



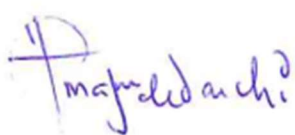


COMPLIANCE CHARTER

Version 2.0

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APPROVALS:

S/N	DESIGNATION	SIGNATURE	DATE
1	Head, Compliance Risk Management		09/10/2020
2	Chief Compliance Officer		21/10/2020
3	Executive Compliance Officer		19/11/2020
4	Chairman, Board Audit Committee		19.11.2020
5	Chairman, Board of Directors		01/02/2020

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1. Version Control

Version	Date	Author	Change from previous version
Version 1.0		Chief Compliance Officer	<ul style="list-style-type: none">• Removal of compliance strategy• Removal of compliance activities• Enhancement of roles and responsibilities to include specific roles of BOD, BAC, ECO and CCO• Removal of 'Conclusion'• Removal of 'Compliance and Financial Investigation'• Making 'Accountability' a stand-alone section• Inclusion of 'Reporting' section• Inclusion of 'Amendment' section• General enhancement

2. Distribution List

Name	Version	Date
All Employees	Version 2.0	

3. Introduction:

Fidelity Bank has adopted the Compliance Charter to help its businesses effectively manage our compliance risks. The Charter describes the purpose, authority and respective roles and responsibilities of Board, management, employees, and Compliance Officers for managing compliance risk.

The bank is committed to ensuring that the activities of the institution and its staff are conducted in accordance with extant laws and regulations, relevant internal rules, policies and procedures, and the highest ethical and professional standards.

A sound compliance culture and attitude by all stakeholders is an integral part of an effective Governance structure. Governance, Risk and Compliance (GRC) are three fundamental pillars that supports the success of every organization and the bank attaches significant importance to these ingredients. This charter further buttresses that fact.

4. Purpose of the Charter

The purpose of this Charter is to define the nature, role, responsibilities, status and authority of the Compliance function and to outline the scope of its activities

This charter covers the following areas:

1. The policy statement for the Compliance Division.

2. The mission statement of the Division.
3. The Objective and Scope of the Division.
4. The Compliance Division's position within Fidelity Bank Plc., its access to various records, information systems, departments/groups/units and activities, its responsibility and accountability.
5. The roles and responsibilities of Board, management, employees, and the Compliance function.

5. Policy Statement

It is the policy of the bank to maintain an independent and objective Compliance function to drive the culture of compliance within the bank, provide management with reasonable assurance on the effectiveness of compliance risk management processes and enhance stakeholders' value at optimal cost.

6. Vision Statement

To ensure adherence to applicable regulations and policies while maximizing available resources to support the goal of making financial services easy and accessible

7. Mission Statement

Our mission is to promote an organizational culture that encourages ethical conduct and a commitment to compliance, which provides us with a competitive advantage in the marketplace.

8. Purpose of the compliance function

The compliance function of Fidelity Bank exists to:

- Identify, documenting, and assess the compliance risks associated with the Bank's activities (Compliance Risk Assessment);
- Identify new and revised regulations, e.g. establishing compliance universe, and provide guidance and advice to Management and staff on compliance with the rules and standards;
- Educate staff on compliance and ethics matters, and act as a contact point within the Bank for compliance and ethics queries;
- Assess the appropriateness of the Bank's compliance-related rules and standards, promptly follow up any identified deficiencies and, where necessary, formulate proposals for amendments;
- Establish a documented risk-based compliance program that clearly sets out the planned activities and how these activities will reduce compliance risk;
- Perform sufficient monitoring and representative compliance testing;
- Champion the resolution of compliance issues as they occur; and
- Make enquiries into compliance incidents, and carry out further investigations as appropriate

9. Objectives of the compliance function.

The compliance function of Fidelity Bank supports the entity, its Board and Management in managing the compliance risks and entrenching the culture of compliance throughout the bank. The objectives of compliance functions include:

- To identify, assess, monitor and report compliance risks faced by the bank;
- Establish and maintain effective compliance risk management and control systems, including monitoring and reporting, within the Bank;
- To adopt a risk based approach to managing the compliance risks and ensure more resources are dedicated to areas with higher risks and impacts;
- To design and implement solutions/programs to address all identified compliance risks, track and develop compliance programs for new regulations;
- Embed compliance with laws regulations, business principles and practices, and rules of conduct in every aspect of the Bank;
- To enhance compliance awareness amongst all stakeholders, through continuous training, education and communication, in order to deepen compliance culture; and
- To advise/educate management and staff with respect to their (personal) responsibility to manage compliance risks.

