



UNEPFI

PRINCIPLES FOR
RESPONSIBLE
BANKING
REPORTING AND
SELF-ASSESSMENT

2024

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, as an international financial institution, operates extensively within the United Kingdom, the United Arab Emirates, and France. The Bank also maintains a Representative Office in China and has established a presence in three additional West African countries, alongside Nigeria: these are Ghana, Sierra Leone, and The Gambia. In Nigeria, Zenith Bank has built a robust franchise and a commendable reputation for responsible banking, positioning itself at or near the forefront of key financial metrics, including customer deposits, total assets, earnings, and profitability.

In 2024, the Bank's core business segments offer a broad range of banking products and services tailored for both corporate and retail customers. These operations are conducted through several distinct business units, namely: Institutional and Investment Banking, Corporate Banking, Commercial/Small and Medium Enterprises (SMEs), Retail Banking, and Public Sector Banking. The distribution of the credit portfolio across these business segments for the year 2024 is as follows: Corporate Banking (76.8%), Commercial/SMEs (13.0%), Retail Banking (1.9%), and Public Sector Banking (8.4%).

Links and references

<https://www.zenithbank.com/media/uy5avh44/zenith-bank-annual-report-2024-web.pdf>

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

Response

Since embarking on our sustainability journey over a decade and a half ago, it has become an integral part of our corporate identity, significantly shaping our business model and strategy. We evaluate our performance and corporate success against key sustainability indicators and take a leading role in developing and adopting sustainability regulations and frameworks within our industry and the broader corporate arena. Our commitment to upholding the highest sustainability standards and practices remains steadfast.

In line with this commitment, we have conducted a comprehensive review of our lending and investment policies to ensure that they promote sustainable economic development. We prioritize financing projects that contribute to the achievement of Sustainable Development Goals (SDGs). This includes developing tailored financial products that support SMEs engaged in sustainable practices.

While maintaining fundamental alignment with the GRI Standards, we also reflect many other frameworks, including the Sustainable Development Goals (SDGs), the Nigerian Sustainable Banking Principles, the Nigeria Stock Exchange - Sustainability Disclosure Guidelines, the UN Women's Empowerment Principles, and, to some extent, the International Sustainability Standards Board (ISSB 1&2) Sustainability Reporting Guidelines.

Links and references

https://digital.zenithbank.com/sustainability_report/Zenith-Bank-Sustainability-Report-2024/index.html#p=1

Our labour practices align with local and global labour-related codes, including those from the Labour Act, the United Nations Universal Declaration of Human Rights, and the International Labour Organization (ILO) Forced Labour Convention (2014), along with the United Nations Global Compact (UNGC), Sustainable Development Goal 8 (Decent Work and Economic Growth), and the Nigerian Labour Act.

Managing our environmental impact is a critical part of our sustainability journey. As a signatory to various standards, such as the UN Global Compact (UNGC), the United Nations Environmental Programme Finance Initiative (UNEP-FI), and the Equator Principles, which promote environmental sustainability, we are staunchly committed to the principle of a low-carbon economy achievable through best-in-class environmental stewardship.

Our operational strategy aligns with the global sustainability agenda, including Sustainable Development Goal 13 (Climate Action), the 2015 Paris Climate Agreement, and the Task Force on Climate-Related Financial Disclosures (TCFD). Additionally, the Bank consistently reports its gender equality performance in its sustainability report, which is prepared in compliance with local and global reporting requirements such as NSBP, IFC, UNGC, GRI, and UNPRI.

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.

