

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.

Business model

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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response:

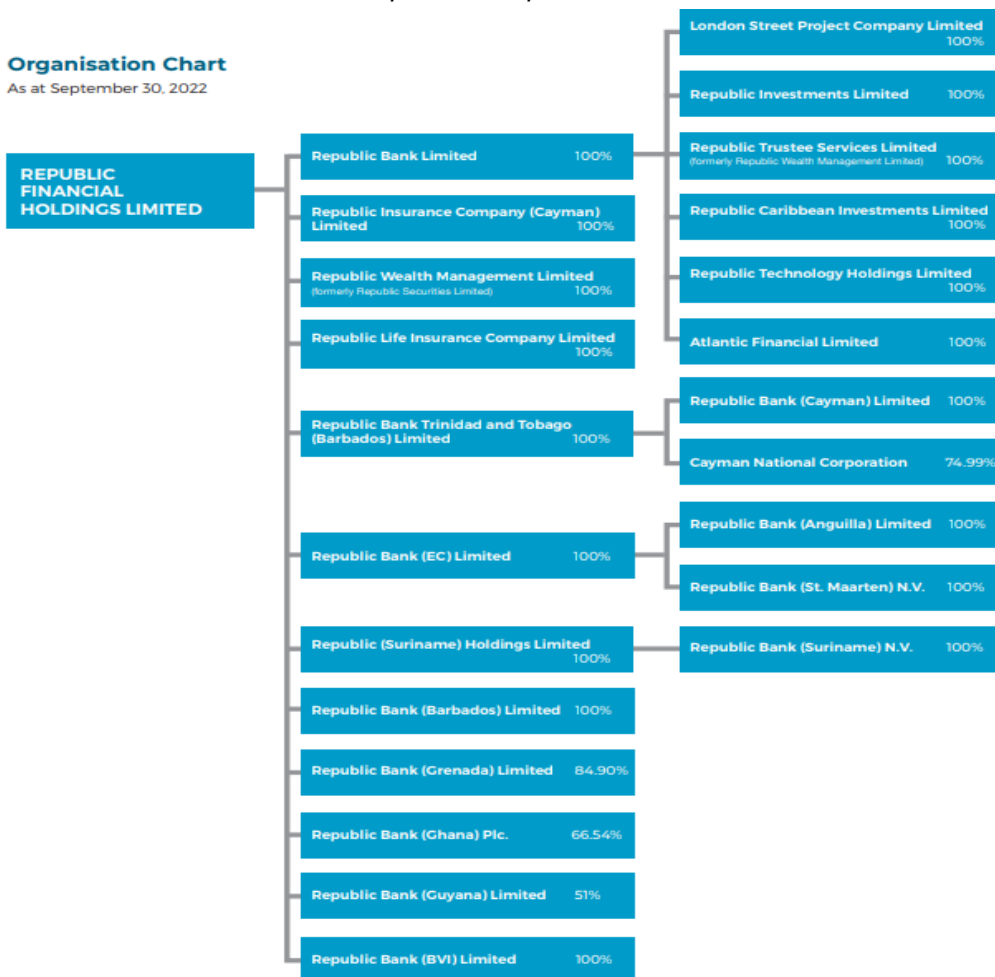
Republic Financial Holdings Limited (RFHL) is the registered owner of all the Banks and Financial Subsidiaries in Republic Group:

Links and references

RFHL Annual Report 2022 (Pg. 66)

Organisation Chart

As at September 30, 2022



- Products and Services Summary:
 - Consumer Banking
 - Corporate Banking
 - Investment Banking
 - Wealth Management
 - Insurance

- Main Sectors Financed:
 - Government and Central Government Bodies
 - Energy and mining
 - Renewable energy
 - Electricity and water
 - Transport storage and communication
 - Real estate
 - Construction
 - Hotels and restaurants
 - Tourism
 - Agriculture
 - Manufacturing
 - Financial services
 - Other services

