

SUSTAINABILITY IN THE NIGERIA BANKING INDUSTRY:

The Journey So Far

A Review of the Nigerian Sustainable Banking Principles
(2012-2018)





TABLE OF CONTENTS

- 3** Foreword
- 4** Executive Summary
- 14** Introduction
- 16** Sustainable Banking and Finance in the Global Context
- 19** Sustainable Banking in the Nigeria Context
- 25** Nigerian Sustainable Banking Principles (NSBPs: 2012 – 2018): A critical review
- 48** Reflections and Recommendations
- 56** Sustainability Journey of Nigeria Banks: Their Stories
- 91** Appendix

Foreword

The Nigerian Sustainable Banking Principles (NSBPs) were created in 2012, as a collaborative industry initiative between the Bankers Committee and the Central Bank of Nigeria (CBN). Since then, it has continued to grow and diffuse in the industry and beyond.

We started the sustainability journey inspired by a shared objective to ensure that the Nigerian banking sector serves as a veritable platform for addressing environmental and social issues such as pollution, poverty, human rights, financial inclusion, women empowerment, et cetera. In the last five years of adopting and implementing the sustainable banking principles, Nigeria banks have worked to ensure they conduct their businesses, mindful of their positive and negative impacts on the society and environment. Our industry commitment to sustainable banking has been to promote market driven sustainable business models that would enhance the competitiveness, resilience and equitability of the Nigeria economy.

In the implementation of the Nigerian Sustainable Banking Principles, we realise that it has been a journey characterised by innovation, lessons, and challenges. The implementation process has been a learning curve for the banks. For example, Principle 1, which is about environmental and social risk management of the business activities of banks, has enhanced the banks screening of their clients on environmental and social issues before lending decisions are made. This is a positive step towards our social and environmental commitment. The banking industry is also working to reduce its environmental and social footprint by implementing Principle 2. For example, I am aware that most banks have developed policies and practices that encourage high health and safety work culture, women empowerment, financial inclusion, good governance and ethics, reduction in paper usage, low energy consumption, reduction in travel time and waste management, amongst other laudable sustainability initiatives.

Notwithstanding, Nigeria banks are aware that the adoption and implementation of the NSBPs have differed across the industry and have been challenged in different ways. Some of these challenges include lack of top management commitment

in some banks, dearth of skill, and the novelty of sustainability practices in the industry. However, we are confident that sustainable banking has taken a firm root in the Nigerian banking industry, and as such we are committed to fostering a sustainable banking industry for the sustainable development of Nigeria.

This report by ESG Advisory Associates, which critically examines the adoption and implementation of the Nigerian Sustainable Banking Principles (2012–2018), is both timely and insightful. It has x-rayed the progress, innovation and challenges experienced in the implementation of the principles, so far, with very insightful and practical recommendations for the future of sustainable banking in Nigeria. This report is of immense benefit to the banking industry and the larger financial sector, as it will enhance a better understanding of the issues and help advance the implementation of the Sustainable Development Goals (SDGs) through the lens of sustainable banking.

We hope that the report would encourage further engagement with the NSBPs and how to creatively translate them into practice in collaboration with relevant stakeholders. I can assure that the banking industry will pay very close attention to the recommendations and explore how it can leverage them to move the industry forward along the sustainability path.



Bola Adesola
Senior Vice chairman, Africa. Standard Chartered Bank.

Executive Summary

Sustainable banking practices are at the core of contemporary banking. They are linked to the United Nations Sustainable Development Goals (SDGs). To meet the SDGs, especially in developing economies, financial institutions, particularly banks, have a role to play in financing the SDGs profitably.

In Africa for example, the banking sector has a responsibility to drive sustainable banking practices that will create both sustainable wealth for the sector and sustainable economic opportunities for the continent. This win-win situation is at the heart of sustainable banking. In 2012, Nigerian banks demonstrated their commitment to sustainable banking, by developing and adopting the Nigeria Sustainable Banking Principles (NSBPs).

This study is a review of the adoption and implementation of the NSBPs from inception (2012) to date (2018). Data were drawn from industry survey (including the Central Bank of Nigeria and the Nigerian Deposit Insurance Corporation), informal interviews with industry experts, and relevant workshops and conferences.

The study reveals that the Nigerian banking industry has made some progress in the implementation of the NSBPs across the nine principles. This implies that banks operating in Nigeria have developed and are implementing some form of sustainable banking practices, as requested by the principles. For example in the implementation of NSBP #1, which is on the Environmental and Social Risk Management of the banks' business activities (especially their lending services), the banks have put in place Environmental and Social Risks Management System to enhance their assessments of these risks in their decisions.

Most of the banks surveyed have successfully achieved some innovations in the implementation of the NSBPs. However, these innovations do not cut across the nine principles equally. The banks have innovated around eight principles with the exception of NSBP #6, which is on sustainability governance. This could be as a result of the inadequate attention given to this role in most banks, as suggested from the feedback received from respondents.

Other implementation challenges identified include: absence of Key Performance Indicators (KPIs) for sustainability in the industry, poor management buy in, narrow focus of the banks on the specific sectors highlighted in the NSBPs, dearth of sustainability skills and undefined career path and growth progression for sustainability professionals in the industry. These issues have been detailed in this report under the themes: **Capacity building, Standardisation, Leadership, Governance and Professionalism.**

The report recommends that the CBN should, amongst others, work with the banks to strengthen the NSBPs by: developing benchmarks and targets for sustainability indicators, ensuring board and top management buy-in all the banks, mandating uniformity in the positioning of the sustainability function across all the banks, and ensuring there is a defined career progression for sustainability professional – from Sustainability Officers (Junior level staff) to Sustainability Managers (Managerial level staff) and to Chief Sustainability Officer (Top management staff) – together with a robust sustainability capacity building framework for the industry.

Joint Statement of Commitment to Sustainability

“The Nigerian Sustainable Banking Principles”

We, the leaders of the financial services sector in Nigeria, fully understand that the banking industry is uniquely positioned to further economic growth and development in Nigeria through its lending and investment activities. This was why in 2012, we gathered together as an industry to commit to the Nigerian Sustainable Banking Principles and sector-specific guidelines. Thus far, adherence to these principles have provided benefits for our business, clients, communities and the Nigerian economy at large.

In line with the progress made over the past five years of implementation, we gather as an industry on this 4th day of October, 2018 to reinforce our commitment to driving sustainable development in our business activities and operations through the implementation of the nine (9) principles and sector-specific guidelines. We hereby refresh our promise to continue to:

- Integrate environmental and social considerations into our decision-making
- Avoid, minimise or offset the negative impacts of our business operations on the environment and local communities in which we operate
- Respect human rights in our business operations and business activities.
- Promote women’s economic empowerment through a gender inclusive workplace culture in our business operations whilst empowering women through our business activities.
- Promote financial inclusion, seeking to provide financial services to individuals and communities with limited or no access to the formal financial sector.
- Implement robust and transparent E&S governance practices in our respective institutions assessing the E&S governance practices of our clients.

- Develop individual institutional and sector capacity necessary to identify, assess and manage Sustainability
- Collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one
- Regularly review and report on our progress in meeting these Principles at the individual institution and sector level

In line with the implementation guidance note, we continue to commit to:

- Increase the focus on Sustainability at the Bankers’ Committee level.
- Give more priority to Sustainability within our organizations by ensuring more active participation at Board level
- Ensure that Sustainability is fully embedded across all aspects of our business, driven by dedicated Sustainability functions led by skilled Sustainability professionals with clear career paths

As we look towards the future, we remain dedicated to taking innovative and strategic steps to drive long-term sustainable growth whilst focusing on development priorities, safeguarding the wellbeing of our environment and our people, while delivering measurable benefits to society and the real economy.

Signed at the ‘CEO Session on Sustainability’ held during the Bankers’ Committee meeting of October 4, 2018 in commemoration of five years of implementation of the Nigerian Sustainable Banking Principles, by:

Commercial Banks

- Access Bank Plc
- Citibank Nigeria Ltd

- Ecobank Nigeria Plc
- Fidelity Bank Plc
- First Bank of Nigeria Ltd
- First City Monument Bank Ltd
- Guaranty Trust Bank Plc
- Heritage Bank Plc
- Jaiz Bank Plc
- Keystone Bank Ltd
- Polaris Bank Ltd
- Providus Bank Ltd
- Stanbic IBTC Bank Plc
- Standard Chartered Bank Nigeria Ltd
- Sterling Bank Plc
- SunTrust Bank Nigeria Ltd
- Union Bank of Nigeria Plc
- United Bank for Africa Plc
- Unity Bank Plc
- Wema Bank Plc
- Zenith Bank Plc

Development Finance Institutions

- Bank of Agriculture (BOA)
- Bank of Industry
- Federal Mortgage Bank of Nigeria
- National Economic

Reconstruction Fund (NERFUND)

- Nigeria Export Import Bank
- The Infrastructure Bank

Merchant Banks

- Altitude Microfinance Bank Ltd
- Coronation Merchant Bank
- FBNQuest Merchant Bank Ltd
- FSDH Merchant Bank Ltd
- Rand Merchant Bank Nigeria Ltd

Discount Houses

- Consolidated Discount Ltd
- Express Discount Ltd
- First Securities Discount House Ltd

This was affirmed on Thursday, October 4, 2018

ACKNOWLEDGEMENT

The NSBPs Steering Committee contributed immensely in the development of this report. We therefore acknowledge its members for their support.



