairs and dealing with tax risk. The Bank complies with all our tax obligations, making appropriate returns and payments in a timely and responsible manner. The Bank's risk appetite and approach to tax affairs is consistent with achieving a low-risk category from Her Majesty's Revenue and Customs (HMRC), and is line with the Code of Practice on Taxation (The Code), which the Bank has formally adopted. In accordance with its commitments under the Code of Practice on Taxation, the Bank's approach is not to engage in tax planning that does not support genuine commercial activity. We do not seek to structure transactions in ways that give tax results that are inconsistent with underlying economic or social consequences. The Bank will comply with the spirit as well as the letter of tax law and where necessary, the Bank will take external advice from one of the big four accountancy firms.

The Bank does not engage in any tax planning schemes with respect to Income Tax, with all payments due to employees processed through the PAYE tax system. The Bank defines tax risk as the risk of non-compliance with tax regulations due to either incorrect interpretation of the legislation, or inaccurate or late reporting, which could lead to financial penalties, additional tax charges and/or reputational damage.

Tax risk is mitigated by our internal governance processes to ensure the Bank's tax returns are properly prepared and payroll taxes are accounted and reported in line with tax laws, regulations and in compliance with the Code

The Board is responsible for and oversees the Bank's overall tax strategy. Day-to-day responsibilities for managing the Bank's risks are delegated to the Chief Executive Officer/Managing Director (CEO/MD). The CEO/MD delegates the responsibility for the management of tax risk, and the completion of all required tax returns to the Finance Director. The UK Finance team ensures that any taxation issues are promptly reported to the Finance Director, as soon as they become aware of them, and the Finance Director will update the CEO/MD accordingly. The CEO/MD reports to the Board Risk and Audit Committee on an annual basis with regards to tax matters.

The Bank seeks to engage with HMRC in an open and professional manner for all interactions in respect of Tax matters relating to its UK and Dubai operations. Where appropriate and possible, we will seek engagement with HMRC on a real-time basis, in any areas of material uncertainty, so as to minimise our tax risk.

7.2 Human Rights and Modern Slavery

The Bank acts with integrity and its policies are reflective of its stance in upholding human rights and opposing any form of slavery. This is confirmed not only in our people policies and policy stance in terms of businesses that we will not deal with, which includes those implicated in Human rights abuses, but also in our structured Modern Slavery Statement in accordance with the Modern Slavery Act 2015.

The Bank operates a zero-tolerance approach to all human rights infringements within our own operations and our supply chains. As a part of this, the Bank provides its Modern Slavery Act statement to outline the steps it takes to ensure modern slavery and human rights violations do not take place in any part of the business or the businesses of suppliers that we deal with.

Internally the Bank's policies include an Employee Handbook, HR (Human Resources) Policies Manual, Compliance Manual, and AML (Anti Money Laundering) Manual. These policies set out the requirements and expectations for all staff members to follow in respect of their conduct and full compliance with UK law and regulation.

As part of our ongoing pledge to prevent exposure to all forms of modern slavery, the Bank conducts a rigorous process of initial and ongoing due diligence on all customers, as detailed within its policy and procedural documents, which includes the review of adverse information on any matters, including those that fall within the ESG areas, and also on partners and suppliers who wish to work with us, and this is detailed in our procurement policy. The Bank completes a comprehensive risk assessment in respect of partners and suppliers. Any new relationships are only approved following satisfactory due diligence checks, and the Bank completes ongoing due diligence checks of existing suppliers, to include sight of a supplier's modern slavery statement where applicable. Such due diligence checks serve as controls to protect the Bank from dealings with parties subject to criminal offences, including human rights violations such as those highlighted by the Modern Slavery Act.

As a regulated financial institution, the Bank is at lower risk of exposure to the types of human rights violations highlighted by the Modern Slavery Act, however it is important to remain vigilant. Slavery and human trafficking are crimes, and as such the criminals responsible, will attempt to hide proceeds in the financial system and legitimise them, also known as money laundering. The Bank has robust controls designed to detect, deter and prevent money laundering and all forms of financial crime.

As an employer we aim to provide the highest standards of training to enable our people to be risk aware and operate to the high standards expected of them. The Bank has an annual training programme which reinforces key messages in respect of the Bank's core values, the risks that the Bank is exposed to and its risk management framework. This supplements the Bank's policies and procedures, which are refreshed in response to regulatory developments and as a minimum annually. The combination of these activities raises awareness and drives high levels of personal accountability and ethical behaviours in our people, and full compliance with our legal and regulatory obligations.