- Number of Customers served – 1.439M¹

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

None of the above

¹ Trinidad and Tobago, Surinam, Barbados, Guyana, Ghana, St. Lucia, Anguilla, Grenada, St.Kitts and Nevis, St. Vincent, Dominica, St. Marteen and British Virgin Islands

Response

Our Group has established an ESG Policy Framework which aligns but is not limited to the aforementioned frameworks, strategic priorities and policies. RFHL has recognized the need for sustainable practices not only in our internal operations but mainstreamed throughout our external sphere of influence. Therefore RFHL has started applying Environmental, Social and Governance (ESG) factors as a strategic and operational imperative to the Group in an effort to manage risks, capitalise on opportunities, augment our moral compass and fulfil our multi-lateral commitments to UNEP FI, Principles of Responsible Banking (PRB) and Net Zero Banking Alliance (NZBA).

Summary of the Group specific alignment:

ESG/Sustainable Finance Strategy – RFHL is working towards mainstreaming ESG pillars throughout all operations. In RFHL’s sustainable financing strategy, which is aligned with the ESG Strategy, the Group is focusing on Socio-environmental Risk Management, Responsible Investment, Small, Medium and Micro Enterprises support and Sustainable Financial Products. Further to exemplify our commitment to our SME customers, we have formalised a Centre for Business Innovation Unit to support SME companies in their journey.

The ESG strategy is aligned as follows:

- a) **Environment** – RFHL is currently formalising its framework for sustainable financing as a means of influencing our stakeholders to also infuse and integrate sustainability, inclusive but not limited to climate action within their own operations. Internally, ESG is a strategic and operational target, therefore all internal operations are being assessed via a materiality framework in order to systematically mainstream ESG.
- b) **Social** –RFHL is moving to formalize a Diversity, Equity and Inclusion and Belonging (DEIB) (DEI) Strategy. Each subsidiary and territory within the RFHL Group has selected specific Sustainable Development Goals (SDG) to focus corporate assistance. Our Group Marketing and Communications Department (GMC) and Human Resource (HR) Department have developed several SDG aligned programmes through our “Power to Make a Difference” Programme and other philanthropic initiatives to improve the quality of life among our internal and external stakeholders. The Goals will also be used to further refine our existing retail and credit portfolios. These will all be engaged under the ESG framework. SDG Goals 13 (Climate Action) and 17 (Partnerships for the Goals) are Group wide overarching Goals. We are developing monitoring and evaluation methodologies to ensure we are in alignment to SDG indicies.
- c) **Governance** - RFHL is assessing the strategic elements of governance within the organization to ensure sound risk management and effective and transparent decision-making processes. Through the ESG lens, the Group is addressing and incorporating corporate governance principles, stakeholders

Links and references

<p>responsibilities, DEI, anti-corruption and accountability, risk management, data security and technology and innovation.</p> <ol style="list-style-type: none"> SDG Alignment - RFHL's ESG strategy incorporates the SDGs where applicable. All GMC projects, funding and partnerships are assessed under a SDG matrix, data management and evaluation techniques. All territories and subsidiaries have adopted specific SDGs which reflect the needs and priorities within their respective countries. Our Group is moving to align to all 17 SDGs with specific and overarching priority being given to Goals 13 (Climate Action) and 17 (Partnerships for the Goals). Climate Strategy – RFHL recognizes and accepts its role as a stimulator and facilitator of Climate Change adaptation within our sphere of influence. We have allocated USD200million towards climate financing and through our ESG strategy, we will apply systematic tools to foster climate responsibility among our stakeholders. RFHL is a signatory to the UNEPFI's PRB and NZBA. We are developing a comprehensive and practical climate policy and strategy for all our operations which considers the commitments at the national, regional and international levels. 	
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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.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly² and fulfil the following requirements/elements (a-d)³:

- a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

<p><i>Response:</i></p> <p>In 2022, RFHL formalized its Group Sustainability Unit (GSU) with the specific functions of spearheading, implementing and monitoring the RFHL's Group strategy for ESG and its international obligations. In July</p>	<p><i>Links and references</i></p> <p><i>RFHL Strategic Plan 2021-2023</i></p>
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² That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

³ Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

2022, we commissioned an ESG Scan for all products and services across all geographic locations to determine our most significant impacts, which provided the following emerging ESG Themes and ESG Areas:

Theme 1: Strategy & Organisation

ESG Areas: Strategy, Organisation, Systems, Stakeholder Management

Theme 2: Environmental

ESG Areas: E-Organisation, Climate Change, Energy, Water Air/ Exhaust Gases, Supply Chain & Products, Waste

Theme 3: Social

ESG Areas: Regulations, Labour Management, Diversity & Inclusion, Education & Training, Occupational Health & Safety, Supply Chain, Product Liability, Social Engagement

Theme 4: Governance

ESG Areas: Regulation & Compliance, Risk Management, Data Protection, Corruption

Theme 5: Reporting

ESG Areas: Communication, Targets, KPIS, ESG Reporting

RFHL is in the process of conducting our Materiality Assessment for the Group.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries⁴ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

Response:

RFHL has determined its composition of its portfolio by sectors and industries for business, corporate and investment banking portfolios (i.e. industry breakdown in %). This is broken down as follows:

Loans for the Group	December 2022
Sector Concentrations	%
Energy	1.64
Manufacturing	2.06

Links and references

⁴ ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Agriculture	0.55
Construction	8.19
Distributive Trades	7.26
Government	3.26
Tourism	4.91
Transportation	1.23
Communication	0.05
Finance/Insurance	0.57
Education	0.20
Personal Services	1.33
Individuals	47.01
Other	21.74

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁵ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

The major challenge to sustainable development in the countries where RFHL operates is the lack of legislation with respect to climate change and sustainable development, except for Ghana. This lack of legislation puts the onus on private sector companies such as RFHL to drive the sustainability movement. The lack of legislation also influences the cultures of these countries/regions which in turn makes the public less interested in driving sustainable practices, activities and initiatives in their lives.

Another challenge our Group experiences is lack of coordination between national development plans of the countries where we operate, especially relating to commitments to meet the Paris Agreement and other Multilateral Agreements. Our Group has the intention of encouraging and facilitating these conversations.

ESG is data driven and our Group faces major challenges with data availability and data quality needed for environmental analysis and baselining. Much of the data needed to produce in depth baselines is unavailable, incomplete and/ or inaccurate. This often leads to companies in the region using estimates to measure their environmental impacts. This is a problem that RFHL currently faces. The first ESG scan completed encompassed estimates as data was not available. To assist

Links and references

Annual Report 2022 (pgs 77-83)

⁵ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<p>in the data collection efforts going forward, RFHL is closely working with internal stakeholder to create, develop and implement these much needed data streams.</p> <p>In this first instance, RFHL has taken into account the most relevant challenges and priorities relating to sustainable development in our geographic spheres of influence by strategically assigning country specific SDG priorities. RFHL has adopted SDGs on a per territory basis. Overall the group captured 10/17 of the SDGs and have developed SDG aligned programmed through our Power to Make a Difference Programme to improve the quality of life of stakeholders.</p> <p>The ESG/Sustainability Strategy will also be relevant and indicative of variances among the Group.</p>	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁶? Please disclose.</p>	
<p><i>Response:</i></p> <p>Our Group will report on this in our 2024- 2025 disclosure. RFHL conducted preliminary desktop impact analyses for SDG alignment in 2021 to help determine priority areas for all business functions. SDGs inform key strategic and operational factors to drive sustainability.</p> <p>With respect to our target setting, the real estate sector was selected for the intermediate target due to the great relevance of this sector to our Group. In Trinidad and Tobago, for example, we have more than 50% of market share. Furthermore, the selection of this sector was due to the high exposure of our Group in the sector (29.4% of total portfolio of business loans according to PCAF methodology) and due to the best data availability at the moment of this submission (not aggregated with any other activity). A target of 26.4% emissions intensity reduction by 2030, from 139 tCO₂e/m² to 102 tCO₂e/m² was set.</p> <p>Our Group is currently engaged in setting further targets per critical sector in alignment with the NZBA and PRB. The sectors identified are as follows:</p> <ul style="list-style-type: none"> i. agriculture; ii. aluminium; iii. cement; iv. coal; v. iron and steel; vi. oil and gas; vii. power generation; and viii. transport. <p>These targets will be finalized and reporting in the next calendar year.</p>	<p><i>Links and references</i></p>