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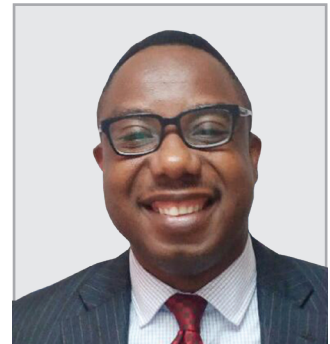
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Coronation Merchant Bank*

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*Head, Corporate Responsibility and
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Acknowledgement



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Bola Adesanoye has over 22 years' experience in banking. Bola started her career at NatWest Bank in the UK, thereafter she worked with the National Bank (Wema Bank) in Commercial and Retail Banking. She then joined former Prudent Bank (Polaris Bank) and rose to become the Regional Retail Coordinator before moving to the Sustainability and Consumer Protection Department. Bola is a member of the Chartered Institute of Bankers of Nigeria (CIBN).



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Head, CSR, Zenith Bank Plc

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Supported by regulatory body



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NSBP Secretariat



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Team member, Sustainability, Access Bank Plc

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Acknowledgement



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Introduction



Sustainability implies balancing social and environmental risks and opportunities in economic decisions. It is about impact management. Organisations, once established, create impacts, which could be positive or negative. Sustainability thinking encourages organisations to reduce their negative impacts and enhance their positive impacts on stakeholders.

In the global space, there has been an increasing trend towards sustainable business practices. This is driven by varied reasons. Some of these could be government policies, pressures from relevant stakeholders (e.g. investors, customers, employees, local communities, regulators, non-governmental organizations (NGOs), et cetera) or a conscious effort by organisations to address societal and environmental concerns as a consequence of their business activities and operations either because of what they would gain from doing so (i.e. instrumental rationality) or simply because it is the right thing to do (i.e. normative rationality). A governmental approach can be seen for example in PlasTax- a plastic bag tax introduced by the Republic of Ireland in 2002 and a ban on the production, selling, and carrying of plastic bag, which attracts imprisonment or fines introduced in 2017 by the Kenyan government. Another example of external pressures on businesses towards sustainability is the increased preference of investors for environmentally friendly investment, as demonstrated in the increase in demand for and issuance of Green Bonds, which is shown to have risen by 78 percent to \$155.5 billion in 2017. Businesses on their part are becoming aware of the sustained long term importance and benefits of embracing sustainable business practice.

creasing pressure to demonstrate strong financial performance and positive socio-environmental impacts. This is important as economic, social, and environmental issues are fundamentally intertwined and the financial services sector is often at the heart of national economies. In response to this, sustainability has become a contemporary business concern across all sectors, including the banking sector.

In the banking sector, sustainable banking is a practice that ensures that banks and related institutions have the interest of their stakeholders at the core of their strategies. At the foundation of sustainable banking is long-term relationships with clients, a direct understanding of their economic activities and the risks and opportunities involved, as well as the need to serve the real economy and enable new business models to meet human needs. Sustainable banking enhances transparent, inclusive, and less harmful financial intermediation. As such, sustainable banking requires a responsible and ethical organisational culture.

This report explores the progress, innovation, and challenges arising from the adoption and implementation of the Nigerian Sustainable Banking Principles. To set the scene and contextualize the conversation, it starts with a focus on global trends in the broad areas of sustainable banking and finance and their implications for sustainable banking and finance in Nigeria. It then presents the objectives and methodology of the study, as well as the analysis of the findings based on the PIC (Progress, Innovation and Challenges) framework. The report ends with suggestions/recommendations for improved sustainable banking practice.

Financial institutions, in particular, are under in-



Sustainable Banking and Finance in the Global Context



Sustainable banking and finance integrates environmental, social and governance (ESG) criteria into traditional way of banking and finance, and sets ESG benefits as a key objective. ESG and Socially Responsible Investing (SRI) trends are exerting significant influences on mainstream financial markets. This is so because asset managers and financial intermediators are increasingly interested in financing developmental projects with minimal negative externalities and maximum positive impact on the society.

According to the Global Sustainable Investment Alliance (GSIA), global sustainable investments growth increased by a quarter between 2016 and 2018 to US\$23 trillion. This rounds up to about one-quarter of the professionally managed assets globally. Equity markets are often the focus of ESG investing. Perhaps, this is due to the growing emphasis on good corporate governance and the growing transparency of equity markets. However, in recent years ESG has moved to other asset classes, especially fixed income. With the global bond market having a market capitalization of US\$90 trillion, which is higher than the listed equities, bonds also form a significant amount of institutional investors' portfolios.

Before now, capital market decisions were largely focused on a two dimensional risk and return analysis. However with sustainable banking and finance, market decisions are becoming more three dimen-

sional – with emphases on risks, returns, and impacts. To strengthen ESG decisions by the financial sector (banks, insurance companies, asset owners and asset managers), especially on climate related disclosures, the G20 Financial Stability Board set up the Task Force on Climate Related Financial Disclosures (TCFD) in 2015, to develop voluntary framework for companies to disclose the financial impacts of climate related risks and opportunities.

The framework was launched in June, 2017 and in its first status report, the TCFD, which surveyed the disclosures of 1, 700 companies, found that most of the information provided aligned with at least one of the task force recommendations. It noted in the report that climate disclosures are becoming mainstream, as over 500 companies, compared to 100 companies when the framework was launched, have now adopted framework. They went further to highlight that these companies include the world's largest banks, asset managers and pension funds responsible for assets of nearly US\$100 trillion. It is hoped that this adoption will further enhance the implementation of sustainable banking practices. For example investors often face a lack of understanding of the true risks and returns of the green projects they want to invest in.

It is instructive to note that two thirds of worldwide finance is provided by banks . Therefore, the global banking system is key to achieving the Sustainable

Development Goals (SDGs) with its set targets for a sustainable future for all. In this regard, twenty-eight banking members of the United Nations Environment Programme Finance Initiative (UNEP FI) are leading an initiative for banks worldwide to strengthen their purpose and align their business practices with these goals. The banks have developed Global Banking Principles that will; direct banks' efforts to align with society's goals as expressed in the SDGs, the Paris Agreement, as well as national and regional frameworks; set the global benchmark for sustainable banking; drive ambition by requiring signatory banks to set goals for and report on their contribution to national and international social, environmental and economic targets; ensure accountability and transparency on banks' impacts; and challenge the banking industry to play a leading role in creating a more sustainable future.

In emerging market economies, voluntary guidelines and mandatory guidelines driven by regulation have been developed to help financial institutions better appreciate sustainable banking. Some of these include: Green Credit Guidelines (2012) and KPIs (2014) in China; Nigerian Sustainable Banking Principles (2012) in Nigeria; Principles on E & S Risk Management (2014) in South Africa; and the Sustainable Finance Protocol (2016) in Ecuador et cetera. It is expected that these will drive increased regulation. This is already happening in the Euro-

pean Union and South Africa, where listed companies are mandated to comply with non-financial disclosures. Also in Nigeria all banks are expected to mandatorily comply with the sustainable banking principles.

Going by the expectations from financial institutions to fund sustainable development in Africa, it is expected that there will be increased focus on sustainability by multilateral organizations such as International Finance Corporation, World Bank, and the United Nations. It has been shown that sustainable banking drives business growth. Specifically, research by Global Alliance for Banking on Values shows that sustainable banks have higher and more stable profits, as well as stronger growth than other banks. In the case of Africa, a strategic integration of its different sustainable banking practices with the Sustainable Development Goals (SDGs) would help unlock opportunities and innovation by providing sustainable investment especially in education, health, power and financial inclusion, which would contribute to addressing the sustainable development needs of the continent and the growth of the financial sector.

But how does this play out in Nigeria? How can sustainable banking and finance contribute to the sustainable development of Nigeria?



Sustainable Banking in the Nigerian Context



With the environmental challenges in the Niger-Delta of Nigeria owing to the activities of oil and gas companies and the actions of banks towards these companies, especially in financing their business activities that encourage externalities rather than enhance positive impacts, sustainability became a burning issue in the Nigerian business environment. The overall architectural challenges of Nigeria relating to its social, economic and environmental development necessitated a concerted effort to address. Considering the role of financial institutions in driving development, growth and wealth creation, adopting sustainability practices, as a way of addressing these challenges, was considered important by the financial institutions and the Central Bank of Nigeria (CBN).

Therefore in collaboration with the Central Bank of Nigeria, the Bankers' Committee in 2012 approved and adopted a sustainable banking framework for banks, discount houses and development finance institutions in Nigeria. The framework was designed to drive sustainable development in Nigeria, as the banks and other related institutions through their business activities and operations engage in inno-

vative practices that enhance positive impacts in the communities and environment where they operate and at the same time furthering their competitiveness. The adopted sustainable banking framework is referred to as the Nigerian Sustainable Banking Principles (NSBPs). The NSBPs comprises of nine principles, guidance notes for implementation and guidelines on how financial institutions should sustainably support business activities in three critical sectors of the Nigeria economy- Power, Agriculture and Oil & Gas. The implementation of these principles have gradually evolved in the last five years despite the slow start.

In adopting the NSBPs, the Bankers' Committee stated in a statement of collaboration that:

We acknowledge that we can better support environmentally and socially responsible economic development in Nigeria by joining forces rather than standing alone. We have adopted these Principles to drive long term sustainable growth whilst focusing on development priorities, safeguarding the environment and our people, and delivering measurable benefits to society and the real economy.

The Nigerian Sustainable Banking Principles

Please find in the table below the NSBPs and rationale behind each principle.

