

UNEPFI Principles for  
Responsible Banking  
Reporting and  
Self – Assessment  
2020



# Principles for Responsible Banking

At Zenith Bank, we operate in accordance with internationally recognised sustainable banking standards including the United Nations Environment Programme Finance Initiative (UNEP-FI). We are one of the founding signatories of the Principles for Responsible Banking (PRB) and we align our operations and strategy with its six (6) principles. Through the PRB, the bank strengthens its commitment to addressing society’s challenges as expressed in the Sustainable Development Goals and the Paris Agreement. Our progress on implementation of the PRB is captured below.

Reporting and Self-Assessment Requirements	High-level Summary of Bank’s Response	Reference(s)/ Link(s) to bank’s full response/ relevant information
<p><b>Principle 1: Alignment</b>                      We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1                      Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Zenith Bank Plc is the largest bank in Nigeria by Tier 1 Capital. We also have operations in the United Kingdom, United Arab Emirates and three other West African countries namely, Ghana, Sierra Leone, The Gambia and a representative office in China. Only our Nigeria operations are covered in our reporting on the Principles for Responsible Banking.</p> <p>Our core business activities are conducted through five business units:</p> <ul style="list-style-type: none"> <li>• Institutional and Investment Banking</li> <li>• Corporate Banking</li> <li>• Commercial/SMEs</li> <li>• Retail Banking</li> <li>• Public Sector Banking</li> </ul>	<p>See the section “About Zenith Bank”, on pages 14-15 of our 2020 Sustainability Report</p> <p>See also “Corporate Profile” on pages 10-13 of the 2020 Zenith Bank Annual Report.</p>
<p>1.2                      Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society’s goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Zenith Bank’s strategy is rooted in the understanding that we play a crucial role in driving inclusive growth in the communities where we do business. To achieve this, we align our strategy with the Sustainable Development Goals and the Paris Agreement.</p> <p>Given our focus on Nigeria, we strive to orient our strategies around the challenges confronting the country. We are putting measures in place to fully align with the priorities outlined in Nigeria’s Nationally Determined Contribution and Voluntary National Review (VNR). These priorities in the VNR include poverty (SDG-1), inclusive economy (SDG-8), health and wellbeing (SDG-3), education (SDG-4), gender equality (SDG-5), enabling environment of peace and security (SDG-16) and partnerships (SDG-17).</p> <p>We also leveraged the Nigerian Sustainable Banking Principles (NSBP) to drive a locally responsive strategy for increasing our positive impacts and reducing our negative impacts through the focus on issues including environmental and social risk management in investment decisions; environmental and social footprint reduction in business operations; women’s economic empowerment; and financial inclusion.</p>	<p>See the sections “Sustainable Development Goals” on pages 19-20 and “Nigerian Sustainable Banking Principles (NSBP)” on pages 22-25 of our 2020 Sustainability Report.</p> <p>Also see the sections “Local Content Support” and “Strengthening SMEs” on pages 61 and 66 of our 2020 Sustainability Report.</p>