⁶ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

d) For these (min. two prioritized impact areas): Performance measurement. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response:

The methodology of PCAF (<https://carbonaccountingfinancials.com/standard>) has been applied to calculate the financed emission profile, using the lowest data quality score (score 5) as customer data is very limited. The database of the conversion factors is provided by PCAF and is specific for the region of South America, not the Caribbean, and lists factors according to the international business activity numbering ISIC (grouped per sector).

The emission profile has been generated based on very limited available data. Exposure to the sectors were not available per client with activity numbering according to ISIC, therefore the sector description has been used to match with the conversion factor of PCAF for the respective sector at the first level of grouping. Our portfolio consists of the composition of 14 subsidiaries and the data regarding the exposure is not homogeneously classified under NACE, ISC or other international numbering, challenging the use of PCAF emission conversions for the sectors.

Taking into consideration the aggregation of sectors of the portfolio, the conservative measure of taking the highest emission conversion factor from PCAF database was applied to the exposure converted from Trinidad and Tobago Dollar to United States Dollar based on fiscal year end 2022.

Using this methodology, RFHL set a target in the commercial real estate sector.

For RFHL, other sectors present a higher portion of the financed emissions, namely energy and mining, electricity and water, agriculture, manufacturing, construction and distribution. However, there are no methodologies or scenarios available for setting targets for aggregated sectors and there is currently no methodology/scenario yet developed for the agriculture sector. Therefore given this limitation those sectors were excluded from the present target setting exercise. Once the improved data is available and more accurate financed emission profiles are calculated, those sectors will need to be considered for target setting (as required by NZBA).

Links and references

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁷

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

Response:

Our Group is scheduled to commence our materiality impact assessment in the next calendar year. However from our ESG scan, the following areas were identified: Climate change adaptation, resource efficiency, circular economy, human rights, gender equality, decent employment, financial health & inclusion, water, waste management. This is subject to change upon completion of the materiality impact assessment.

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁷ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁸ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) *Alignment:* which international, regional or national policy frameworks to align your bank's portfolio with⁹ have you identified as relevant? Show that the selected indicators and 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.

You can build upon the context items under 2.1.

Response:

RFHL has set inaugural targets which aligns with our activities, products and services. These targets are linked to the SDGs, our operating countries' commitments under the Paris Agreement and the relevant international, regional and national frameworks.

Commercial Real Estate Sector Target

RFHL operates in 14 countries, with varying economic, social and geographical landscapes in the Caribbean as well as Ghana. Many countries in the Caribbean have not expressly communicated a plan to reach net zero by 2050, for example Trinidad and Tobago. However Barbados, for example, has clear targets set to reach net zero by 2050. Therefore, it is difficult to consider existing county policies and/ or emission reductions as reference for the target setting for the Group.

International sources for net zero scenarios were reviewed including the Science- Based Targets Initiative (SBTi) tool and the Network for Green Financing System (NGFS 1.5 scenario), which has downscaled data for Trinidad and Tobago regarding the reduction of energy consumption for commercial and residential buildings. However, this was not found to be adequate to be applied, as it was not clear what assumptions were made by the model to draw the curve and if that could be applicable for the other countries where our Group operates.