Item	Description	Rationale
NSBP 1	Our Business Activities: Environmental and Social Risk Management	The principle mandates financial institutions to evaluate E & S risks associated with their clients when making lending decisions. This principle indirectly enables financial institutions to hold their clients accountable like regulators for the impacts generated by their business activities and operations.
NSBP 2	Our Business Operations: Environmental and Social Footprint	<p>The principle mandates financial institutions to be conversant with the impacts generated by their business operations.</p> <p>This enables the organisations to measure such impacts with a view to developing appropriate mitigating solutions where necessary.</p>
NSBP 3	Human Rights	<p>The principle covers how financial institutions should treat human rights issues both in their business activities and operations.</p> <p>These organisations are mandated to develop/implement a comprehensive human rights policy that abhors child labour and workplace discrimination of any type. The policy is also expected to be used by these organisations to evaluate their clients, suppliers and contractors to ensure that they are human rights compliant.</p>
NSBP 4	Women's Economic Empowerment	<p>The principle promotes gender inclusiveness and diversity in the workplace bordering on issues such as leadership development, leave schemes, among others, based on fairness and equity.</p> <p>It specifically mandates financial institutions to ensure a minimum women representation of 40% at Board and Management level.</p> <p>This principle also promotes the development of economically viable products and services specifically targeted towards women empowerment and access to finance</p>
NSBP 5	Financial Inclusion	The principle promotes the development of innovative and affordable financial products and services for the unserved, underserved and MSMEs in the economy for the purpose of financial access leading to economic empowerment.

Item	Description	Rationale
NSBP 6	E & S Governance	<p>The principle mandates financial institutions to develop/implement a holistic E & S Governance framework that integrates sustainability into every aspect of the business.</p> <p>In implementing this principle, financial institutions are expected to develop an automated E & S Management System for E & S risk assessment and internal sustainability measurement based on indicators such as human rights issues, gender issues, work life balance issues, waste management issues, energy consumption issues, carbon emission issues, economic issues, and so on.</p>
NSBP 7	Capacity Building	<p>The principle promotes the development of employees by enhancing their capacity, through trainings and continuous engagement with the knowledge required for the implementation of the NSBPs.</p>
NSBP 8	Collaborative Partnerships	<p>The principle promotes effective industry collaboration and partnership by aligning NSBPs implementation with international standards and best practices for the enhancement of sustainability in the industry.</p>
NSBP 9	Reporting	<p>The principle promotes the development of metrics, setting of achievable targets and performance indicators by each organisation to enhance the monitoring, measuring and reporting of NSBPs implementation progress.</p>

Sustainable Banking in Nigeria: a strategy or a mindset?

On 24 September 2012, the Central Bank of Nigeria launched the Nigerian Sustainable Banking Principles. The adoption and implementation of these principles are compulsory and require Nigerian “banks, discount houses and development finance institutions to develop a management approach that balances the environmental and social risks identified with the opportunities to be exploited through their business activities”.

This move by the Central Bank of Nigeria, spearheaded by the current governor, Mallam Sanusi Lamido Sanusi – which has been internationally applauded – appears to be the first of its kind globally. In its approach to promoting commitment to sustainability, it is an unusual mix of soft and hard governance.

Since its launch, there have been a series of initiatives and dynamism towards embedding sustainability in the Nigerian banking sector. The launch of the principles has created a new market for sustainability services (for example, training and consultancy) for both local and foreign players.

While the banks are warming

up to embrace this new way of doing business, there is a seeming apprehension and skepticism about the sustainability of the principles themselves when the current governor leaves office.

The main source of uncertainty, given the peculiarities of the Nigerian business environment, is a possible reversal of the principles if they are not pursued by subsequent Central Bank governors. In other words, sustainable banking in Nigeria could be abandoned. This uncertainty adds to the already narrow portrayal of the principles as principally risk management measures. Framed as such, commitment to sustainability becomes a risk management strategy, which becomes meaningless in the absence of risks.

In addition, there is a view, albeit marginal, that the sustainability agenda is a subtle ploy by western institutions to make emerging market firms (Nigerian banks included) uncompetitive. These views, no matter how far-fetched, tend to position commitment to sustainability as a strategy that could be dropped when the enabling conditions are no longer feasible. This is in sharp contrast to banks – for example, the Global Alliance for Banking

on Values and the B-corporation firms – that see commitment to sustainability primarily as a business philosophy, rather than merely a strategy to adapt to the spirit of the moment.

The attitude of Nigerian banks towards the adoption of the principles is not new. The business community often speaks of commitment to sustainability as a strategy, a practice, or sets of activities. This view of sustainability is visually powerful and attractive. As a strategy, it can offer opportunities to manage risks, explore opportunities, and adapt to changing business contexts and expectations for long-term success. Appending strategy to sustainability, and the exploration of sustainability as a strategy, moves it away from being a fluffy business issue to a strategic objective.

However, what is often missing is the view that corporate commitment to sustainability is more than a strategy. It is first and foremost an organisational orientation committed to reducing its negative impacts and increasing its positive impacts on its different stakeholder groups (customers, shareholders, employees,

regulators, the government, unions, and local communities). It is about creating shared value – win-win outcomes for business and society. Framed as such, commitment to sustainability is a way of life – the how of “how we do business” – guided by the following principles:

- **Sense of connectedness:** the ability to see the whole picture and systems thinking
- **Sense of fairness, justice and otherness:** the ability to consciously and voluntarily minimise negative impacts and enhance positive impacts on others
- **Innovation, creativity and change:** the ability to discover and adapt to new ways and leverage emerging opportunities
- **Sense of transparency and accountability:** the ability to minimise information asymmetry through openness and good governance.

In these regards, commitment to sustainability is not primarily a strategy, but a lens through

which strategy is crafted and implemented. It is first a mindset before being a strategy; otherwise, a sustainability strategy is, at best, hollow and unsustainable.

However, for genuine commitment to sustainability to be successful, the larger society has to provide the enabling environment for it to thrive. For example, if a firm tries to reduce negative impacts, these efforts can be sustained only under certain conditions where there is a market for such improvements; NGOs help make standards visible; and governments have disclosure rules that make it uncompetitive for competitors to behave otherwise. In such an enabling environment, commitment to sustainability affords firms and managers the opportunity to adjust their practices for competitive advantage and long-term benefits.

Unfortunately, the Nigerian business environment, like most developing markets, is particularly characterised by poor governance and weak consumer voice,

which will in turn have implications for the success or failure, or the longevity of the Nigerian Sustainable Banking Principles. The launch of the principles is a major step forward. Even though more needs to be done to create an enabling environment for sustainability to thrive and bear meaningful fruit, the banks that are truly committed to sustainability will seek to create the change they desire, and not play victims of weak institutional context.

Culled from: <https://www.theguardian.com/sustainable-business/sustainable-banking-nigeria-strategy-mindset>

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GREEN BUSINESS



FINANCIAL METRICS	Value
3.45	3.45
2.58	2.58
1.25	1.25
4.89	4.89



Nigerian Sustainable Banking Principles (NSBPs: 2012 – 2018): A critical review



As mentioned in the previous chapter, the Nigerian Sustainable Banking Principles (NSBPs) are primarily designed to align banking practices in Nigeria with the sustainable development agenda of the country in a way that does not hamper the competitiveness of the banks. The initiative is also intended to help banks make more informed investment decisions using the sustainability lens, which would minimize their investment risks and enhance their opportunities. However, as every new initiative, the banks, together with the Central Bank of Nigeria, understand the need for them to experiment with the initiative, make their mistakes, and learn from them. That way the industry would be collectively strengthened and prepared for global competitiveness, which is inevitable. This study, therefore, is an attempt to critically review the NSBPs from its inception in 2012 to date. The idea is to highlight the progress and innovation the initiative has induced, as well as to identify and interrogate some of the challenges associated with its adoption and implementation. It is anticipated that through this approach lessons would be highlighted for further progress. Beyond the industry, the study will serve as a good resource material for the academia particularly business education, global sustainability audience and the sustainability professionals.

Methodology

A questionnaire each was sent to twenty two Nigerian Banks as well as to the CBN and the Nigeria Deposit Insurance Corporation (NDIC). The questions (appendix 2) were centered on the achievements, lessons, challenges, diversity and the future of NSBPs. Eighteen banks and the CBN filled and returned the questionnaire. Four informal interviews were also conducted involving key experts and professionals in the sustainable banking space. A roundtable on gender equality in the banking industry also provided useful data for this report. The data from the reported banks' implementation of sustainability in the last five years, in particular, were analysed using the PIC (Progress, Innovation and Challenges) framework to understand the sustainability journey in the Nigerian banking sector. This is particularly useful, as the study wanted to pinpoint the exact progress, innovation, and challenges in this sector, which are directly associated with the introduction of the NSBPs. The researchers also relied on their experience of conducting similar studies in Nigeria. Between them, they have extensive experience working with financial regulators, institutional investors and banks on sustainable financial practices and solutions, which was brought to this project.