7.3 Diversity and Inclusion

The Bank opposes and avoids all forms of unlawful discrimination, inequality and unethical behaviour. This includes in respect of recruitment; pay and benefits; terms and conditions of employment; dealing with grievances and discipline; dismissal; redundancy; leave for parents; requests for flexible working; selection for employment; promotion; and training or other developmental opportunities.

Our 'Diversity & Inclusion Policy' has a number of key components designed to create an inclusive, equal environment. At the heart of this policy is a focus on achieving core objectives that are critical to achieving inclusion and equality, and which are to:

- Encourage equality, diversity and inclusion in the workplace as they are good practice and make business sense.

- Create a working environment free of bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all staff are recognised and valued.
- Take seriously complaints of bullying, harassment, victimisation and unlawful discrimination by fellow employees, customers, suppliers, visitors, the public and any others in the course of the organisation's work activities. Such acts will be dealt with as misconduct under the organisation's grievance and/or disciplinary procedures, and appropriate action will be taken. Particularly serious complaints could amount to gross misconduct and lead to dismissal without notice.
- Make opportunities for training, development and progression available to all staff, who will be helped and encouraged to develop their full potential, so their talents and resources can be fully utilised to maximise the efficiency of the organisation.
- Review employment practices and procedures when necessary to ensure fairness, and also update them and the policy to take account of changes in the law.

The Bank's core values respect the differences and diversity of our people and empower them to achieve the highest standards of professionalism and integrity, and this is reflected in our policies. We are proud to have achieved the Investors in People Platinum accreditation, which is recognised as a mark of excellence. The Bank seeks to create a working environment that engenders freedom, equality, respect and co-operation. All staff are required to operate in line with the UK Individual Accountability regime, which requires individuals working at all levels to meet appropriate standards of conduct, and ensures that senior managers are held to account for misconduct that falls within their area of responsibility.

Our equal opportunities policy is based on codes of practice produced by the Equality and Human Rights Commission and the Department for Work and Pensions. The Bank also has an established whistleblowing procedure, which encourages all staff to speak out if they should have concerns about impropriety within the Bank.

The Bank will provide equality, fairness and respect for all in our employment, whether temporary, part-time or full-time and will not unlawfully discriminate because of the Equality Act 2010 protected characteristics of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race (including colour, nationality, and ethnic or national origin), religion or belief, sex, sexual orientation.

7.4 Community Involvement as part of Corporate Social Responsibility

As a business, the sustainability of our model underpins our active support for growth and opportunity in Nigeria, Sub-Saharan and West Africa and the MENA region. Our commitment to behaving responsibly is embodied in the values that inform our corporate activities and which we share with the Access Bank Group as a whole.

As detailed on our website, the Bank and its wider group's approach to social responsibility has seen it actively support a number of worthy causes within the community, both in the UK, and in sub-Saharan Africa where a number of the Bank's customers are located, and which is representative of the jurisdictions in which our parent and wider group operate.

The Bank's commitment to corporate social responsibility initiatives includes its support of annual events such as the City of London Lord Mayor's Appeal 'City Giving Day', which celebrates the value of the City to society and shows how businesses can make a difference. The day champions activities, whether corporate social responsibility, philanthropy or volunteering. In addition, as part of its continued support of UNICEF (United Nations Childrens Fund), the Bank, in conjunction with its parent, hosts an annual 'Access Bank Polo Day' at Windsor, most recently in July 2022. The 2022 event raised $1.7million that will be directed towards the building and equipping of over 100 classroom blocks in the less developed areas of Nigeria.

The Bank and its wider Group remain committed to corporate social responsibility initiatives and to continuing to develop its contribution in this critical area.

7.5 Employee Engagement, health and wellbeing

One of the Bank's core values is "Empowered Employees". The Bank seeks to embed and maintain a positive culture in which employees are valued, and are actively engaged and supported throughout their journey with the Bank. Employee engagement is a key focus for the Bank.

The CEO/MD undertakes regular in person staff briefings in both Northwich and London, and which staff in Dubai and Lagos are able to access on line. These briefings occur at least b-monthly, with typically nine such briefings undertaken in each year (During the COVID-19 pandemic these were undertaken remotely and represented a key tool for the Bank's employee engagement). These briefings provide updates on the Bank's progress against its strategic objectives; the performance of the Bank for the year; updates on the performance of the Operations centre in Northwich; the results of the Great Ideas Awards (see below) and reenforces the key messages from any online training undertaken in the month.

The Bank has in place a formal training plan which incorporates mandatory e-learning, training workshops delivered by the Compliance and AML teams and staff briefings delivered by the CEO/MD. The plan ensures that staff across all operations of the Bank complete training that covers a broad range of regulatory learning.