The selected scenario was the one provided by IEA in its Net Zero model. The data available encompass the whole world with a curve for reducing energy consumption from buildings. The curve is drawn based on some key milestones for the sector:

- By 2030: all new buildings are zero-carbon ready
- By 2040: half of existing buildings retrofitted to zero-carbon ready levels
- By 2050: more than 85% of buildings are zero-carbon ready

The target was set taking into consideration the average energy intensity of commercial buildings in Trinidad and Tobago and an average electricity emission factor for the region of the Caribbean, given the fact that real estate properties are distributed throughout the region. Given that our Group has real estate distributed throughout the region, this is

Links and references

https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

<https://ttqbc.org/energy-efficiency/>

a conservative calculation. This generates the point of start of 139 tCO₂e/m² per year as an emission intensity baseline to be reduced.

As such, RFHL has established an intermediary emissions intensity target for our commercial real estate sector. We are committed to: A reduction of 26.4% of the current estimated emission intensity from the real estate sector from 0.13139tonCO₂e/m² per year to 0.096 tonCO₂e/m² per year by 2030.

Further our Group has set the following internal objectives in an effort to mainstream ESG into our operations:

ESG (Environmental, Social, Governance)

- By 2025, to mainstream ESG as the Group’s strategy for doing business
- End of 2023 – RFHL’s first stand alone Sustainability Report to be published
- By 2024 to be fully utilizing IFRS’s International Sustainability Standards to frame our ESG disclosures

Climate:

- By 2025- lend, invest or arrange USD \$200 million to reduce the impacts of climate change and help develop resilient, climate adaptive infrastructure across all territories. Under this facility we intend to fund:
 - Low carbon generation and renewable energy projects
 - Energy efficiency projects
 - Climate and energy resilient options
 - Clean fuel substitutes
 - Sustainable Land Management and Agriculture
 - Waste management and Circular Economy options
 - Water efficiency and waste water treatment
 - Circular economy manufacturing and packaging
 - Sustainable transportation
 - Sustainable real estate and construction
 - Pollution control
 - Carbon capture and emission reduction opportunities
 - Others
- By 2050 we are committed to achieving Net Zero greenhouse gas emissions in our internal and external operations
- By 2024 - Increase Renewable Energy lending & manage credit exposure to negative impact clients within PRB/IFC/IDB targets

Other commitments include:

- o By the end of 2023 - Launch 1-2 new products or services in support of the selected SDGs; review credit policies and the Group’s procurement / operational / maintenance practices to support the selected SDGs

⁸ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁹ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

- Construction of all new properties in accordance with LEED certification
- To offer electric vehicles as part of benefit packages

Diversity, Equity and Inclusion (DEI)

RFHL is developing a DEI strategy which will be pegged to our ESG Strategy. The Group will set practices and initiatives to identify and promote equal opportunities to the diverse groups in our workforce.

Our DEI focus includes the following objectives:

- To encourage and foster a collective inclusive mindset
- Promote cultural change towards gender equity
- Ensuring that RFHL’s leadership embodies and influences DEI
- Create opportunities to attract the best talent incorporating DEI

RFHL DEI’s targets are as follows:

- 2023-2024 – to review and improve policies, procedures and systems to support DEI
- 2025 – to have at least 30% of our governing boards comprised of female directors and aspire to achieve a goal of gender parity in the long-term.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<p><i>Response:</i></p> <p>For our commercial real estate target, a baseline year of 2021 was selected. However, as we continue to set further targets in our critical sectors, as identified by the NZBA, we will review and update the baseline.</p>	<p><i>Links and references</i></p>
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c) SMART targets (incl. key performance indicators (KPIs)¹⁰): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<p><i>Response</i></p> <p>We are still in the process of finalizing our KPIs and the action plan for the commercial real estate sector. The KPIs will be disclosed in our 2023 annual report. RFHL is also in the process of setting targets per critical sector as identified by the NZBA. Once this is completed, will also devise action plans per sector target which will be disclosed.</p>	<p><i>Links and references</i></p>
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d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<p><i>Response</i></p> <p>We are still in the process of finalizing our action plan for the commercial real estate sector. This action plan will be disclosed once completed. RFHL is also in the process of setting targets per critical sector as identified by the NZBA. Once this is completed, will also devise action plans per sector target which will be disclosed.</p>	<p><i>Links and references</i></p>
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Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	<p>... first area of most significant impact: ... <i>(please name it)</i></p>	<p>... second area of most significant impact: ... <i>(please name it)</i></p>	<p><i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i></p>
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¹⁰ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response:

RFHL recognises that in order to achieve our targets and include new and more aggressive ones, we must commit to strategically and operationally integrating ESG as our way of doing business.

- **ESG** - In 2021, our Group expressed its intention to set up a Group Sustainability Unit to manage this ESG process. In 2022, this Unit was formalized and is currently developing and pursuing our ESG agenda. Regarding our targets the following are the ways in which we have defined our actions to meet our climate and DEI targets and to monitor progress thus far.
 - In 2022, RFHL hired a Group Sustainability Officer, who was tasked with formalizing the Group Sustainability Department. In 2023, the Group hired a Sustainability Specialist in International Agreement, Sustainability Specialist for ESG and a Sustainability Data Specialist. The Group also engaged in a Group-wide ESG scan to determine RFHL's ESG baseline and Maturity Assessment.

Links and references

- RFHL has established an intermediary emissions intensity target for our commercial real estate sector. We are committed to: A reduction of 26.4% of the current estimated emission intensity from the real estate sector from 0.13139tonCO₂e/m² per year to 0.096 tonCO₂e/m² per year by 2030.

Other qualitative progress is as follows:

- All territories have reviewed and selected specific ESG/SDG areas of focus. Plans are currently being created to implement and monitor metrics.
- Cross functional committees to be set up to monitor progress against metrics.
- Refining our ESG stakeholder strategies by considering more outreach options.
- **Climate** – The Group Sustainability Unit has drafted a Group wide ESG Policy and Framework, intended to serve as the ESG Manual/Reference Document for the entire Group. This document lists all systems, procedures and operating systems and detailed excluded activities to fulfil RFHL’s ESG mandate. Inclusive in this ESG Policy and Framework are the steps to achieve our climate targets nationally and internationally.

The Group Sustainability Unit is also in the process of establishing RFHL Group Sustainability Council (Council). This will foster and promote more efficient and accurate information sharing and communication regarding ESG and Climate activities among the Group. This Group has developed a Terms of Reference and Key Performance Indicators (KPIs) for the Council to assist in meeting our targets.

RFHL will be reporting actual percentage changes in our 2024-2025 report. Our climate focused funding is currently being utilized, with plans for more aggressive means of attracting more clients. Internal assessments to achieve Net Zero are being engaged such as our Group carbon footprint and ESG materiality assessment.

- **Diversity, Equity and Inclusion (DEI)**

In 2021 RFHL convened a high level and operational level DEO committee to spearhead its DEI strategy and implementation plan. The aim is to mainstream practices and initiatives to identify and provide equality in opportunities to the diverse groups within our staff complement. Our Group aims to create a culture that drives innovation, sustainability, growth and competitiveness.

From 2022 to 2023, the DEI Operational team engaged external consultants to assist the Group in conducting surveys with the staff to gather information around the staff’s outlook on DEI in the Group. The results of the survey will thereafter be assessed and reviewed by the DEI Operational team. Through the results, the team will draft the manuals, procedures and policies for the Group. The team intends to develop and execute a DEI Communication Plan to the Group to integrate and infuse DEI into our Group.