Key Findings

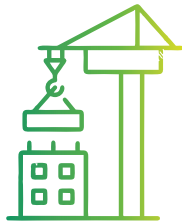
Progress and Innovation

	 Progress	 Innovation
Business Activities	Implementation of E&S Risk Management framework.	Automation of E&S Risk Management System.
Business Operations	<ul style="list-style-type: none"> Implementation of waste management practices. Implementation of energy efficiency practices. Improved maternity leave policies. Sustainable/inclusive work environment. Enhanced community engagement practices. 	<ul style="list-style-type: none"> Deployment of virtual document management systems. Implementation of green initiatives and practices.
Human Rights	Domestication of human rights policies and practices.	Due diligence policies to hold suppliers accountable.
Women Empowerment	<ul style="list-style-type: none"> Enhanced gender equality practices. Development of financial products and services targeted at women. 	Creation of women networks.
Financial Inclusion	<ul style="list-style-type: none"> Agency banking model deployment. Deployment of USSD for mobile financial services. 	<ul style="list-style-type: none"> Ubiquity of the agency banking model. Deployment of USSD for the underserved and unserved.
E & S Governance	Sustainability governance structure.	Sustainability governance framework
Capacity Building	Enhanced sustainability trainings.	Deployment of e-learning sustainability trainings.
Collaboration	<ul style="list-style-type: none"> Industry collaboration via the NSBPs Steering Committee. Improved collaboration with international organisations and NGOs 	Banks are working with research institutions, NGOs and international organisations on sustainable banking solutions for societal impact.
Reporting	<ul style="list-style-type: none"> Development of internal metrics and targets for measuring and reporting. Banks report on their sustainability journey. 	Adoption of the GRI Standard.

Key Findings

Challenges

CAPACITY BUILDING



Challenges	Frequency
Knowledge gap in E & S Risk Management	HF
Low level of sustainability awareness	HF
Low level of sensitisation	HF
Inaccuracy in data gathering	HF
Limited knowledge on the use of NSBPs as a performance management framework	LF

GOVERNANCE



Challenges	Frequency
Ambiguity on the governance of sustainability	HF
Lack of incentives for compliance	HF
Lack of punishment for non-compliance	LF
Human and capital resources constraint	HF
Poor inter regulatory collaboration	LF

STANDARDISATION



Challenges	Frequency
Absence of industry wide sustainability performance metrics:	HF
Lack of clarity and understanding in implementing NSBP 1 and 2	HF
Lack of clarity and fit of the NSBPs reporting template:	HF
Generalizability in the implementation of the NSBPs	LF
Lack of uniformity in the positioning of sustainability function in the banks	

LEADERSHIP



Challenges	Frequency
Lack of Executive Management Buy-in	HF

PROFESSIONALISM



Challenges	Frequency
Undefined and stunted career progression for sustainability professionals	LF

HF - High Frequency
LF - Low Frequency

FINDINGS

On Progress and Innovation

In the implementation of the NSBPs, the Nigerian banking industry has made useful progress in the last five years. This progress cuts across the nine principles of the sustainable banking framework. The banks have also been able to carry out some sustainable business innovations due to the implementation of these principles. We discuss below areas that the banks have made progress so far in the implementation of the NSBPs. We also discuss innovations that have been carried out in the banking industry due to the implementation of the NSBPs. These identified progress and innovations are presented as they align with each principle of the NSBPs.

NSBPs	Progress	Innovation
<p>1: Business Activities</p>	<p>The development and implementation of an E&S Risk Management system which guides the banks on incorporating E&S Risk consideration into credit processes and decision making. Though the total industry credit transactions that have been subjected to screening through this is not available, some banks have independently reported on theirs. Effective E & S Risk Management helps to strengthen the lending decision making process of banks. Bank A had this to say: "In 2017, about 26 percent of all our transactions valued at over N1.4 trillion were screened and accessed for E&S risks, a marked improvement on a value of N840 billion as at 2016. This rose to N1.7 trillion in the first half of 2018, representing 85 percent of our total loan portfolio. This is expected to rise to about 90 percent of total transactions by year end 2018".</p> <p>The inclusion or exclusion list, which are lists of businesses, products or services that banks decide against funding (exclusion) or decide to fund (inclusion) based on outcomes of E & S Risk Assessments.</p>	<p>In adopting the NSBPs, it was obvious that banks would have to integrate environmental and social issues into their business activities and operations.</p> <p>This has led to the incorporation of Environmental and Social Risk into banks Enterprise Risk management frameworks and the automation of the E & S Risk Management System. And as noted by Bank F: "We have completed the automation of this Environmental and Social (E&S) Risk Exposure Assessment Workflow to enhance the efficiency of our E&S Risk Management System".</p> <p>Some banks have also developed a comprehensive E&S checklist to complement the E & S Risk Management System.</p>

NSBPs	Progress	Innovation
<p>2: Business Operations</p>	<p>The implementation of waste management practices help banks to be effective in waste reduction particularly the reduction of paper waste. In most of the banks, the focus is on how to reduce, reuse and recycle paper waste with the overall goal of reducing their carbon footprint.</p> <p>Energy reduction practices have been deployed to reduce energy consumption for improved carbon footprint. Some of these practices include: light out practices, providing alternate power sources e.g. solar and inverter.</p> <p>Most banks have enhanced the maternity leave policy by separating maternity leave from annual leave and introducing paternity leave.</p> <p>Banks are now designed in a way that they can accommodate disability ramps to foster inclusiveness.</p> <p>Banks engage with the communities in which they operate, through programmes and initiatives that address the needs of such communities in education, health care, access to clean water, hygiene, nutrition etcetera. Engaging in community investment has enabled the banks to foster continuous relationship with their host communities and a guaranteed social license to operate.</p>	<p>The deployment of online document management system by some banks resulted in sustainable cost reduction. With this, the use of paper was reduced as processes such as leave application, memo etcetera are done online.</p> <p>Banks being conscious of their environmental impact have also embraced Green initiatives to reduce carbon emission. For example, some banks reduced their use of pool cars, and replaced them with ride sharing services.</p> <p>Alternate energy sources such as Solar are being deployed by banks to branches and Automated Teller Machines (ATMs). The purpose is to reduce carbon emission from fossil fuel generators and enhance sustainable long term cost.</p> <p>Banks have deployed teleconferencing technology for meetings and other engagements. The essence of this is to review carbon emission.</p>
<p>3: Human Rights</p>	<p>The development and domestication of human rights practices that workplace discrimination of any kind, forced labour, child labour, sexual abuse and other forms of abuse in the workplaces. Some banks also hold their suppliers, contractors, vendors and clients to same human rights standard.</p>	<p>Some banks have due diligence programs designed to hold suppliers, contractors, vendors, clients and other third parties accountable for their human rights practices.</p>

NSBPs	Progress	Innovation
4: Women Empowerment	<p>There is a significant improvement in the number of women across different cadre in the banking sector. This is helping to create a more inclusive banking sector and enhance gender equality.</p> <p>Most banks have also developed financial products and services targeted at women for their economic empowerment.</p> <p>Banks are also involved in developmental programmes that enhance the knowledge capacity of women. For example Bank B stated that they support a “festival where we educate young women on how to leverage on technology and social media to grow their business and savings”.</p>	<p>In most banks there are internal women networks created to enhance networking, mentoring and professional development among women.</p>
5: Financial Inclusion	<p>The banks are fostering financial inclusion through the agency banking model. This allows banks to contract third parties as banking agents through which they serve the unserved.</p> <p>The Unstructured Supplementary Service Data (USSD) is a banking service built into the GSM network that enables banking transactions, with or without smart phones or internet access. This service has enabled more unserved to become served.</p>	<p>USSD banking service deployed by all the banks.</p> <p>The establishment of agency banking</p>
6: E & S Governance	<p>Banks have put in place the necessary policies and frameworks to implement the NSBPs. Therefore, banks now have a governance structure for the implementation of the principles including either a unit, office or a desk solely responsible for the implementation of the principles. For example Bank C said: They have created “a clear sustainability governance model (Board committee, executive committee, sustainability working group, sustainability desk) that keeps our goals on track while complementing the Bank’s well established structure of governance”.</p>	
7: Capacity Building	<p>Banks staff are trained on sustainability. The trainings are either conducted in-house or externally. Though this is progress, the impact of these trainings is not covered in this report.</p>	<p>The deployment of E-learning sustainability training by most banks. This is helping to improve awareness.</p>

NSBPs	Progress	Innovation
8: Collaboration	<p>There is to an extent a collaborative essence among the banks. Aside the NSBPs Steering Committee, sustainability professionals in the banking sector meet under the Sustainability Champions umbrella monthly to drive sustainability initiatives, set implementation targets and build capacity among sustainability practitioners in the industry. Supporting this, the CBN said: "The collaboration within the industry on sustainability is commendable as banks have a number of forum where they meet periodically to share ideas, highlight challenges and discuss way forward on the implementation of the Nigeria Sustainable Banking Principles. These forums include: Sustainability champions meeting, NSBPs Steering Committee Meeting". Bank D is driving collaboration in the industry by ensuring that sustainability champions undergo trainings/workshops that would enhance their capacity to implement the NSBPs.</p> <p>There is also good collaboration with international organisations and NGOs with the aim of fostering the sustainable banking agenda. Regarding this, Bank D stated that: "We have developed partnerships with national and international sustainable organizations and working groups such as UNGC, WEF, BCtA, NSBP steering committee, FLPE subcommittee, and other laudable organizations".</p>	<p>A collaboration between Bank G and a Business School can be heralded as an innovative collaboration. The collaboration led to the establishment of a sustainability centre to foster research, enhance knowledge development and business solutions. According to the bank, the collaboration resulted in the following successes:</p> <p>Capacity building:</p> <ul style="list-style-type: none"> ▪ Over 5,000 SMEs impacted ▪ Over 25 capacity building workshops ▪ Over 10 SME workshops including women-led SMEs ▪ Over 20 Executive education programmes <p>Stakeholder Engagement:</p> <ul style="list-style-type: none"> ▪ 4 business Leaders roundtable ▪ 'Private Sector Advisory Group (PSAG) ▪ NESG Policy Forum <p>Strategic Partnerships</p> <ul style="list-style-type: none"> ▪ International Finance Corporation ▪ University of Edinburgh ▪ Principles of Responsible Management Education ▪ Nigeria Business Council for Sustainable Development <p>Research</p> <ul style="list-style-type: none"> ▪ Over 40 research materials including case