This programme of ongoing training is underpinned by induction training provided by the Compliance department to each new joiner of the Bank. This training covers a range of compliance rules and responsibilities and is designed to 'sign post' new staff to the sources of regulatory information and internal policies and procedures.

Cross departmental training is also undertaken, with employees given the opportunity to attend various departmental training sessions to help broaden their knowledge of different departments within the Bank.

In addition, it is our policy to maintain the following initiatives:

- An 'Employee Assistance Programme' which was launched to help support employee's mental, physical, financial and emotional well-being;
- A Five-Year Loyalty Award to reward staff loyalty and commitment to the Bank.
- A Ten-Year Anniversary Award to reward staff loyalty and commitment to the Bank;

In order to develop and maintain our positive culture the Bank has instituted:

- A 'Great Ideas Scheme' to encourage our employees to make improvement recommendations (Innovation);
- A voluntary Mentoring scheme to allow cultivation of talent and sharing of knowledge and experience;

- A 'Refer a friend Scheme' to encourage our existing team to introduce a suitably qualified person for appointment;
- Friday Breakfast provision to foster a collaborative atmosphere and sense of fun to say thank you to our staff;
- Buddying for new recruits to help them to settle into their role more quickly and to feel supported.

7.6 Responsible Lending

The Bank has in place responsible lending guidelines to articulate its approach to its regulatory duties in relation to responsible lending in the regulated mortgage market.

The objective of the guidelines is to ensure that any customer entering into a mortgage contract with the Bank possesses sufficient financial capacity to meet their mortgage repayments in full. This is achieved by assessing the customer's financial circumstances in the context of their ability to meet their mortgage repayments and other associated household expenditure; gathering sufficient evidential documentation from the customer(s) and/or third-party companies to demonstrate that the mortgage is affordable for the customer; and Credit Risk conducting a comprehensive review of the evidential information gathered in order to make an informed decision.

8. Governance

8.1 Bribery and corruption

The Bank has a structured Bribery policy reflective of its opposition to all forms of bribery and corruption and articulating the control framework in this respect.

The Bank is committed to ensuring adherence to the highest legal and ethical standards and anti-bribery and corruption laws. It is our policy to conduct business in an honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. The Bank recognises that bribery and corruption have an adverse effect on communities wherever they occur and can distort free trade and competition. Corruption is often associated with organised crime, money laundering and on occasions, the financing of terrorism.

The Bank defines bribery and corruption in its various typologies within the policy, which applies to all employees and business partners of the Bank including employees, as well as agency workers, associates, affiliates, suppliers, consultants and contractors, irrespective of their location, grade, function or standing.

This policy is communicated to all employees and business partners of the Bank to ensure their knowledge of, and commitment to it. The Bank applies a zero-tolerance approach to acts of bribery and corruption by any of our employees or by business partners working on our behalf. A breach of this policy will be regarded very seriously, and in the case of employees will be considered as grounds for disciplinary action, which may include dismissal. Bribery is a criminal offence and penalties can be severe.

There are several steps the Bank has taken to assist in the prevention of bribery and corruption:

- **Risk Assessment**
  Effective risk assessment lies at the core of the success of this policy. Risk identification highlights the specific areas in which the Bank may face bribery and corruption risks and allows us to better evaluate and mitigate these risks. Management will assess the vulnerability of each business unit to these risks on an ongoing basis

- **Clear, practical and accessible policies and procedures**
  All Bank staff are circulated with the policy and made aware of the associated procedures. These will be accessible at all times to employees. Any queries regarding the Policy are referred to the Risk and Compliance Department.
- **Effective monitoring and review**
  It remains the responsibility of each staff member to be vigilant to the risks of bribery and corruption and closely monitor and review transactions and make reports where necessary. Each staff member will be responsible for reporting any suspicions to the Risk and Compliance Director and to the CEO/MD in line with the whistleblowing policy discussed in the next section.

From a governance perspective, the Bribery Policy is subject to annual review by the Bank and presented annually to the meetings of the Board Risk and Audit Committee for review and re-approval. This submission includes confirmation of the circulation of the policy, that staff have received appropriate training during the year which is reinforced as part of the Bank's corporate governance strategy during staff briefings presented by the CEO/MD and executive management, and also that systems and controls currently in place to mitigate risks attached to the Bribery Act 2010 are considered to be adequate.