10. Roles and Responsibilities of Compliance

The Board promotes a culture of integrity and compliance in the Bank. Compliance is an outcome of an organisation meeting its obligations and is made sustainable when embedded in the culture of the organisation and in the behaviour of people working for it.

The responsibilities for compliance aim at minimizing the risk of financial loss, or loss to reputation, the Bank may suffer as a result of its failure to comply with compliance rules and standards ("compliance risk").

Our staff hand book and the code of conduct play an essential part in compliance by requiring members of staff to maintain the highest standards of conduct both at and outside the Bank. This obligation brings with it a responsibility on the part of all staff to act honestly and with integrity, and to observe the letter and spirit of all internal rules, policies, procedures and ethical standards relevant to their activities. The scope and content of this responsibility is described in particular in the staff Code of Conduct and related policies and procedures.

Specific compliance responsibilities are allocated as follows:

10.1 Board of Directors (BOD)

- The BOD is responsible for providing effective oversight of the compliance obligations and principles in the Bank.
- The BOD must formally approve the Compliance Charter and Compliance Policies and Procedures.
- Ensuring that suitable structures and control mechanisms are in place to secure bank's compliance with relevant law,

regulations, codes of conduct and standards of good practice and reporting promptly on any material breaches

- Periodic review of compliance reports sent by Compliance Division' to the BOD on matters relevant to the compliance policy and the status and efficiency of its implementation.
- Appoint an Executive Compliance Officer (ECO) and a Chief Compliance Officer (CCO) at management level. The CCO shall report all matters under these Regulations directly to the ECO who is a member of the board.
- Grant the CCO sufficient powers to act on his or her own authority.
- Allocate sufficient resources to the Compliance Department to assist in the discharge of its mandate in an effective, objective and independent manner.
- Receive and review quarterly compliance reports and recommendations as presented by the Executive Compliance Officer (ECO) and Chief Compliance Officer (CCO).

10.2 Board Audit Committee (BAC)

- Review the adequacy and effectiveness of the framework for managing compliance risks within the Bank.
- Review the Bank's compliance level with applicable laws and regulatory requirements.
- Review the activities of the Executive Compliance Officer and Chief Compliance Officer including reports and action plans to ensure compliance with statutory and regulatory requirements.

- Evaluate the performance of the Chief Compliance Officer and make recommendations on their appointment, reward, discipline and dismissal.
- Assess the scope and depth of compliance review activities and the resulting impact the findings have on the risk profile of the Bank.
- Evaluate the nature and effectiveness of action plans implemented to address identified compliance weaknesses.
- Review and assess the Bank's procedures and systems for monitoring compliance with applicable laws, regulations and associated industry codes.
- Review and approve the processes in place for ensuring that new and changed legal and regulatory requirements are identified and reflected in the Bank's processes.
- Oversee the establishment of whistle blowing procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal controls and/or auditing matters, unethical activity/breach of the corporate governance code and the confidential/ anonymous treatment of submission by stakeholders (employees, customers, suppliers, applicants, cfc) with respect to such complaints.
- Ensure the appointment of an Executive Compliance Officer (ECO) at the level of an Executive Director, subject to the approval of the Central Bank. -the ECO shall report directly to the Board on all compliance matters.

- Oversee the activities of the compliance function as headed by the Chief Compliance Officer who shall report directly to the Executive Compliance Officer and ensure that the function is adequately resourced to perform its compliance role.
- Ensure adequacy of the Anti-Money Laundering (AML) and Terrorist Financing (TF) program of the bank for adequacy and completeness. Ensure that the program is sufficient enough to cover all ML and TF risks the bank may be exposed to.
- Ensure prompt rendition and accuracy of all AML/CFT returns in accordance with Sections 6 and 10 of the MLPA 2011 (as amended)
- Ensure adequacy of training on AML and TF for all staff and management staff and this is done annually in line with the provisions of MIPA of 2011 as amended.
- Approve the annual Compliance plan, budget and training.
- Oversee the implementation of the AML/TF program and training.