NSBPs	Progress	Innovation
		<p>studies, books, chapters and policy papers</p> <p>Recognition</p> <ul style="list-style-type: none"> ▪ UN Publication - partner with business schools to advance sustainability ▪ Another innovative collaboration is the collaboration of Bank D with the United Nations Environment Programme Finance Initiative (UNEP FI), a public-private partnership established between the United Nations Environment program (UNEP) and the financial sector. Bank D being an active member of UNEP-FI, joined 27 international banks to develop the Principles for Responsible Banking, launched in November, 2018. The principles are expected to provide financial institutions with the framework for an enhanced sustainable banking system and galvanise them to understand how they contribute to sustainable development in line with the SDGs and the Paris Climate Agreement.
9: Reporting	<p>Though there is no industry metrics or set targets to measure progress against indicators, some banks have their internal metrics or set targets. This has helped to improve reporting in such banks.</p> <p>All banks submit a sustainability report bi-annually to the CBN, while some also publish yearly standalone sustainability report using standards such as GRI. However integrated sustainability reporting is yet to be applied in Nigeria. On sustainability report Bank E said: "We publish an annual report</p>	<ul style="list-style-type: none"> ▪ The adoption of the GRI Standard by one of the banks in preparing its 2017 sustainability report is a good development for the banking industry in Nigeria.

NSBPs	Progress	Innovation
	<p>that outlines our achievements in the implementation of the NSBPs and reiterates our commitment to our responsibilities. We also submit a half-yearly report of our progress in the implementation of the NSBPs to the CBN and also submit our 'Communication of Progress' on the SDGs to the UNGC".</p>	

On Implementation Challenges

Though the Nigerian banking industry has made progress and the banks have been quite innovative in the implementation of the NSBPs, they have also faced challenges that have bedeviled the implementation of the principles. As acknowledged by virtually all the participating banks, these challenges contributed to the slow pace of implementation at the early stages of adoption of the NSBPs. The challenges are presented under the following themes: Capacity building; Standardisation; Leadership; Governance and Professionalisation. The themes were derived from the cluster analysis of the granular challenges identified and highlighted in the appendix. These challenges have therefore been grouped with the themes that they fit into. The order of frequency of mention by the banks for each challenge will also be highlighted using high frequency (HF) and low frequency (LF). High frequency implies that the challenge was identified by majority of the banks (51% and above) and low frequency implies that the challenge was identified by minority (49% and below). This does not however indicate that the challenges in the minority are in any way less important than those in the majority.

1. Capacity Building: Issues bordering on capacity building for a successful integration of sustainability into banks' processes and industry wide practices were very dominant. Majority of the banks saw capacity building as an area that requires strengthening to enhance sustainability implementation and management in the industry. Specific areas of challenge are highlighted below:

Challenges	Frequency	What the banks are saying (Anonymised)
<p>Knowledge gap in E & S Risk Management: The inadequate technical capacity required for effective management of E & S System was one of the challenges responsible for the relative slow progress made during the early adoption of the NSBP. This has continued to bedevil the industry as the required capacity for E & S Risk Management remains a challenge. And without this knowledge effective implementation of E & S Risk Management across the industry will not be possible.</p>	HF	<p>"Inadequate knowledge and capacity required for driving implementation of E & S Risk Management System as requested by the Nigerian Sustainable Banking Principles was a significant issue encountered in the implementation of the NSBPs".</p> <p>"There is limited knowledge about managing Environmental and Social Risk and the medium/long-term value it can render to the bank as an environmentally friendly institution".</p>
<p>Low level of sustainability awareness: Though NSBPs implementation has been on for five years, the level of awareness in the industry is still low. The consequence is that aside from staff in the sustainability units of banks and some few staff in the credit and risk management units, the essence of sustainability as a core banking practice is largely misunderstood. This is unhealthy for fostering sustainable business practices.</p>	HF	<p>"The major challenge experienced has been the low awareness on sustainability in the industry and also within the general public. There is a huge knowledge gap and most individuals and corporate bodies are unable to relate the impact of sustainable business practices on their bottom line and the world in general. This lack of awareness also sometimes makes it more difficult to get the support needed from external stakeholders in the implementation of the NSBPs".</p> <p>"The major issue we have encountered is the poor understanding and low appreciation of the entire NSBPs concept, a lot of people and business do not really understand what NSBPs is all about".</p>

Challenges	Frequency	What the banks are saying (Anonymised)
<p>Low level of sensitisation: Sensitisation at most banks is very low. This has led to slow rate of adoption as staff do not have good understanding of what sustainable banking is about. Successful integration of sustainability requires an enhanced level of sensitisation.</p>	HF	<p>“A huge challenge faced in the implementation of the NSBPs is getting the Bank’s internal departments which the sustainability team works with to familiarize themselves with the expectations of the NSBPs deliverable relating to them. The rate of adoption has also been slow in view of the level of understanding”.</p>
<p>Inaccuracy in data gathering: Sustainability data gathering is very key to sustainable banking. How data is collected, measured, used, monitored and reported depends on the effectiveness of the data management system of an organisation. Therefore, data integrity is very important. Unfortunately some of the banks still have issues with the accuracy of sustainability data.</p>	HF	<p>“We encountered a few challenges in the implementation of NSBPs in the quality of our data. In trying to address data issues, a major challenge was the quality of data we were mining from within our organisation. Due to low levels of awareness across the bank, key stakeholders were not able to collect and analyse data in a manner that was insightful and correct”.</p> <p>“There are few core practitioners and reliable means to capture and analyse sustainability data to measure and control E & S issues”.</p>
<p>Limited knowledge on the use of NSBPs as a performance management framework: Some of the banks are of the view that it is difficult to use the NSBPs to measure, manage and drive performance of their business activities. This is seen as a negative effect, because if sustainability cannot be aligned with business performance implementation will not be encouraging.</p>	HF	<p>“The NSBPs is yet to serve as a means of measuring, managing and driving the performance of sustainability activities in relationship to business activities”.</p>

2. Standardisation: This emphasizes the need to standardize industry benchmarks, set targets, agree reporting template, and the positioning of sustainability within the industry. Some respondents felt that standardization in these areas are still far-fetched in the industry and this is not helpful. Some of their specific areas of concerns and comments are highlighted below:

Challenges	Frequency	What the banks are saying (Anonymised)
<p>Absence of industry wide sustainability performance metrics: The banking industry is yet to have industry wide benchmarks and targets on key indicators such</p>	HF	<p>“Also, the development of industry-wide benchmarks/targets, with applicable incentives could help address challenges around the slow progress in the implementation of the NSBPs”.</p>

Challenges	Frequency	What the banks are saying (Anonymised)
<p>as credit transactions screened and approved through E & S, carbon emission, water usage, paper usage, etcetera. Some banks see this as a challenge that inhibits cohesion in implementation of the NSBPs</p>		
<p>Lack of clarity and understanding in implementing NSBP 1 and 2: As some of the banks pointed out, lack of set standards in the management of environmental and social risk, has created a disparity and incoordination in implementation, which would be important to address for effective implementation of the NSBPs for sustainable development.</p>	HF	<p>“The lack of set minimum standards for compliance has led to a varied approach to implementation in individual banks. Some level of harmonisation is required to put all banks on the same page as the regulator. This will eliminate dissonance especially with regards to environmental and social risk management”.</p>
<p>Lack of clarity and fit of the NSBPs reporting template: As noted by some of the banks, the reporting template approved by the CBN, lacks clarity particularly in the reporting of carbon emission, water usage, paper usage and the physically challenged. Accurate and unbiased reporting on sustainability indicators enhances implementation, as sustainability reporting is about managing performance.</p>	HF	<p>“In terms of reporting, a few indicators are without standardized parameters. For example, CO2 emissions, water usage etc. Due to the inconsistent and peculiar nature of the distribution of social amenities across the country, there are variances in the measuring metrics adopted and reports may be prone to errors”.</p> <p>“Another issue is that several demands of the Apex Bank are unobtainable, as confirmed in the NSBPs reporting template. A typical example is the clear definition of what physically challenged means in the context of employment and reporting and the CBN has not been able to give a suitable explanation towards this. These issues also hinder Banks from smooth implementation of such deliverables and reporting on the indices correctly”.</p>
<p>Generalizability in the implementation of the NSBPs: A generalized approach to how NSBPs should be implemented was identified as a challenge. This is so, considering that there are significant policy differences between the different</p>	LF	<p>“For example, merchant banks are not permitted to engage in retail banking, thus making it difficult for them to grant credit or provide such services that will facilitate inclusion in line with the requirements of Principle 5 of the NSBPs”.</p>

Challenges	Frequency	What the banks are saying (Anonymised)
types of banks – commercial, merchant and microfinance banks. This approach could affect NSBPs implementation due to the limitations created by the policy differences.		
Lack of uniformity in the positioning of sustainability function in the banks: There is no regulator’s guidance on where or how sustainability should be positioned in banks. This has resulted in disparate positioning and at times without a clear focus. The unstandardised approach is not helpful for the industry and the sustainable banking professional.		“Sustainable Banking roles in some banks fall under Corporate Communications, Risk Management, Compliance, Corporate Strategy, Human Resources and Operational Risk”.