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<i>Response</i> <i>The scope of the bank's credit impact analysis is on our Corporate, Commercial/SMEs, Retail, Public Sector business banking activities in Nigeria. The impact analysis is based on data from 2024 activities as they relate to the totality of our primary geographic footprint i.e. Nigeria.</i>	https://digital.zenithbank.com/sustainability_report/Zenith-Bank-Sustainability-Report-2024/index.html#p=1
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b) <u>Portfolio composition:</u> 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.	
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<i>Response</i> <i>No, we have not considered the composition of our portfolio in the impact analysis.</i>	
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c) <u>Context:</u> 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. <i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i>	
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<i>Response</i> <i>Our framework for reviewing the most relevant challenges and priorities under our impact analysis related to sustainable development is hinged on the IFC Performance Standards and Global Reporting Initiative. This approach not only enhances our understanding of the challenges but also helps in identifying tailored solutions that align with the Sustainable Development Goals (SDGs).</i> <i>In Nigeria, the following areas have been identified as having high impact: cybersecurity, climate change, oil spillage & gas flaring, pollution, Land/water contamination, use/alteration of natural</i>	
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³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<i>resources, waste management, inclusion, occupational health & safety, and corporate governance.</i>	
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 <i>Our impact analysis reveals that the bank is positively driving economic and social transformation. Through the delivery of sustainable, long-term value for clients through our distinctive range of financial services. We advance our sustainability priorities by fostering economic prosperity for all our stakeholders. Prioritizing Climate change mitigation, financial inclusion, oil spillage & gas flaring, waste management — supporting ESG-linked projects through loans and financing in our Corporate, Commercial/SMEs, and Retail business segments, we enable financial inclusion, and societal impact, protect the environment, and benefit future generations. Our sustainable lending incentivises credit customers to report on and improve their ESG activities and to consider their environmental and social impact.</i> <i>To mitigate potential negative impacts on the economic activities supported, the financing terms stated in customers' offer letters are linked to compliance with agreed-upon environmental or social targets. The policy requires all significant projects to undergo evaluation and periodic monitoring. Zenith Bank conducts enhanced E&S due diligence on credit customers, periodically monitors ESG performance, and conducts quarterly reviews.</i>	
d) For these (min. two prioritized impact areas): <u>Performance measurement:</u> 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.	

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

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

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

Response

Links and references

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☐ Yes	☐ In progress	☒ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☐ Yes	☒ In progress	☐ 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)

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

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

The 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

Sustainable Lending Practices - Zenith Bank acknowledges the impact of climate-related issues on our credit customers and the investment portfolios under our management. As such, we are committed to contributing to a green and low-carbon economy by considering climate risk factors in our business decision making process, in accordance with Paris Climate Agreement of 2015, Task Force on Climate-Related Financial Disclosures, National Climate Act 2021 and Sustainable Development Goals of the United Nations (SDGs).

Food Security - Zenith Bank targets to facilitate the flow of finance and investments to enterprises with potential to kick start sustainable economic growth, accelerate structural transformation, promote diversification and improve productivity with a focus on agribusiness and agro-processing to achieve the food security in alignment with SDG goal 2 (Zero Hunger) which seeks to end hunger, achieve food security and improved nutrition and promote sustainable agriculture. In collaboration with the Central Bank of Nigeria under the 100 for 100 Policy for Production and Productivity (PPP), every hundred days, manufacturers in critical sectors that seek to engage in greenfield projects or in expanding their existing facilities will have access to cheaper forms of credit at single digit rates, as well as foreign exchange to procure plants and machineries.

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

c) SMART targets (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.

Response

Climate - The overarching goal in managing the Bank's Climate-related Risk is to achieve low carbon emissions in our operations and credit/portfolio decisions while promoting inclusive green growth and sustainable economic development in the bank's products and service offerings. This is underscored in the Bank's Climate Risk Policy.

Food Security - In collaboration with the Central Bank of Nigeria under the 100 for 100 Policy for Production and Productivity (PPP), every hundred days, the bank will facilitate finance to entrepreneurs in critical sectors that seek to engage in greenfield projects or in expanding their existing facilities by providing cheaper forms of credit at single digit rates, as well as foreign exchange to procure plants and machineries.

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

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.	
Response <i>Climate - Integrate climate-risk management into our overall operations and in our credit and investment decisions. To reduce vulnerability and promote climate resilience in past and future Bank-financed development investments making them more effective; To build capacity and knowledge to address the challenges of climate change and ensure sustainability through policy and regulatory reforms; To build partnerships with local organizations to enhance positive outcomes; To develop climate change mitigation and adaptation strategies.</i> <i>Food Security – Ensure loan disbursement to at least 100 agribusiness and agro-processing businesses, including women-owned businesses.</i>	Links and references

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	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Baseline	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
SMART targets	☐ Yes	☐ Yes	☐ Yes

	☐ In progress ☒ No	☐ In progress ☐ No	☐ In progress ☐ No
Action plan	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ 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

Climate - We have published our Climate-related Risk Management Policy which establishes the climate-related risk management framework of the Bank, including the governance structure, investment management approach, risk management measures and the corresponding required disclosures to be made available to our customers and investors.

