



UNEPFI Principles for Responsible Banking Reporting and Self-Assessment

2023

PRB Reporting and-Self-Assessment

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

Zenith Bank Plc is the biggest bank in Nigeria. In addition to the United Kingdom, we also have operations in the United Arab Emirates, Nigeria, Ghana, and Sierra Leone, as well as a representative office in China. This evaluation for the Principles for Responsible Banking (PRB) is limited to our operations in Nigeria.

Our core business activities include the following:

- Corporate, Investment and Retail Banking
- Commercial and Consumer Banking
- Personal and Private Banking
- Trade Services and Foreign Exchange
- Treasury and Cash Management Services

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

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 regularly¹ and fulfil the following requirements/elements (a-d)²:

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.

Response

The vital industries advancing Nigeria's growth and development are supported by our portfolio. The inclusive economy (economic development and diversification), social services (education, healthcare, poverty alleviation), public infrastructure (security), gender equality (empowerment of women), job creation (respectable employment, loans for SMEs), and responsible financing are among the issues that inform our funding decisions. This analysis guided our business practices.

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 & industries³ 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

The key sectors in our loan portfolio include: Communication (1.5%), Transportation (2.1%), Power (1.8%), Other Manufacturing (11.0%), Upstreams Oil & Gas (19.0%), Education (0.4%), Agriculture (6.3%), Beverages and Tobacco (2.6%), General Commerce (16.4%), Consumer Credit (8.0%), Food and Agro-processing (3.1%), Downstream Oil & Gas (5.4%), Cement Manufacturing (4.4%), Government (12.4%), Finance and Insurance (2.2%) and Real Estate and Construction (3.3%)

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?⁴ 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

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 and we have developed products targeted at women's empowerment through funding of women-owned enterprises.

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)⁵? Please disclose.

Response

We do our best to minimize the negative effects of our business operations and portfolios on issues like child labor, human rights, gender equality, and greenhouse gas emissions, while also maximizing the positive effects by implementing responsible financing principles. We regularly check our portfolios for social and environmental hazards.

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.

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?⁶

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

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)

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 targets⁷ 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 with⁸ 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

Our target aligns with SDGs 8, 12 and 13, as well as Principle 1 of the NSBP.

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 ZWoman Initiative among others.

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:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

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.

Response

Links and references

c) <u>SMART targets</u> (incl. key performance indicators (KPIs) ⁹): 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.	
<i>Response</i>	<i>Links and references</i>
d) <u>Action plan</u>: 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.	
<i>Response</i>	<i>Links and references</i>

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...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input 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 type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input 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

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.

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 customers¹⁰ 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 activities¹¹). 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

Throughout our value chain, we advocate for responsible and sustainable practices. To improve ethical banking and investing practices in our interactions with clients and customers, we have implemented an Environmental and Social Risk Management System.

Environmental and social (E&S) risk is considered when the bank makes lending and investment decisions, according to our E&S policy. By making environmental and social compliance a requirement for credit assessment and approval, the policy has played a key role in mitigating the significant E&S risks associated with our portfolios.

Additionally, we have a policy requiring clients to abide by the criteria for combatting the financing of terrorism (CFT) and anti-money laundering.

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.).

Response

All project requests from our clients and consumers must adhere to our environmental and social risk management method, which includes a risk evaluation and classification process.

For category A and B projects, corrective measures are created in response to identified E&S hazards. Before the transactions are approved, the plans are sent to our clients for assessment and commitment to the action plans. We also keep a close eye on all the ongoing projects.

On a quarterly basis, our customers are required to provide progress reports that include details on the extent of adherence to agreed-upon corrective actions and other E&S requirements. Customers must notify the bank if a new E&S risk materializes while the project is still in progress. Our Corporate Sustainability & Responsibility Unit, Enterprise and Risk Management and relationship managers is in charge of these duties.

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 groups¹²) 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

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.

In 2023, 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.

Some of the concerns raised by our stakeholder groups include:

Employees: awareness and surveys, compensation and benefits, hybrid and remote work, workplace health and wellbeing, capacity building and training, business performance and updates, compliance and business ethics, cyber security, and data privacy.

Investors: financial performance and dividends, investor relations, legal consultancy, corporate governance, transparency disclosure, and ESG performance.

Customers: access to cash, accessibility and convenience, business continuity, commercial campaigns, information security awareness, electronic transactions processing time, claims and disputes, and customer experience.

Suppliers: training, supplier assessment and contract allowance, worker welfare, monitoring and progress evaluation, complaints resolution, information security and privacy awareness, policy reviews, and business updates.

Government/Regulators: interest rate, access to cash, lending practices, compliance, regulatory compliance, approval of new and updated products, foreign exchange rate practices, new and updated guidelines, and regulations.

Communities and NGOs: financial inclusion, SME support, CSR communications and initiatives, collaboration on SDGs, sustainability publications.

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

Our Board of Directors creates and manages our sustainability strategy along with other relevant policies, goals, and commitments through the Sustainability Banking Governance Committee.

The Sustainability Steering Committee (SSC) at the management level is responsible for promoting the adoption of our sustainability projects and values across the whole company.

Additionally, we have a group called Sustainability Champions' Group, which is made up of influencers and champions of sustainability who have been hand-picked from all the business divisions in the Head Office and who represent all the zones in which we operate.

The daily administration of E&S policies is overseen by our Corporate Sustainability & Responsibility (CSR) Unit. Our anti-money laundering, human rights, and environmental and social policies, among others, offer a foundation for achieving our sustainability goals.

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

To promote a responsible banking culture, our staff members must complete our training on social and environmental risk management.

Our staff members go through anti-money laundering training to reduce operational risk. The bank is currently in the process of incorporating sustainability criteria into the performance evaluation process for employees who are accountable for promoting responsible banking practices.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ 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

Through the Sustainability Steering Committee, our Risk Management and Audit Committee keeps an eye on how the Principles for Responsible Banking are being applied.

The duty of ensuring that our strategy is implemented daily remains with our Sustainability Team, which also updates the Steering Committee with performance reports. Committees oversee assessing our position and suggesting next steps if some of our goals and targets are not met.

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.

Response

This report is externally assured by Pricewaterhousecoopers(PwC)

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:

Response

Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response

Links and references

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 type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input 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 checked="" type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input checked="" type="checkbox"/> Access to resources |
| <input checked="" 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:

Contact Information

This report is prepared by the Corporate Sustainability and Responsibility Unit of Zenith Bank Plc, in compliance with the GRI Standards' sustainability reporting principles and guidelines.

All feedback and enquiries should be directed to:

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