3. Leadership: Most of the respondents identified inadequate top leadership buy in as a major constrain to mainstreaming sustainability in the industry. And research shows that sustainability works best and more effectively in organisations where leadership commitment is high and driven from a top to bottom approach.

Challenges	Frequency	What the banks are saying (Anonymised)
Lack of Executive Management Buy in: Executive management buy in is very essential for effective implementation of the NSBPs. For NSBPs to actually drive the required sustainable banking innovation expected in the banking industry, a top down approach as research has shown is key. However this is presently lacking in the industry. Almost all the banks highlighted this challenge.	HF	“Management buy-in is extremely important, because without it the NSBPs cannot be implemented”.

4. Governance: Though NSBPs mandated banks to establish a governance structure for the management of sustainability, it is however vague on how best to go about this, creating room for most banks to operate loose governance structures that are not clearly delineated.

Challenges	Frequency	What the banks are saying (Anonymised)
Ambiguity on the governance of sustainability: This ambiguity is driven by internal politics that relegates sustainability in the hierarchy of importance. This has hindered the implementation of the NSBPs in some banks.	HF	“Sustainability Banking is currently treated as an ad hoc function in most institutions”.

Challenges	Frequency	What the banks are saying (Anonymised)
<p>Lack of incentives for compliance: In the circular accompanying the NSBPs, the CBN indicated that financial institutions who comply with the principles will be incentivised. This is yet to be seen.</p>	HF	“CBN can collaborate with the FIRS to institute tax incentives for financial institutions that implement the principles and incorporate sustainable practices into their business model. This will communicate a financial benefit to institutions and encourage full adoption/implementation”.
<p>Lack of punishment for non-compliance: So far, non-compliance with or flouting of the NSBPs provisions is not punished by the CBN. This has created unfair and uneven levels of implementation.</p>	LF	“Banks currently implementing sustainability principles have become less competitive because of the current uneven implementation levels in the industry. Many clients find it rather convenient to go to the next bank with less stringent or no sustainability requirements to consummate their businesses. The reason for the inequality in implementation levels range from lack of industry-based performance metrics, absence of penalty to shape behavior and adherence, to revenue objectives of individual Banks who believe that implementation may lead to reduced revenues”.
<p>Human and capital resources constraint: The perception of sustainability as extra cost has a direct consequence on the understaffing and under budgeting for sustainability.</p>	HF	“In implementing the Nigerian Sustainable Banking Principles, major issues encountered relates to the slow-paced appreciation of the benefits of sustainability practices for a financial institution. This manifested in other issues such as inadequate allocation of resources (both human and capital) necessary for implementing the NSBPs”.
<p>Poor inter regulatory collaboration: Looking critically at NSBP 1 on business activities and NSBP 2 on business operations, banks are required to hold their clients accountable on environmental and social risk. This imply banks have been requested by the CBN to act as regulators to their clients. This is usually a difficult task for the banks as the regulators of these businesses are not engaged.</p>	LF	“The regulators are not working closely with the banks to achieve the set targets of NSBPs”. “We established a vendor policy which only allows the Bank to hire/deal with suppliers/vendors that run their business activities and operations in a sustainable manner. Some business deals are lost due to the fact that some vendors are unable to align their business processes with our set standards”.

5. Professionalization: Who is the sustainability professional? Is sustainability a career? These are burning questions that the banks want answers to. To the banks, sustainability is relegated because there is no defined career path in the industry, unlike Human Resource, Marketing, Accounting, etcetera.

Challenges	Frequency	What the banks are saying (Anonymised)
<p>Undefined and stunted career progression for sustainability professionals: Because there is no defined career path for sustainability professionals, sustainability is still largely seen as ad hoc and the professionals are not motivated.</p>	<p>LF</p>	<p>“Adequate staffing and capacity building of the sustainability banking unit is critical to the success of this initiative. This will ensure that the banks have knowledgeable and competent staff who are assured of a career path and the succession planning”.</p>

The Ordeals of Sustainability Professionals

Kenneth Amaeshi

The Sustainable Development Goals (SDGs) have become a dominant global preoccupation. They feature almost everywhere, and are shaping policies and practices across levels. One thing that is often mentioned in relation to the SDGs is that they are complex problems requiring collaborative efforts to address. They call for strong and creative collaborations amongst the public, private, and third sectors.

In the private sector, corporate sustainability can be succinctly described as an organisation's genuine attempts to align with and contribute to meeting the SDGs. As such, some organisations are now engaging in all sorts of sustainability initiatives – from advocacy to zero waste management. Some have gone as far as mainstreaming sustainability in all their processes and practices. The likes of Unilever appear to remain the global role models in this area.

However, in order for many organisations to mainstream

and sustain these sustainability initiatives, they also need the requisite human capabilities and capacities. This has led to the emergence and proliferation of sustainability related jobs and roles in organisations. Given the newness of such jobs and roles, many people who move into them most of the time do not have the requisite technical background and training to fill such roles. Most of them tend to follow their interests in this area, while some are motivated to contribute to changing the world and how organisations respond to global environmental and social challenges. As such, many of them learn on the job and navigate their ways through the often tortuous labyrinth of organisational dynamics and politics.

Unfortunately for these sustainability professionals, no one loves change. Secondly, many people still fail to see the need for sustainability, especially in developing economies. These economies simply want to grow, develop, and later worry about environ-

mental and social challenges. For them, the latter is a good problem to have and China, in recent times, remains a very good role model for this type of growth and development. In sum, some people believe that if it is not broken, why fix it?!

The other challenge that trails the sustainability role is the ever increasing demand to justify the role and its advice through the proverbial business case route. Should sustainability orientation automatically make money? Should it be profitable? If not, why not? The sustainability professional needs to adequately answer these questions to gain credibility and legitimacy in the organisation.

Faced by these challenges, most sustainability professionals end up pushing up to win the support of doubting senior management and pulling up to carry along colleagues who are skeptical of senior management's interest in sustainability. Trapped in the middle, the sustainability profes-

sional is inadvertently expected to be all things for all people. This is not a good space to be in.

In addition, the sustainability function, in most organisations, is seen as peripheral to the core business of the organisation and as such not adequately resourced. It is often seen as a cost centre and the first to lose its budget in times of emergency and turbulence, which appear to be often these days. They are always on their toes to justify their existence. It can be a lonely space.

The sad reality is that intuitively sustainability is appealing but no one wants to invest in it. Senior management understand the need to protect the environment and minimise negative societal impacts, but they would not want to go down this route unless it makes immediate returns in abundance. No one seems to believe or accept the long-term benefit rhetoric – perhaps because in the long term, we are all dead. This makes the sustainability role even harder!

In such scenarios, the sustainability professional wishes for some external forces to change his or her fortune. Some of these external forces include mega corporate scandals and organisational-life threatening situations. Research evidence shows that organisations seem to respond well to such near death experiences. But how often do such happen? Most organisations do not survive such crises and it is not in the interest of sustainability professionals to wish for such unless they also want to be out of job.

The other possible source of pressure is regulation. The view that corporate sustainability is a voluntary activity, sometimes makes it easy for organisations to walk away from it or do nothing about it. Regulation then becomes a strong way to nudge organisations on to the sustainability path. This is a credible path, given that most of the issues sustainability professionals battle with are usually borne out of market failures and regulatory lapses. The regulator then should be the sustainability professional's best friend and ally. Unfortunately, some regulators are behind the curve and or under capture by some business interests, especially in weak institutional environments.

In some contexts, where the civil society is vibrant, they can also be a force for good. At least, they can hold organisations accountable and endlessly hack on their reputation. Organisations sometimes understand these pressures and sustainability professionals can take advantage of such. Unfortunately, too, the civil society can suffer business capture and or be powerless; a double tragedy!

Tied to these challenges, the sustainability professional is also expected to walk the talk. Very few roles have such expectations. Are accountants expected to be good at accounting their personal financial activities? Are investment managers expected to be good at managing their personal wealth? Are lawyers expected to be always law abiding? Expecting the sustainability professional to practice what he or she preaches moralises the role and can inad-

vertently become an extra moral burden for the sustainability profession. Again, that's the cross of the sustainability professional!

In sum, it is fair to say that sustainability professionals have a job many people will not like to do. No one wants to be the person always nagging top management and other members of the organisation to do the right thing and do things right.

Despite the burdens of the sustainability professional, it is still a necessary job to be done and someone will have to do it. Perhaps, the joy of the profession is the zeal to take on new and complex challenges sustained by the hope of a fruitful and successful outcome. However, the job requires extra care and psycho-social balance. It is a role that requires a lot of emotional strength, diplomacy, and courage.

The sustainability professional should not be carried away by the lure of the positive kicks the role gives to the point of exhaustion and burnout. This is usually a possible outcome, which is rather unfortunate for a job to change the world!

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Why Businesses in Nigeria Need to Take Sustainable Finance Seriously?

Many people may have heard of the UN Sustainable Development Goals but less well known is the concept of sustainability at the root of these goals. Sustainability has recently become a mantra, a philosophy of sorts.

The contemporary interest in sustainability can be traced to the 1987 Brundtland Commission report, *Our Common Future*. The commission had been set up to find ways for countries to meet their present economic objectives with less negative impact on the physical environment, society, and the ability of future generations to meet their needs. It first gave rise to the Millennium Development Goals, which have now been replaced by the global sustainable goals.

