

UNEPFI Principles for
Responsible Banking
Reporting and
Self – Assessment
2021



Principles for Responsible Banking

Zenith Bank is a member of the United Nations Environment Programme Finance Initiative and one of the founding signatories of the Principles for Responsible Banking. Through the PRB, the bank continues to align its strategy and practice the vision society has set out for its future 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>Principle 1: Alignment</p> <p>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. Our operations span across the United Kingdom, United Arab Emirates Nigeria, Ghana and Sierra Leone, The Gambia, and a Representative Office in China. This assessment for the Principles for Responsible Banking (PRB) covers only our Nigerian operations.</p> <p>Our core business activities are conducted through the following business units:</p> <ul style="list-style-type: none"> • Institutional and Investment Banking • Corporate Banking • Commercial/SMEs • Retail Banking • Public Sector Banking 	<p>See the section "About Zenith Bank", on page 16-17 of our 2021 Sustainability Report.</p> <p>See also "Corporate Profile" on page 9 of the 2021 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 aligns its sustainability strategy with the United Nation's Sustainable Development Goals (SDG) and the Paris Agreement, among others.</p> <p>We also embed the local sustainability requirements in our strategy. This entails alignment with the priorities outlined in Nigeria's Nationally Determined Contribution and Voluntary National Review (VNR) which prioritizes poverty (SDG-1), health & wellbeing (SDG-3), education (SDG-4), gender equality (SDG-5), inclusive economy (SDG-8), peace, justice, and strong institutions (SDG-16) and partnerships for goals (SDG-17).</p> <p>We ensure that our operations conform with the Nigerian Sustainable Banking Principles (NSBP) of the Central Bank of</p>	<p>See the sections: "Sustainable Development Goals" on page 20 and "Nigerian Sustainable Business Principles (NSBP)" on page 23 of our 2021 Sustainability Report.</p>

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	Nigeria (CBN), to increase our positive impacts by focusing on key aspects including environmental and social (E&S) risk management, E&S governance, human rights, women empowerment, capacity building, and financial inclusion.	
<p>Principle 2: Impact and Target Setting</p> <p>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.</p>		
<p>2.1 Impact Analysis:</p> <p>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:</p> <p>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.</p> <p>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.</p> <p>c) Context & Relevance: Your bank has considered the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>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.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p>	<p>Our portfolio supports the critical sectors driving Nigeria's growth and development. Our funding is guided by concerns include inclusive economy (economic diversification and development), social services (education, poverty alleviation, healthcare), public infrastructure (security), gender equality (women empowerment), job creation (decent work, loans for SMEs) and responsible financing. This analysis informed how we conducted our business.</p> <p>In 2021, our loan portfolio across our core business units stood at Corporate Banking (61.1%), Commercial and SMEs (18.7%), Public Sector Banking (14.5%), and Retail Banking (5.7%).</p> <p>The key sectors in our loan portfolio include Oil & Gas (23%), Manufacturing and Processing (23.5%), Public Sector (14.5%), Agriculture (6.5%), General Commerce (13.7), Consumer credit (5.7%), Transportation (5.0%), Real Estate & Construction (3.1%), Power (1.9%), Communication (1.7%), Finance & Insurance (1.0%), and Education (0.3%).</p> <p>By adopting responsible financing principles, we are able to mitigate the environmental and social risks and maximize the positive impacts that are associated with our business activities and our portfolios on issues such as land, water and air pollution, human rights, gender equality, child labour and GHG emissions. We continuously screen our portfolios for environmental and social risks.</p> <p>We recognize that we have a responsibility to respect human rights and foster gender equality both in our direct operations and engagement with our partners. To address this, we conduct human rights training for all our employees. We have developed products targeted at women empowerment through funding of women-owned enterprises.</p>	<p>See the sections: "Incorporating Sustainability</p> <p>In Our Business Strategy", "Our Economic Contribution", "Optimising Our Environmental Footprint", and "Building Sustainable Communities"</p> <p>on pages 18, 50, 64, 86 of our 2021 Sustainability Report.</p> <p>See also the sections "Focused Risk Management via Portfolio Diversification" on page 28 and "Loans & Deposits – By Business Segments" on page 34 of the 2021 Presentation to Investors and Analysts. https://www.zenithbank.com/media/3454/zb-group-2021-fye-presentation.pdf</p>