Ongoing development of the template for reporting the bank's Climate Risk Management. It is expected to be monitored and reported internally to the Executive Committee and Board on a quarterly basis.

Food Security - The bank-led initiative is rolled over every 100 days (that is, quarterly) with new set of companies selected for financing under the initiative.

The 100 for 100 initiative for the bank is monitored by the Agricultural Credit unit, in collaboration with the Treasury Operations Department, Treasury Department and the Financial Control & Strategic Planning Department of the bank.

However, projects financed under the initiative is subject to verification and monitoring during the loan period by the CBN and PFI.

Reports on the process and implementation of this initiative is sent to the Central Bank of Nigeria on a quarterly basis.

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

Under the bank's Climate Risk Policy, the bank has set out to;

Increase our support to clean growth and climate adaptation: Review and further develop our green products. Continue to expand and upskill our staffing dedicated to clean growth transactions, both in the Bank and subsidiaries.

Reduce our portfolio greenhouse gas emissions: Better understand our portfolio greenhouse gas emissions and further develop over time our approach to measuring these. Determine interim decarbonisation targets which reflect the impact of the government's policy on aligning the clean energy transition and are consistent with a pathway to net zero by 2050.

Understand and mitigate our climate related financial risks: Appropriately and proportionately take account of climate change risk in our credit risk assessments to ensure we are responsibly managing public money and fulfilling our mission to operate at no net cost to the taxpayer over time.

Through transparency and disclosure: Report our TCFD disclosures within our Annual Report and Accounts for each reporting year, covering our Governance, Strategy, Risk Management, Metrics and Targets.

Provide international leadership on climate change amongst export credit agencies and relevant financial institutions: Embed the Bank and subsidiaries as a key influencer.

Collaborative partnership: The bank champions sustainability in the Nigeria Banking industry by organizing knowledge sharing and skills transfer sessions with peer banks under the Nigeria Sustainable Banking Principles.

In line with the Bank's E&S Policy, we assess funding and investment activities to ensure that projects comply with positive environmental and social practices. The financing terms stated in customers' offer letters are linked to compliance with agreed-upon environmental or social targets. The policy requires all significant projects to undergo evaluation and periodic monitoring. Also we conduct enhanced E&S due diligence on credit customers, periodically monitors ESG performance, and conducts quarterly reviews.

We also have a policy that mandates client's conformance with anti-money laundering and combating financing of terrorism (CFT) guidelines.

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

Climate Action - Our Climate Risk Management prepares us to effectively assess our climate risk exposures in our operations, and our credit and investment. In other to drive actions to further reduce the bank's carbon footprint. Furthermore, we have continued to have stakeholder engagements and trainings as well as employee trainings on discussions on the opportunities to be considered in climate risk management for customers.

Food Security - Projects under the 100for100 Policy on Production and Productivity (PPP) will significantly increase domestic production and productivity, reduce imports, increase non-oil exports, and overall improvements in the foreign exchange generating capacity.

The initiative is implemented in collaboration with relevant stakeholders with focus on micro and macroeconomic impacts, in terms of contribution to GDP as well as job creation.

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

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 are defined as groups or individuals who have an interest in the Bank and are impacted by its activities, products, or services. Zenith Bank's stakeholders include investors, employees, customers, suppliers, communities, industry peers, local and national government agencies, media, non-governmental organisations (NGOs), and international institutions. Utilising our robust stakeholder engagement and management process, all these stakeholder categories are factored into the Bank's responsible business decisions.

some of the concerns raised by our stakeholder groups include:

Employees: health and safety, compensation and benefits, training and development, work-life balance and employee volunteering.

Investors: financial performance, return on investments, investor relations, sustainable finance, and communication.

Customers: Information security awareness, Electronic transactions processing time, claims and disputes, transaction fees and charges, Updates/offers of products and services, incentives, and access to cash.