The literary meaning of sustainability simply suggests longevity or the ability to survive under counteracting pressures. While longevity or resilience are integral, they tend to project a somewhat narrow and limited view of sustainability.

The broader view underlines the value of environmental, social, and economic considerations in decision making. It's directly

linked to a quest for development that doesn't inhibit or harm future generations. It recognises the nested inter-dependency between the economy, society and the environment. In other words, the success of the economy is dependent on the viability of society. The success of society on the other hand is also linked to the viability of the natural environment. As such, without the environment there will be no society, and without society, there will be no economy. The three are interwoven. Evidence suggests a positive relationship between sustainability practice and the global competitiveness of a country. This is very much at the heart of the sustainable goals.

Why sustainability is good for business

There's significant evidence that sustainability is good for business. A recent study by Harvard and London business schools found that corporations that voluntarily adopt sustainability policies have better organisational processes. They thus perform better when compared to a matched sample of companies that adopted almost none of

these policies. It has also been found that if financial institutions "integrate sustainability criteria in their risk assessment and decision making procedures, they will strengthen their financial soundness". Such institutions also "improve systemic financial stability and contribute to a more ecologically sustainable, just and peaceful world". In sum, sustainability is a quest for effectiveness and efficiency. It's first and foremost rooted in a commitment to reduce negative impacts and increase positive effects. Positive impacts include low carbon emission, fair employment practices, responsible product promotion and good corporate citizenship practices.

Corporate sustainability is therefore a form of self-regulation driven by the values and philosophy of a business. But for a long time, Nigerian businesses have treated sustainability as a dispensable philanthropic option. The focus of most businesses has been on survival. As such, the pursuit of sustainability is seen as not necessarily good for business.

No longer an option for Nigeria

Nigerian businesses need to go beyond the piece meal approach of corporate social responsibility. There's at least one green shoot that suggests this process might be underway. The Nigerian government is committed to implementing a national sustainability roadmap for the financial sector. Backed by the United Nations Environment Programme Finance Initiative, it requires each member of Nigeria's Financial Services Regulation Coordinating Committee to develop a sustainable development model. This model is for themselves - as organisations - and the industries they regulate. The committee brings together all the regulatory agencies. These include banking, insurance, securities, pensions, commodities, taxation and fiscal policy sectors. These will be expected to address the integration of environmental and social risks in investment and lending decisions. According to the UN programme, Nigeria is arguably the first country to adopt this approach to sustainable finance. Nigeria, like most African countries, didn't achieve many of the Millennium goals. This is due to poor governance and the inability of many governments to stim-

ulate sustainable development. The sustainable goals present a new lease of life, which the government of President Muhammadu Buhari has committed to.

What should businesses in Nigeria do?

The full spectrum of the Nigerian financial regulatory community is on board. This means that all sources of finance in Nigeria - borrowings and investments - will soon be required to respect and reflect sustainability principles. At the moment, the Central Bank of Nigeria expects most large projects to meet these requirements. Agriculture, power, and oil and gas are especially in focus. These projects will be required to demonstrate that they do not cause social and environmental harms, in addition to being profitable. Banks have been mandated to develop robust social and environmental management systems to guide their lending and investment decisions. In practice, the banks are expected to adopt social and environmental management systems similar to those found in the UK and the Global Alliance for Banking on Values. Very soon, the sustainable finance approach could be extended to

all projects, no matter how small. Finance is the lifeblood of any business. There's a global appetite to incorporate environmental, social and governance risks in lending and investment decisions. To complement the Central Bank of Nigeria's NSBP, the Nigerian Stock Exchange will in 2019 officially unveil its Sustainability Disclosure Guidelines, compelling all banks listed on the Exchange and indeed, all quoted Nigerian companies to adopt Sustainable business model. As long as Nigerian businesses want to thrive locally and globally, they cannot escape the current demands of sustainability. The earlier they understand and embrace it, the better for them.




Culled from: <http://theconversation.com/why-businesses-in-nigeria-need-to-take-sustainable-finance-seriously-77048>

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Key Recommendations

Capacity Building

<p>People </p> <hr/> <p>Embed sustainability in performance management system/framework.</p>	<p>Process </p> <hr/> <p>Human resource should drive sustainable banking capacity of employees.</p>	<p>Policy </p> <hr/> <p>Industry wide policy on sustainable banking knowledge.</p>
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Standardisation

<p>People </p> <hr/> <p>Enhance E & S Capacity of employees.</p>	<p>Process </p> <hr/> <p>Full adoption of reporting standards such as GRI and SASB.</p>	<p>Policy </p> <hr/> <p>Adoption of industry wide sustainability performance metrics.</p> <p>Uniformity in the positioning of the sustainability function.</p>
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Leadership

People



Sustainability implementation should be a top-down approach.

Process



CEOs must set the direction for the required cultural change.

Policy



CBN should engage more with executive management and the board.

Governance

People



Ethical conduct

Policy



Industry level sustainability governance structure.

Reward system for sustainability compliance.

Inter regulatory collaboration required.

Professionalism

People



Continuous self-development of the sustainability professional.

Process



The banks should collaborate to ensure a career path for sustainability professionals.

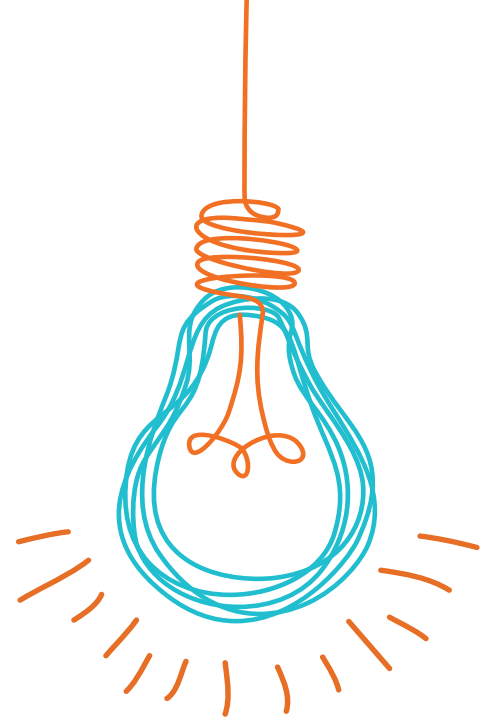
Policy



Development of a competency framework.

Sustainability professionals should have a defined career path.

Reflections and Recommendations



Based on the progress the banks have made in the implementation of the NSBPs and the innovations the NSBPs has brought about, it is important to reflect on how these cut across the principles. Aside reflecting on the progress and innovations, recommendations to address the challenges identified will be discussed. This will help enhance the understanding and drive of the regulator, the banks, and the sustainability professional to address these challenges for an improved implementation of the NSBPs.

The findings on progress and innovation reveal a concentration on NSBP 2 and 1. This could be as a result of their strategic importance, as principles 1 and 2 align with the activities and operations of the banks. NSBP 1 focuses on how banks create value for clients and customers. NSBP 2 focuses on their business operations – i.e. how the banks engage with their employees, contractors, vendors and suppliers, as well as how they manage their impacts on the physical environment and society at large. In essence, NSBP 2 is a principle that addresses the sustainable management of the organisation. Therefore how the organisation is managed would determine how it engages with clients and customers.

The analysis presented has shown that the banking industry has made progress in all nine principles. This is not however same for the innovations achieved. NSBP 6 which bothers on sustainability governance is lagging behind as it is the only principle not linked with an innovation in its implementation. Could this be as a result of its relegation and lack of support in most organisations, as suggested from the feedback received from the respondents? This is worth investigating in further studies as this

study is limited in that regard.

The study also could not establish that in screening credit transactions for E & S Risk, the banks went beyond the three sectors of Agriculture, Power and Oil & Gas mandated for such by the NSBPs. This means for most banks, it is more about conforming to the principles as regulation demands, rather than benchmarking the principles against the essence of sustainable banking practices. It would therefore be imperative to extend these sector guidelines to all economic sectors in Nigeria as every sector is bedeviled by environmental and social issues. For every sector there are sustainability implications. In all, the study has not been able to reveal systemic or institutional changes in the banking sector as expected from sustainable banking practices. This might be due to the conformist approach in the adoption of the principles. It is critical therefore to ensure that in the next phase of implementation of the NSBPs systemic change is the focus. Aligning the NSBPs with the SDGs would be a good way to go. In essence, the time is right to review the NSBPs.

We have grouped the recommendations in line with the themes used in analysing the challenges. The suggestions are broken into sub-themes which have emerged from this study. This will enable us situate accurately suggestions that would best address the challenges for an enhanced implementation of the NSBPs. These sub-themes are: People- employees, clients, suppliers, contractors, etcetera; Process- processes and systems in the organisation; and Policy- the regulator's directive and instructions. These sub-themes are classified as the 3Ps. Find below our suggestions on how best the challenges inhibiting the implementation of the NSBPs could be addressed.

Capacity Building

Items	Recommendations	Rationale
People	Sustainability should be embedded in performance management system/framework. Therefore, employees should be appraised based on the sustainability implications of their job function.	This will help ingrain sustainability culture within the banks and the entire industry and deepen sustainability knowledge in the sector. It will also help to address the perceived difficulty in using NSBPs in measuring and managing business performance.
Process	Human Resource Department of the banks must take the lead in understanding the sustainable banking capacity of employees, to enable them develop capacity building interventions that would be consistently and continuously reviewed to address gaps.	This will help the banks to deepen the understanding of sustainability issues and develop the technical capacity required for E & S Risk/Footprint Management and data gathering accuracy. It will also enhance the holistic integration of sustainability in the banking industry.
Policy	There should be an industry wide policy mandating banks to put in place structures/frameworks that would foster effective sustainable banking knowledge/education across all functions. The policy should be time bound in its implementation and impact should be assessed by the regulator. The CBN, as the regulator, should take the lead by first institutionalizing this within its institution.	This is important as it will help build a sustainable finance industry that will engage and develop the right employees required for sustainable innovation. It will also enhance the banks ability to develop the right human capacity required to advance sustainable wealth creation in Nigeria through sustainable product offering and services.