8.2 Whistleblowing– encourage transparency and accountability

The Bank has a Whistleblowing Policy in place, which sets out how the Bank expects staff to conduct themselves and the Bank's business with the highest standards of professionalism, integrity and honesty at all times. If an employee considers that the conduct of another employee does not meet these business standards, and the matter that has occurred, or may occur, is so serious, (dangerous, corrupt or illegal) that it should be reported, then the Bank expects that the matter should be reported immediately to the employee's line manager, or using the whistle-blower lines.

The Whistleblowing Policy defines serious reportable issues such as any suspected criminal offence; a failure to comply with legal obligations; a miscarriage of justice; a health and safety danger; infringement of MiFID II rules; Market Abuse; a breach of the Capital Requirements Directive; an environmental risk; or a concealment of any of these.

Reporting such matters is known as 'whistle-blowing' and employees have some statutory protection where they are involved in this activity. The Public Interest Disclosure Act 1998 (PIDA) provides protection to employees who report wrongdoing within the workplace. The Bank is committed to ensuring that employees are confident that they can raise any matter and that this disclosure will be treated as confidential and without prejudicial recourse.

Where an employee has a concern about any malpractice or wrongdoing, he or she can raise the matter immediately with their direct line manager. This can be done verbally or in writing. The line manager will investigate the matter that has been raised, and where appropriate take any corrective actions, and feedback any relevant outcomes to the individual raising the issue. Where the employee does not find the outcome satisfactory, or where the individual considers the matter to be of such magnitude, that it is not appropriate to raise the matter with the line manager, the matter can be reported to a more senior manager. This can be done verbally or in writing. The senior manager must investigate the matter that has been raised, and where appropriate take any corrective actions, and feedback any relevant outcomes to the individual raising the issue. Where the employee does not find the outcome to the matter satisfactory, or the individual considers the issue to be of such magnitude, he or she considers it inappropriate to raise the matter with a senior manager, he or she should raise the matter verbally with the Risk and Compliance Director or alternatively with the CEO/ MD.

The employee may also send an email advising of a concern (but not disclosing the subject of this concern) to a dedicated internal mailbox. The Risk & Compliance Director and CEO/MD will investigate the matter that has been raised, and where appropriate take any corrective actions, and feedback any relevant outcomes to the individual raising the issue. Should it be more appropriate, the Non-Executive Director Chair of the Risk and Audit Committee can be contacted via email or telephone.

From a governance perspective, following an annual review by the Bank to confirm that the Whistleblowing procedures continue to meet the regulatory requirements set out by the 'Financial Conduct Authority' and by the Dubai regulator, 'The Dubai Financial Services Authority', the policy is provided to the Board Risk and Audit Committee for review and re-approval.

8.3 Board governance including voting guidelines

From a governance perspective, the Bank has in place its Board and sub-committees and senior management committees, with associated terms of reference.

The Bank's Management and Board have responsibility for the setting and monitoring of the Bank's Risk Appetite. We have adopted an overall 'moderate' risk appetite level which means the Bank is willing to accept moderate risks or a lower level of potential losses or exposure, relative to our peers in the industry. It means the Bank selectively accepts risks. The risk appetite is aligned with the Bank's overall corporate risk philosophy and culture and defines how the Bank wishes to be perceived by its stakeholders such as shareholders, employees, regulators, customers, rating agencies etc.

The setting and monitoring of the risk appetite is a key component of the Bank's established Risk Management Framework. The Bank effectively manages risk in its operations through the setting of risk policies fully aligned with the risk appetite, and monitoring the Bank's ongoing adherence to these policies through a programme of regular risk monitoring.

The Board makes decisions and provides oversight in order to promote the Bank's success for the long-term benefit of clients, customers, colleagues and the society in which we operate. The Board sets the purpose, strategy and risk appetite of the Bank and is the ultimate decision-making body for strategic, financial, regulatory, or reputational matters. The Bank has a well-established corporate governance framework and clearly sets out those matters reserved solely to the decision-making power of the Board.

The Bank's Board and sub-committees perform a number of key governance responsibilities which are detailed in the terms of reference, and can be summarised as Strategy and management; Strategic Initiatives, Bank Structure, Capital and Funding; Financial reporting and controls; Internal controls and risk management; Projects and Contracts; Lending (approvals); Communication; Board membership and other senior management issues; Remuneration; Delegation of Authority; Corporate governance matters; Integrity, competence, Treating Customers Fairly and compliant operations, and any other miscellaneous matters as required.

The Bank has in place a structured framework of Senior Management Functions and overarching corporate governance which provides the structure of rules, practices, and processes that direct and manage the Bank, with the Board acting as the primary influence on corporate governance. The Board composition involves independent members and the Bank's own executives. Independent directors are chosen for their experience managing or directing other large companies and assist the governance process by providing an independent view on matters discussed.