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<p><b>Principle 2: Impact and Target Setting</b>  <b>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.</b></p>		
<p>2.1  <b>Impact Analysis:</b>                      Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:                      a) Scope: The bank's core business areas, products/ services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. c) Context &amp; Relevance: Your bank has considered the most relevant challenges and priorities related to sustainable development in the countries/ regions in which it operates. d) Scale and intensity/ salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) Show that building on this analysis, the bank has</p>	<p>In 2020, Corporate Banking accounted for 61.60% of our loan portfolio while Commercial &amp; SMEs, Public Sector Banking, and Retail Banking accounted for 19.30%, 14.30% and 4.20%, respectively.</p> <p>The top ten sectors in our loan portfolio include Oil &amp; Gas (25.10%), Manufacturing &amp; Processing (21.30%), Public Sector (14.80%), General Commerce (10.90), and Agriculture (6.20%), Transportation (5.80%), Real Estate and Construction (4.30%), Consumer Credit (4.20%), Communication (4.10%), and Power (2.50%).</p> <p>Through our analysis we determined that these portfolios along with our products are associated with significant impacts including land and water pollution, climate change (greenhouse gas emissions), poverty reduction, decent employment, and financial inclusion.</p> <p>Based on our analysis, stakeholder engagements, and Nigeria's Voluntary National Review, we identified the significant challenges and concerns in Nigeria to include public infrastructure (security), job creation (decent work, funding for SMES), increasing local production capacity (economic diversification &amp; growth), social services (education, healthcare, youth development), gender equality (women empowerment) and responsible financing.</p> <p>We are paying closer attention to the hotspot sectors including oil and gas, manufacturing (cement), and agriculture which significantly cause land and water pollution, soil erosion, and greenhouse gas emissions. Hence, we identified responsible financing as one of the most significant areas of impact. We will work with our clients to continually screen our portfolios for environmental and social risks.</p> <p>Another area of most significant impact is gender equality, with focus on women economic empowerment through funding for women-owned businesses. This has direct impact on financial inclusion, decent employment, and poverty reduction.</p>	<p>See the sections "Sustainable Value Creation", "Bolstering Prosperity", "Our Continuous Journey in Building Environmental Resilience" and "Caring for Humanity" on pages 21, 52-56, 68-78, and 92-96 of our 2020 Sustainability Report.</p> <p>See also the sections "Loans &amp; Deposits – By Business Segments" and "Loans by Sector" on page 32 and 26 of the 2020 Presentation to Investors and Analysts. <a href="https://www.zenithbank.com/media/3257/zenith-bank-group-presentation-fye-2020.pdf">https://www.zenithbank.com/media/3257/zenith-bank-group-presentation-fye-2020.pdf</a></p> <p>See also the sections "Local Content Support" and "Strengthening SMEs" on pages 61 and 66 of our 2020 Sustainability Report.</p>

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<ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>		
<p><b>We have identified the areas of material concern to our stakeholders, our areas of significant impacts through our ongoing impact analysis. Systems for measuring the full scale of our positive and negative impacts along with our progress and performance are still being fine-tuned.</b></p>		
<p>2.2 <b>Target Setting:</b> Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services. Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline. Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/ society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>In 2019 we set out to mitigate the negative impacts of our business by screening 100% of our portfolios for environmental and social (E&amp;S) risks. During the 2019 financial year, our baseline, 90% of our total portfolio was assessed for E&amp;S risks.</p> <p>In 2020, we did not record an improvement over the baseline. Given how important assessing our portfolio for E&amp;S risks is to the goal of responsible finance, we are determined to follow through with this commitment. Our revised target is to screen 100% of our portfolio by 2022. This target is in line with the SDGs 8, 12 and Principle 1 of the NSBP.</p> <p>In 2020, the amount invested in women-owned businesses through our Z-woman account package reached NGN3.5 billion. The Z-Woman Initiative, designed to address the unique needs of women-owned businesses, offers loans of up to NGN10 million at single-digit interest rates.</p> <p>Our second target is to bring the total value of loans allocated to women-owned businesses to NGN15 billion by 2025. This is in line with SDGs 5, 8 and Principle 4 of the NSBP.</p>	<p>See the section "Nigerian Sustainable Banking Principles (NSBP)" on pages 22-25 of our 2020 Sustainability Report.</p>

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<p><b>We have developed targets to screen our portfolios environmental and social risks and to increase loans and facilities to women-owned businesses.</b></p>		
<p>2.3 <b>Plans for Target:</b> Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets. Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>To enable us achieve our overall target, we have developed the following plans:</p> <ul style="list-style-type: none"> <li>• Automation of the environmental and social risk assessment process for the projects we fund.</li> <li>• Quarterly tracking of credits to ensure that environmental and social risk assessment has been carried out.</li> <li>• Metric setting on loans to women-owned businesses is still ongoing.</li> </ul>	<p>See the section "Nigerian Sustainable Banking Principles (NSBP)" on pages 22-25 of our 2020 Sustainability Report.</p>
<p><b>We remain committed to monitoring and measuring our environmental impacts in line with our targets and report our progress in our annual sustainability report.</b></p>		
<p>2.4 <b>Progress on Implementing Targets</b> For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target. Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>Progress has been made on the following:</p> <ul style="list-style-type: none"> <li>• Automation of the bank's environmental and social risk assessment process has been completed.</li> <li>• Quarterly tracking of credits is ongoing.</li> </ul>	<p>See the section "Nigerian Sustainable Banking Principles (NSBP)" on pages 22-25 of our 2020 Sustainability Report.</p>
<p><b>We remain committed to monitoring and measuring our environmental impacts in line with our targets and report our progress in our annual sustainability report.</b></p>		