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.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹¹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

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 activities¹²). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

The following were implemented within 2022 and shall continue into 2024:

1. 2022 Caribbean ESG/Sustainable Finance Conference – This event brought together RFHL's stakeholders to raise awareness and encourage dialogue and action regarding ESG/sustainability issues specific to the countries in which RFHL operates.
2. Customer outreach to encourage and promote automation and digitalization.
3. Engaging clients in accessing funds for our USD 200million Climate Financing.
4. Setting client and stakeholder goals and targets for each territory and subsidiary in relation to their selected SDGs and in consideration of their post-covid priorities.
5. Aligning all corporate social responsibilities (CSR) and philanthropic activities with our ESG and SDG strategy.
6. Exploring initiatives to target or Small, Medium and Micro Enterprises (SMMEs). Our Group established a department namely Centre for Business Innovation to target SMME clients. It is the intention of this Group to support SMME clients in their business to ensure success.

Links and references

¹¹ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

<i>Response</i>	<i>Links and references</i>
<p>After due consideration of the impacts our Group, we offered and devised the following available to all stakeholders:</p> <p>Climate Change</p> <ul style="list-style-type: none"> - By 2025 lend, invest or arrange USD \$200 million to reduce the impacts of climate change and help develop resilient, climate adaptive infrastructure across all territories. Under this facility we intend to fund: <ul style="list-style-type: none"> - Low carbon generation and renewable energy projects - Energy efficiency projects - Climate and energy resilient options - Clean fuel substitutes - Sustainable Land Management and Agriculture - Waste management and Circular Economy options - Water efficiency and waste water treatment - Circular economy manufacturing and packaging - Sustainable transportation - Sustainable real estate and construction - Pollution control - Carbon capture and emission reduction opportunities - Others - By 2050 we are committed to achieving Net Zero greenhouse gas emissions in our internal and external operations - By 2024 - Increase Renewable Energy lending & manage credit exposure to negative impact clients within PRB/IFC/IDB targets <p>Other commitments include:</p> <ul style="list-style-type: none"> o By the end of 2023 - Launch 1-2 new products or services in support of the selected SDGs; review credit policies and the Group's procurement / operational / maintenance practices to support the selected SDGs o To offer electric vehicles as part of benefit packages 	

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹³) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

We are currently working on a stakeholder engagement plan with the intention of building a comprehensive list of stakeholders for the next reporting cycle. It is RFHL's intention to engage, collaborate and partner with all stakeholders moving forward. This engagement plan is being developed by the GSU in conjunction with GMC. The plan will examine all areas of business to identify our stakeholders, recording important information such as: interest level, influence level, communication frequency and the preferred communication channels. The identified channels will then be used to drive future communication with each stakeholder group. This stakeholder engagement plan will fall under the Group Materiality assessment.

As stated, more comprehensive list will be included in the next reporting cycle, however below is general summary of the type of stakeholder:

- Counterparts within the PRB and NZBA and other relevant multilateral organizations such as the UNDP, IDB and others.
- RFHL has a socially focused Power to Make a Difference Programme, in which we partner with various levels of Government, Diplomatic Missions, Corporate Clients, Members of Academia, International Funding Agencies/NGOs/CBOs, Multilateral Institutions, Regional Bodies such as CARICOM and the CDB and our project partners

Links and references

¹³ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

The Board of RFHL has embedded ESG into all of our Group's operations. To achieve this, the Board approved the establishment of a standalone Group Sustainability Unit (GSU) (First and only Indigenous Bank to do so) which is headed by a Senior Manager/Group Sustainability Officer (GSO) who reports to the Group General Counsel/Corporate Secretary who in turn reports to the President. The GSU consists of the GSO, a Sustainability Data Specialist, Sustainability Specialist – ESG and Sustainability Specialist – International Agreements, all of whom report to the GSO.

It is the intention of the Group to establish a Group Sustainability Council throughout the 14 territories and has made recommendations for a Board ESG Committee.