10.3 The Executive Compliance Officer (ECO)

The ECO shall

- Report directly to the Board of Directors on compliance related matters, including AML/CFT&P compliance;
- Oversee the management of the Bank's Compliance risk.
- Be responsible and accountable for the breach of any extant regulations in the Bank;
- Provide adequate support for the CCO and staff members of the department

- Ensure an adequate supervisory role over the Chief Compliance Officer's activities.
- Review monthly compliance report as presented by the Chief Compliance Officer.
- Provide oversight for Compliance program

10.4 The Chief Compliance Officer (CCO)

The CCO shall

- Report to the Board Audit Committee(BAC) through the ECO
- Develop a compliance program; and ensure that the program is implemented
- Oversee the day-to-day activities of the compliance function.
- Ensure that appropriate controls are in place to protect the bank from being used for Money Laundering, terrorism or proliferation financing.
- Drive compliance with all extant regulations, laws, policies, procedures, systems and controls.
- Render monthly report of activities to the Executive Committee (Exco) and quarterly to the Board Audit Committee, on the Bank's compliance with relevant Corporate Governance and AML/CFT&P laws including Rules and Regulations and other relevant directives during the year;
- Be the driver of compliance culture within the bank
- Ensure that the whistle-blowing program is effective and reported cases are concluded in a manner that is satisfactory.

- Be the bank's liaison officer with regulators and law enforcement agencies in ensuring the bank cooperates with all of them.
- Ensure appropriate communication and training of all staff on Money Laundering

10.5 Roles of Every Employee — Collective Responsibility

All employees shall

- Be conversant with all regulations, policies and procedures guiding their daily activities.
- Read, understand and attest to the bank's Code of Conduct and Anti Money Laundering policy and procedure manual annually.
- Comply with applicable laws, policies, regulations and codes of conduct and ethics.
- Report suspicious activities, transactions that came to their attention
- Blow whistle on any unethical/fraudulent practices that they are aware of
- Attend all compliance related trainings and awareness sessions and operationalize what was learnt

11. Authority, Independence, Capability and Accountability

The Compliance division derives its authority from the Board of Directors, regulations and laws governing the operations of the institution.

In performing the responsibilities in 10.4 above, the Chief Compliance Officer and staff of the Division are entitled to have unfettered access to all information and explanations, which they consider necessary.

They are authorized to:

- Have unrestricted access to all departments, groups, units, offices and subsidiaries' activities, records, information systems (servers, databases, applications, networks, hardware, operating systems, etc.), properties and personnel of the bank, relevant to the performance of internal control function.
- Determine the scope of work and apply their skills and knowledge to accomplish the control objectives.
- Obtain assistance of specialists/professionals where considered necessary from within or outside the Bank.
- Require all members of staff and Management to supply such information and explanations as may be needed within a reasonable period of time.

12. Accountability

The Chief Compliance Officer, in the discharge of his duties, shall be accountable to the Board Audit Committee to:

- 1 Submit an assessment of the Bank's composite compliance risks on quarterly basis.

- 2 Report significant issues on the compliance level of the bank together with recommendations for improvements.
- 3 Coordinate interaction with regulators and law enforcement agencies in conjunction with legal department.

13. Independence and Objectivity

In line with CBN AML/CFT regulation 2013 (as amended) the bank is required to establish an independent Compliance function that is appropriately resourced with qualified and experienced compliance professionals.

Compliance is independent from the business activities of the Bank and is managed by the CCO, who reports to the BAC.

Compliance staff shall not be placed in a position where there is a possible conflict between their compliance responsibilities and any other responsibilities they may have.

In order to warrant objectivity, staff members of the Compliance function are not authorized to assume commercial or operational responsibilities in the areas they control.

14. Reporting.

The Chief Compliance Officer reports functionally to the Board Audit Committee and administratively to the Managing Director/Chief Executive Officer.

15. Amendment of the Charter

This charter, is subject to review every three years or as needed to ensure that it reflects developments in applicable laws and regulations, sound corporate governance, internal rules and policies, as well as industry standards and best practices to which Fidelity Bank has committed.

The Chief Compliance Officer is responsible for review of the Charter and amendments shall be subject to the approval of the Board of Directors after review by Executive Management and the Board Audit Committee.