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<p><b>Principle 3: Clients and Customers</b>  <b>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.</b></p>		
<p>3.1                      Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include highlevel information on any programmes and actions implemented (and/ or planned), their scale and, where possible, the results thereof.)</p>	<p>Zenith Bank has developed an Environmental and Social Risk Management System to promote responsible banking and investment practices in our relationship with customers.</p> <p>The Executive Management of the Bank had in 2017 approved a policy that fully integrated Environmental and Social (E&amp;S) risk considerations into all our credit and investment decisions. Our E&amp;S policy has effectively made environmental and social compliance a precondition in credit considerations and approval effective January 1, 2018.</p> <p>The bank also has in place a policy to ensure clients' compliance with anti-money laundering and combating financing of terrorism (CFT) guidelines.</p>	<p>See the section "Sustainability Leadership" on page 43 of our 2020 Sustainability Report.</p> <p>See also the sections "Environmental Compliance" on page 78 of our 2020 Sustainability Report and "Nigerian Sustainable Banking Principles (NSBP)" on pages 25-25 of our 2020 Sustainability Report.</p>
<p>3.2                      Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/ implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>All projects submitted by our customers undergo risk evaluation and categorisation as part of the environmental and social risk due diligence process. Corrective Actions Plans are developed for all category A and B projects for observed environmental and social risks. The corrective plans are then presented to our customers for discussions with an understanding to commit to the agreed action plans before the transaction can proceed to the final stage of approval.</p> <p>The projects financed by the bank undergo periodic monitoring. Investees are expected to provide a quarterly report on the progress and level of compliance with agreed corrective actions and other E&amp;S conditions. Customers are obligated to provide updates on any new environmental and social issues that occur throughout the lifespan of the project.</p> <p>These functions are executed by our Corporate Sustainability &amp; Responsibility Unit, Enterprise Risk Management Group, and relationship managers.</p>	
<p><b>Principle 4: Stakeholders</b>  <b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</b></p>		
<p>4.1                      Describe which stakeholders (or groups/ types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts.</p>	<p>Our stakeholders have varying interests and levels of influence in our business and this forms the basis for identifying, prioritising and engaging with our key stakeholders. Some of the issues addressed include:</p> <ul style="list-style-type: none"> <li>• Employees: health and wellbeing, remote work arrangements, compensation and benefits, training and development, work-life balance</li> </ul>	<p>See the section "Stakeholder Management" on pages 47-48 of our 2020 Sustainability Report.</p> <p>See also the section "Material Business Concerns" on pages 18-19 of our 2020 Sustainability Report.</p>