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<p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 		
<p>We have identified the areas of material concern to our stakeholders, our areas of significant impacts have and conducted our impact analysis aimed at measuring our progress and performance over the last 12 months. A detailed analysis report is contained in different sections of our sustainability report and GHG audit report.</p>		
<p>2.2 Target Setting</p> <p>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 2020., we set out to screen 100% of our portfolios for Environmental and Social risks by 2022. Our target aligns with SDGs 8, 12 and 13, as well as Principle 1 of the NSBP.</p> <p>In alignment with the SDGs 5, 8 and Principle 4 of the NSBP, we are still committed to increasing the total value of loans allocated to women-owned businesses to ₦15 billion by 2025. To achieve this, we have implemented products targeted at addressing the unique needs of women-owned businesses including the Z-Woman Initiative among others.</p>	<p>See the section: "Optimising Our Environmental Footprint" on page 64 in our 2021 Sustainability Report</p>

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We have developed targets to reduce our emissions and the environmental and social risks of our portfolios resulting from the projects we fund, which are in line with the SDGs

2.3 Plans for Target

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.

To enable us to achieve our overall target, we have outlined the following plans:

- Automation of the environment and social risk assessment process for the project we fund.
- Quarterly tracking of credits to ensure that environmental and social risk assessment has been carried out.
- Metric setting on loans to women-owned businesses.

See the section: "Optimising Our Environmental Footprint" on page 64 of our 2021 Sustainability Report

We remain committed to monitoring and measuring our environmental impacts in line with our targets and report our progress in our annual sustainability report.

2.4 Progress on Implementing Targets

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)

As a responsible business, we are committed to achieving our targets and setting new ones. In line with the aforementioned targets, we have achieved the following:

- System deployment of automated environment and social risk assessment process. However, testing and user training is still ongoing.
- Quarterly tracking of credits is ongoing.
- We intensified our efforts towards screening all our portfolio. 91.7% of our total portfolios were screened for Environmental and Social risks at the end of 2021. We would continue to cooperate with our stakeholders to achieve 100% assessment by 2022.
- Metric setting on loans to women-owned businesses is still ongoing.

See the section: "Optimising Our Environment Footprints" on page 64 of our 2021 Sustainability Report

We have carefully developed measurable steps in our management strategy with timelines to achieve each strategy to enable us to attain our overall target.

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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.

<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.</p>	<p>We promote responsible and sustainable practices throughout our value chain. We have instituted an Environmental and Social Risk Management System, aimed at enhancing responsible banking and investment practices in our relationship with our clients and customers.</p> <p>Our E&S policy integrates Environmental and Social (E&S) risk considerations into the bank's credit and investment decisions. The policy has been instrumental in addressing major E&S risks of our portfolios, mandating environmental and social compliance as a precondition in credit considerations and approval.</p> <p>We also have a policy that mandates client's conformance with anti-money laundering and combating financing of terrorism (CFT) guidelines.</p>	<p>See the section: "Building Sustainable Communities" on page 86 of our 2021 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</p>	<p>Our environmental and social risk management procedure requires that all project requests by our clients and customers follow a risk evaluation and categorization process. Corrective actions are developed for category A and B projects for observed E&S risks. The plans are presented to our customers to review and commit to the action plans before the transactions are approved.</p> <p>We also conduct ongoing monitoring of all existing projects. Our customers are expected to provide progress reports on a quarterly basis, including information regarding the level of compliance with agreed corrective actions and other E&S conditions. In the event that new E&S risk arises while the project is ongoing, customers are obliged provide updates to the bank. These responsibilities reside with our Corporate Sustainability & Responsibility Unit, Enterprise and Risk Management Group and relationship managers.</p>	