8.4 Operational Resilience

The Bank has established its operational resilience framework in alignment with the policy and supervisory statements issued by the regulators, which reinforce the key regulatory objective that the UK financial sector is operationally resilient, ensuring that firms and the sector can prevent, adapt, respond to and recover and learn from operational disruptions, and in consideration of industry.

The Bank also considered guidance published by the Basel Committee on Banking Supervision in their consultative document 'Principles for operational resilience,' developed and adapted from existing guidance, with the aim of proposing a pragmatic, principles-based approach to operational resilience that will help to ensure proportional implementation across banks of various size, complexity and geographical location. The review of this document, following its finalisation, provided further comfort that the development of the Bank's Operational Resilience Framework is in line with the principle-based guidance provided.

In 2019, the Bank established its Operational Resilience methodology, in line with the requirements set out in these papers, and continues to develop the framework. In the process, the Bank has completed a number of key actions.

Important business services have been identified, and there has been mapping of the people, processes, technology, facilities, information and processes that support these services and the assessment of the vulnerabilities and the impact of a failure/disruption on the service. This assessment process has been established to be performed on an annual basis, or whenever there is a material change to the Bank or the environment in which we operate or the introduction of a new service identified as important. In addition, when the Bank develops a new service or product, an assessment will be undertaken to establish whether this will be categorised as an important business service.

In terms of outsourcing, regulatory guidance highlights that a key component of the mapping exercise is the sufficient understanding of the supporting elements of the process provided by a third party. The Regulators expect firms to be able to include vulnerabilities that may occur at a third party, even if they are out of the firm's control and also if they may occur beyond the third party. The Bank has performed a gap analysis of requirements against the existing outsourcing framework in place and the output of this exercise has guided the development of the Bank's approach.

Following the finalisation of the Regulatory Policy Statements, impact tolerances have been developed in line with the regulatory requirement that these must be set as clear, measurable metrics and as a minimum will include the maximum tolerable duration of a disruption. The objective of impact tolerances is to ensure that the Bank is focused not only on preventative measures to avoid a disruption event in the first instance but also has controls and contingencies to remain resilient should a disruption event occur. As the Bank has not experienced any material disruption events since it commenced operations, the assessment has therefore been performed on a judgement led basis, leveraging the learnings taken from the COVID 19 pandemic business continuity scenario. The monitoring of the impact tolerances has been embedded in the Bank's risk management framework and is subject to regular oversight and review, in line with the existing risk monitoring.

A key output from the COVID 19 pandemic business continuity scenario was that the Bank implemented a successful remote working model which has now transitioned into a hybrid working model, providing all staff with secure, encrypted laptops which are able to connect to the Bank's servers through dedicated VPN connections, to facilitate remote working and support continuity of operations under normal operational circumstances and during a disruption event, further supporting the Bank's operational resilience.

The Bank's development of its operational resilience framework is subject to governance oversight through a standing agenda submission to the Board Risk and Audit Committee which details progress.

8.5 Business conduct and ethics

The Bank has in place a defined Code of Business Conduct and Ethics. This code governs the way members of the Bank conduct their business.

The Bank maintains the highest ethical standards in carrying out its business activities. Reputation is one of our most important assets. Maintaining the trust and confidence of all those with whom the Bank deals is a key responsibility and therefore our core values are used to guide and direct the way the Bank does business.

The Bank recognises its obligations to stakeholders, employees, customers, suppliers, competitors and the wider community. Therefore, its code of Business conduct and ethics sets overall principles and guidelines for practice to be adopted throughout the Bank, in terms of relations with customers, suppliers and intermediaries, stakeholders and other investors, employees, the government and local community, competitors, and international business.

Individual business areas within the Bank are required to adopt appropriate principles and processes to deal with specific ethical issues that may arise. We monitor ethical performance regularly in order to ensure that corrupt or unethical business practices are eliminated.

The code also highlights the importance of compliance and verification, where strict adherence to the provisions of this Code is a condition of employment with the Bank, and the Bank creates the climate and opportunity for our employees to voice genuine concerns about behaviours or decisions that they perceive to be unethical. The Risk and Compliance Director is responsible for initiating and supervising the investigation of all reports of breaches of this Code and ensuring that appropriate disciplinary action is taken when required. The Bank's auditors may also be asked to report on any practice uncovered, in the course of their work, which appears to breach this Code of business practice.

9. Monitoring, Policy Review and Updates

This policy will be subject to review in response to material changes and as a minimum annually. The review will be completed by the Finance Director.

The policy is approved by the Bank's Board of Directors.