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<p>This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<ul style="list-style-type: none"> <li>• Customers: efficient service delivery, business support during the COVID-19 pandemic, access to digital channels, electronic transactions claims and disputes, transaction fees and charges, compliance with E&amp;S guidelines</li> <li>• Investors: Financial performance considering the impact of the COVID-19 pandemic, communication</li> <li>• Government/Regulators: Coordinated response to COVID-19, business continuity amidst the pandemic, effective risk management and systemic risk prevention, lending to the real sector, especially SMEs, financial inclusion</li> <li>• Communities: COVID-19 support and relief, CSR interventions</li> <li>• Suppliers: Adherence to signed SLAs, adherence to COVID-19 protocols while retaining excellent service delivery, compliance with E&amp;S guidelines</li> <li>• Media: Communication, social media presence</li> </ul>	
<p><b>Principle 5: Governance &amp; Culture</b>  <b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</b></p>		
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles</p>	<p>We have made efforts to create the appropriate governance structures to provide leadership and oversight for responsible banking. We have constituted a Board-level Sustainable Banking Governance Committee also called the Risk Management and Audit Committee, as well as a management level Sustainability Steering Committee (CSC) to oversee, supervise and enforce the bank's sustainability objectives through regular analysis and reviews of E&amp;S policies and practices. We also have a Sustainability Champions' Group, consisting of sustainability promoters and influencers carefully selected from all the business units in the Head Office with representation from all the zones where we operate. Our Corporate Sustainability &amp; Responsibility (CSR) Unit manages the day-to-day implementation of E&amp;S policies.</p> <p>We have also developed various policies which provide the framework for the achievement of our sustainability objectives including our E&amp;S policy, human rights policy, anti-money laundering etc.</p>	<p>See the section "Sustainability Leadership" on page 48 of our 2020 Sustainability Report.</p> <p>See also the section "Nigerian Sustainable Banking Principles (NSBP)" on pages 22-25 of our 2020 Sustainability Report.</p>
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>As part of our efforts to promote responsible banking, our employees undertake regular environmental and social risks management training.</p> <p>We also conduct regular anti-money laundering and operational risks training for officers across the bank.</p> <p>We plan to empower our Sustainability Champions to take a more active role in driving sustainability practices across our business units.</p> <p>We plan to integrate sustainability metrics into the performance assessment for personnel who have the responsibility to drive responsible banking.</p>	<p>See the section "Training and Development" on pages 90-91 of our 2020 Sustainability Report.</p> <p>See also the section "Nigerian Sustainable Banking Principles (NSBP)" on pages 22-25 of our 2020 Sustainability Report.</p>

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<p>5.3 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved</p>	<p>The bank's Risk Management and Audit Committee maintains oversight on implementation of the Principles for Responsible Banking through the Sustainability Steering Committee (CSC).</p> <p>The Sustainability Team is responsible for everyday implementation of targets and sends periodic reports to the steering committee.</p> <p>In the event that any of our objectives and targets cannot be achieved, the Committees are responsible for reviewing our position and recommending next steps.</p>	<p>See the section "Sustainability Leadership" on page 48 of our 2020 Sustainability Report.</p> <p>See also the section "Nigerian Sustainable Banking Principles (NSBP)" on pages 22-25 of our 2020 Sustainability Report.</p>
<p><b>Zenith Bank has established governance structures, with leadership at the Board-level, to supervise the implementation of the Principles for Responsible Banking through regular review of our practices and targets.</b></p>		
<p><b>Principle 6: Transparency &amp; Accountability</b> We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p>6.1 <b>Progress on Implementing the Principles for Responsible Banking</b></p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/ is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/ regional good practices and has made progress on its implementation of these Principles.</p>	<p><b>Alignment:</b> We have aligned our strategy with the Sustainable Development Goals and the Paris Agreement. We are taking steps to align them with the priorities of Nigeria as reflected in the recent Voluntary National Review (VNR).</p> <p><b>Impact and target setting:</b> We identified our key areas of significant impact and set targets related to screening of our loan portfolio for E&amp;S risks and increasing loans to women-owned businesses.</p> <p><b>Clients and customers:</b> We have developed an Environmental and Social Risk Management System that requires engagement with customers on risk evaluation and categorization, design of corrective actions, monitoring, and reporting on projects we fund.</p> <p><b>Stakeholders:</b> We have created avenues for periodic engagement with our stakeholders.</p> <p><b>Governance and culture:</b> We have created governance structures to provide leadership and oversight for our responsible banking efforts and our employees undertake regular environmental and social risks management training.</p> <p><b>Transparency and accountability:</b> Our Sustainability Report details our positive and negative impacts in line with the Global Reporting Initiative (GRI) guidelines.</p>	<p>See the sections "Sustainable Development Goals" on pages 19-20 and "Nigerian Sustainable Banking Principles (NSBP)" on pages 22-25 of our 2020 Sustainability Report.</p>
<p><b>Zenith Bank maintains transparency and accountability in its operations by continuously measuring and reporting its progress and performance vis-à-vis its sustainability objectives and targets, annually in its sustainability report</b></p>		





## Contact Information

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