Principle 4: Stakeholders

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

<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.</p> <p>In 2021, we engaged with our internal and external stakeholder groups to better understand different stakeholder perspectives on the current challenges and issues relating to our business impacts.</p> <p>Some of the concerns raised by our stakeholder groups include:</p> <p>Employees: health and safety, compensation and benefits, training and development, work-life balance and employee volunteering.</p> <p>Investors: financial performance, return on investments, investor relations, sustainable finance, and communication.</p>	<p>See the section: "Stakeholder Management" on page 45 of our 2021 Sustainability Report.</p>
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	<p>Customers: electronic transactions claims and disputes, transaction fees and charges, incentives, and access to cash.</p> <p>Suppliers: price reviews, payment cycle, adherence to signed SLAs, E&S risks considerations and adherence to COVID-19 protocols while retaining excellent service delivery.</p> <p>Government: foreign exchange rates practice, regulatory compliance, banking reforms, effective risk management and systemic risk prevention, lending to the real sector, especially SMEs, anti-corruption, and Money Laundering financial Inclusion.</p> <p>NGOs: collaboration on SDGs</p>	
<p>Principle 5: Governance & Culture</p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</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>Our Board of Directors, through the Sustainability Banking Governance Committee, develops and oversees our sustainability strategy and other related policies, targets, and commitments.</p> <p>Our management level Sustainability Steering Committee (SSC) helps to drive the implementation of our sustainability principles and initiatives throughout the business operations.</p> <p>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 & Responsibility (CSR) Unit manages the day-to-day implementation of E&S policies.</p> <p>Our Sustainability-related policies including E&S policy, Human rights policy, anti-money laundering policy, etc. provide a framework for the achievement of our sustainability objectives.</p>	<p>See the section: "Ethical and Sustainable Leadership" on page 41 of our 2021 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>To foster a culture of responsible banking, our employees are required to complete our environmental and social risk management trainings.</p> <p>To mitigate our operational risks, our employees undergo anti-money laundering.</p> <p>The bank is still working on integrating sustainability metrics into the performance assessment for personnel who have the responsibility to drive responsible banking.</p>	<p>See the sections: "Grievance Mechanism: Dispute, Complaints and Whistleblowing", "Training and Development", Diversity and Equal Opportunity", Non-discrimination" and "Labour Relations" on pages 44, 82 ,80 ,80, 77, of our 2021 Sustainability Report</p>

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<p>5.3 Governance Structure for Implementation of the Principles.</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved 	<p>Our Risk Management and Audit Committee monitors the implementation of the Principles for Responsible Banking through the Sustainability Steering Committee.</p> <p>Our Sustainability Team maintains the responsibility of enforcing day-to-day implementation of our strategy and provides performance report updates to the Steering Committee.</p> <p>In the event that some of our objectives and targets cannot be achieved, committees are responsible for reviewing our position and recommending next steps.</p>	<p>See the section: "Ethical and Sustainable Leadership" on page 41 of our 2021 Sustainability Report</p>
<p>Zenith Bank has established governance structures, with leadership at the Board-level, to provide supervision and enforce the sustainability objectives of the Bank, through regular review of our practices and targets.</p>		
<p>Principle 6: Transparency & Accountability</p> <p>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 Progress on Implementing the Principles for Responsible Banking</p> <p>6.2 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). 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. 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</p>	<p>Alignment: 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>Impact and target setting: We identified our key areas of significant impact and set targets related to screening of our loan portfolio for E&S risks and increasing loans to women-owned businesses.</p> <p>Clients and customers: 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>Stakeholders: We have created avenues for periodic engagement with our stakeholders.</p> <p>Governance and culture: 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>Transparency and accountability: Zenith Bank Plc's reporting suite including Annual Report, Sustainability Report and Nigerian Sustainable Banking Principles report detailing our SDG, NSBP and PRB disclosures provide an update on the 2021 activities regarding our sustainability governance, impact assessment, target setting and progress on individual material topics including but not limited to climate change, gender equality, E&S risk management and responsible financing.</p>	<p>See the sections "Sustainable Development Goals" on pages 19-20 and "Nigerian Sustainable Banking Principles (NSBP)" on pages 23 of our 2021 Sustainability Report</p>

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implementation of these Principles	Our disclosures on our positive and negative impacts, underpinned by our stakeholder engagement and materiality assessment, are made in alignment with the GRI Standards (core option), with reference to the SDGs, UNGC, the Nigerian Sustainable Banking Principles and PRB.	
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.		



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