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¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Suppliers: policy reviews, payment cycle, adherence to signed SLAs, Complaint resolution, E&S risks considerations, Information security and privacy awareness, Monitoring and evaluation.

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, Money Laundering, and Financial Inclusion.

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

Strong sustainability leadership is crucial to our approach and is overseen at the highest level of the Bank. The responsibility for bank-wide management and strategic development of sustainability lies with the Board Risk Management Committee. In addition, the bank has Standing Management Committees which includes the Sustainability Steering Committee (SSC) which helps to drive the implementation of our sustainability principles and initiatives throughout our business operations. The Committee present quarterly reports to the Board Risk Management Committee and ensures that the Committee's decisions and policies are implemented. The members of the Committee include representatives from various marketing and operations departments and groups within the bank as well as the CRS and Research Group.

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.

Our Sustainability-related policies including; Our Sustainability Framework, E&S Implementation Policy, Climate Risk Policy, Environmental Risk Management Policy, Human rights policy, Data Protection Policy, Anti-Money Laundering Policy, Anti-bribery

Links and references

https://digital.zenithbank.com/sustainability_report/Zenith-Bank-Sustainability-Report-2024/index.html#p=1

and Corruption Policy, Health and Safety Policy, Code of Conduct etc. provide a framework for the achievement of our sustainability objectives and support the PRB.

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 foster a culture of responsible banking, our employees are required to complete our environmental and social risk management trainings. To mitigate our operational risks, our employees undergo trainings on Anti-Money Laundering and Counter Financing Of Terrorism.

https://digital.zenithbank.com/sustainability_report/Zenith-Bank-Sustainability-Report-2024/index.html#p=1

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

Yes. The Bank has in place an Environmental and Social Management System (ESMS) where the Bank does a social and environmental risk analysis for borrowers and takes measures to avoid, mitigate and minimize the risks identified. The ESMS of the Bank identifies Environmental & Social (E&S) risks in the projects/companies the bank finances and encourages mitigatory action by these groups to minimize such risks at a very early stage of the credit evaluation. The process is as follows;

Initial E & S Risk Assessment: All clients, and transactions meeting specific criteria, are assessed against E&S risk using our internal environmental and social risk assessment tools (ESRAs) that highlights Environmental and Social Risk indicators, evaluates and categorises the risks on their level of impact. This is carried out through site visits by Relationship Managers

Due diligence: Where necessary following initial risk assessment, we use multiple avenues for collecting and reviewing evidence. These may include: existing ESIs, local and international certifications, permits and

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

approvals obtained by the client, where necessary site visits and reviews by internal experts and independent third party due diligence to identify the E&S impacts of a transaction. Where a transaction is identified to have a high E&S risk associated with it, a time-bound action plan will be recommended to mitigate any associated risks. The plans are presented to our customers to review and commit to the action plans before the transactions are approved. The E&S Corrective Plan is attached to the legal agreement with the customer. This process is carried out by the Corporate Sustainability & Responsibility Unit

Approval: All client and transactional environmental and social reviews require approval from our Management Global Credit Committee. Clients or transactions that warrant an additional level of scrutiny are escalated to the Board Credit Committee, comprising of Directors of the bank including the Chief Executive Officer. The Committee is empowered to turn down transactions, which primarily occurs where a client is not committed to taking all necessary steps to manage E&S risks in alignment with our relevant E&S criteria.

Monitoring/Data Keeping/Reporting: E&S conditions are included in the loan documentation, and clients commit to a time-bound action plan to meet these conditions. This aims to address E&S risks that have been identified, or bring the customer into alignment with our E&S criteria where there is misalignment, as part of our provision of financial services. 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.

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

Yes

Links and references

<https://www.zenithbank.com/media/uy5avh44/zenith-bank-annual-report-2024-web.pdf>

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

https://digital.zenithbank.com/sustainability_report/Zenith-Bank-Sustainability-Report-2024/index.html#p=1

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.

The Bank's has adopted the ISSB IFRS S1 & S2 Reporting Standards. Implementation is

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

expected to commence in the 2025 Financial Year Report.

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:

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

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

Contact Information



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