The Board utilises the Principles for Responsible Banking to promote responsible banking by encouraging our Group to align its operations at the strategic, portfolio and transactional levels with prevailing social and environmental commitments as expressed in the Paris Climate Agreement and UN SDGs.

The Board further promotes transparency of its structure by publicly disclosing in our annual reports the board composition, director independence, director skillsets, director tenure and director training and evaluation.

Our Group has developed, reviewed and continuously improved on our policies in accordance with best practice, laws and regulations. For

Links and references

*Annual Reports 2022
(pages 68- 74)*

example our Group has established Anti- Bribery and Corruption Policy, Ethics and Operating Principles, Whistle blower Policy, Anti-Money Laundering, Combatting Terrorist Financing & Countering Proliferation Financing (AML /CTF/CPF) Policy to name a few.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

RFHL has embarked on a series of Human Resources focused initiatives from 2021 to 2023. These include:

- DEI policy and procedures to be developed and implemented
- Establishment of clearly defined roles and responsibilities to achieve ESG mandate
- Creation of training opportunities to foster ESG mainstreaming
- Identify and nurture internal talent through our Management Trainee Programme
- Best Practice HR alignment throughout the Group

This is an ongoing process and our Group will continue to develop new and innovative initiatives to drive DEI.

Links and references

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁴ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

RFHL currently has in place the Environment and Social Management System (ESMS) which operationalises our Group's commitment to manage Environmental and Social (E&S) issues and risks in its lending operations and assist in the management of Environment and Social expectations and requirements for both existing and new clients of our Group. The E&S Policy applies to all commercial clients of our Group, with a Sales Volume up to TT\$15M:

Links and references

¹⁴ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Classification Sales Volume	Sales Volume
<i>Micro</i>	< \$250K
<i>Small</i>	\$250K - \$1.5M
<i>Medium</i>	\$1.5M - \$15M

Our Group's E&S Policy outlines our commitments toward sustainable lending practices and defines how we approach E&S management. This E&S policy highlights our desired outcome to integrate E&S management into our credit process.

The E&S procedure is a detailed description of how E&S management is integrated into our Group's credit process. The E&S procedure can be used as a guideline on approaching E&S management and defines the documents to consult and action points to successfully assess the E&S risk of a credit application. The E&S management section of this document outlines the roles and responsibilities of our employees in order to implement and maintain the ESMS.

The E&S Procedure must be followed in the assessment of SME credit application.

ESG is being led from the Group General Counsel's Office. Recommendations have been made for ESG oversight via a focused Board ESG Committee.

The Group has also developed an ESG Policy and framework inclusive of target setting and remedial action options for non-conformance of the PRB.

A proposal for a Group Sustainability Council is being developed at part of the ESG Strategy to enable cohesion and communication throughout the Group.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

- Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

- Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

- Yes In progress No

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.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

<i>Response</i>	<i>Links and references</i>
Our Group has disclosed publicly via our website our PRB commitments. We are in the process of engaging an independent assurer to validate our reporting.	https://www.rfhl.com/prb/

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

<i>Response</i>	<i>Links and references</i>
RFHL is in the process of selecting a framework best suited to our organisation. Given our diverse portfolio and our customer base mainly located in the Caribbean and Ghana, we faced difficulty sourcing reliable and accurate data and methodologies for a reporting framework. However, given the recent development of the new International Sustainability Standards Boards (ISSB) Standards 1 and Standards 2 which fully incorporated the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), our Group has the intention of engaging this framework. This will allow our Group to communicate our performance accurately and consistently on an international scale.	

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁵, target setting¹⁶ and governance structure for implementing the PRB)? Please describe briefly.

<i>Response</i>	<i>Links and references</i>
<p>RFHL is currently engaging consultants to assess the Group's Carbon Footprint. This will allow us to understand our emissions profile. This will in turn improve operational efficiency within the business by highlighting cost savings and performance benefits.</p>	

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input checked="" type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

¹⁵ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁶ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.