Standardisation

Items	Recommendations	Rationale
People	E & S Capacity should be continuously enhanced with new ideas and innovativeness.	This will ensure a continuous improvement in the management of E & S Risk/Footprint.
Process	<p>Banks should develop automated E & S Risk/Footprint Management System to enhance the implementation of NSBP 1- business activities and NSBP 2- business operations. They should also set targets, which can be higher than the industry standards.</p> <p>The banks should be encouraged to adopt such standards as the Global Reporting Initiative (GRI), the Sustainability Accounting Standard Board (SASB) reporting template, and other similar initiatives like integrated reporting, whereby social, environmental and economic activities are presented in one report. They can set timelines for accomplishing set targets.</p>	<p>Automating E & S will help ensure better management of environmental and social risk internally and externally. It will enhance the quality of data tracking, measuring and reporting.</p> <p>This will help banks to understand better the relationship between sustainability and business performance. It will enhance comparability of performance across the different aspects of the sustainable banking principles.</p>

Standardisation

Items	Recommendations	Rationale
Policy	<p>Sustainability performance metrics, minimum performance targets and standards should be developed for the industry. This should apply to indicators such as credit transactions, carbon emission, water usage, paper usage, energy consumption, etcetera. For example, a 5 year target can be set from 2019 to ensure that 100% of credit transactions go through E & S Risk screening by a set date. When implemented, it should be reviewed from time to time.</p> <p>The CBN Biannual reporting template should be precise on what each sustainability indicator is and what is expected to be reported for each of them. The reporting template should be reviewed from time to time.</p> <p>Due to the fact that there are different types of banks i.e. commercial and merchant banks with different policy guidelines, the CBN should be flexible in situations where such guidelines conflict with the NSBPs, to enable the affected banks to implement the NSBPs. A case in point is the Merchant Banks' inability to implement NSBP 5, which borders on financial inclusion because they are not allowed to engage in retail banking.</p> <p>Where the sustainability function is positioned and how it should be positioned remains a contentious issue. To ensure standardisation, CBN should mandate banks to ensure a uniform approach across the industry.</p>	<p>This will help enhance the industry's tracking, measuring and reporting capacity. It will also help standardize the data gathering process.</p> <p>This will help to ensure accurate reporting which is important for sustainability management.</p> <p>This will enable a robust implementation of the NSBPs across the banking and financial sector. It will help advance a sense of connectedness and belonging for all industry players.</p> <p>A uniform positioning of sustainability across the banks, will ensure harmony, better coordination and collaboration.</p>

Leadership

Items	Recommendations	Rationale
People	<p>Sustainability implementation should be a top-down approach. The Board and executive management should be the lead drivers of the NSBPs.</p>	<p>This will bring about the effective integration of sustainability as research has shown that the effectiveness of sustainability implementation is dependent on management buy in.</p>

Process	For the effective implementation of the NS-BPs, the CEO must set the direction for the required culture change.	Sustainability can only be mainstreamed when the CEO is actively involved.
Policy	CBN should engage CEOs, EDs and other Board members by organizing mandatory seminars/workshops for them bi-annually.	This will help to deepen their understanding, relevance and applicability of sustainability as it relates to the business.

Governance

Items	Recommendations	Rationale
People	Ethical conduct of those implementing the principles is important	This is important for self-accountability and responsibility
Process		
Policy	<p>At the industry level we suggest that there should be a governance structure for sustainability implementation. The structure which should take the place of the steering committee, will be led by a Chairman who should be a CEO of one of the banks. All the banks and representatives from the CBN and NDIC will be members. The respective banks will be represented by their heads of sustainability. The Chairman who will lead the structure would be on tenure; and when the tenure expires, another Chairman will be appointed.</p> <p>The CBN should incentivise banks who comply with the NSBP and discipline those who do not comply. The CBN can work with the Federal Inland Revenue Service (FIRS) to give tax incentives to NSBPs compliant banks. Other incentives like access to sustainable loans can be offered. Non-compliance could attract a hefty fine as a deterrent. The CBN could introduce the most improved bank award in the implementation of NSBPs to encourage compliance.</p> <p>Inter regulatory collaboration should be treated as very important. The different regulatory agencies need to be in synch with sustainability. There should be a common objective by regulators in Nigeria in addressing the what, why and how of sustainability.</p>	<p>This will help to elevate sustainable banking in Nigeria. It will also help to set an industry template for effective collaboration, which is important for sustainability. It will help to advance a robust peer review and feedback mechanism required for effective sustainability implementation. It will enhance better governance of sustainability in the financial services sector.</p> <p>This will help improve compliance and boost confidence in the system.</p> <p>This will enhance a robust multi sectoral approach to sustainability, which is important for the sustainable development of Nigeria. It will encourage regulatory and sectoral peer review mechanism. This will further lead to useful feedback for the different sectors and businesses. To achieve a successful sustainability implementation, collaboration is key at all levels. Such collaboration could spur other sectors to develop and adopt sustainability principles such as the NSBPs.</p>

Professionalism

Items	Recommendations	Rationale
People	The sustainability professional should continuously self-develop.	This will help to enhance the readiness of the sustainability professional in the implementation of the NSBP.
Process	The banks should collaborate to ensure a career path for sustainability professionals.	This will help to foster a sense of connectedness and enhance the retention of sustainability professionals within the banking industry.
Policy	<p>The Banks and CBN should collaborate with the Chartered Institute of Bankers of Nigeria (CIBN) to develop a competency framework that will lead to a certification for sustainability professionals.</p> <p>There should be a defined career path for the sustainability professional. Starting with Sustainability Officers (Junior level staff) to Sustainability Managers (Middle level management) and to a Chief Sustainability Officer (Top level management) not below Deputy General Manager.</p>	<p>This will strengthen the sustainability function in the banking industry.</p> <p>This will resolve the stunted career progression of sustainability professionals in the banking industry, enhance the confidence of sustainability professionals and strengthen the sustainability profession in the banking industry to with top talents.</p>

Are Nigerian Financial Regulators Truly Ready for Sustainability?

Sustainability seems to be the new kid in town. It is the current buzzword and appears fashionable, particularly, amongst Nigerian financial regulators and the financial services sector. But why is this the case and what are the implications?

Arguably, the growing interest and buzz around sustainability are linked to the Nigerian Sustainable Finance Roadmap developed by the Financial Services Regulation Coordinating Committee (FSRCC). One of the roles of the FSRCC is to ensure harmony and complementarity in financial regulation across the board spectrum of financial regulators in Nigeria.

As such, the essence of the sustainable finance roadmap is for FSRCC members to develop and implement sustainability strategies and mainstream sustainability in their respective industries in a complementary and non-conflicting manner. Sustainability here means sustainable development – i.e. quest for development that does not inhibit or harm future generations. It recognises the nested inter-dependency amongst the economy, society

and the environment. In other words, the FSRCC expects financial regulators in Nigeria to promote environmental, social, and economic development in their respective industries with the understanding that the success of the economy is dependent on the viability of society. The success of society, in turn, is linked to the viability of the natural environment. As such, without the environment there will be no society, and without society, there will be no economy. The three are interwoven.

Positioned in this manner, sustainability is a quest for effectiveness and efficiency rooted in a commitment to reduce negative impacts and increase positive effects on society, environment, and the economy. Organisations, once established, have impacts, which could be positive or negative. Positive impacts include low carbon emission, fair employment practices, responsible product promotion and good corporate citizenship practices. In that regard, sustainability is about impact management and implies balancing social and environmental risks in economic decisions.

Evidence suggests a positive relationship between sustainability practice and the global competitiveness of a country. This is very much at the heart of the Sustainable Development Goals (SDGs). There is, also, significant evidence that sustainability is good for business. Some studies have found that corporations that voluntarily adopt sustainability policies have better organisational processes. They, thus, perform better when compared to a matched sample of companies that adopted almost none of these policies.

It has also been found that if financial institutions: “integrate sustainability criteria in their risk assessment and decision making procedures, they will strengthen their financial soundness, improve systemic financial stability, and contribute to a more ecologically sustainable, just and peaceful world” (Van Gelder, J.W. and Stichele, M.V., 2011:1).

Framed as such, sustainability entails a good understanding of how organisations impact on the physical environment, society, and the economy for organisational sustainability to translate

into positive outcomes. Developing and implementing an organisational sustainability strategy, therefore, is a very broad and complex agenda requiring broad mindedness, systems thinking, and innovation. Another way to look at sustainability is to see it as a mind-set, an orientation, and an audacious journey.

Based on empirical evidence and experience, one of the most successful approaches to translating sustainability into practice is to embed it in an organisation's culture. In order to do this, one needs to understand the value(s) an organisation creates and how an organisation's culture either enables or constrains the delivery of such value(s). This usually implies a detailed diagnostics of the organisation and its value creation chain.

The deadline for the Nigerian financial regulators to fully comply with the demands of the Nigerian Sustainable Finance Roadmap is December 2019. FSRCC members that have signed up to the sustainable finance roadmap include the Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), the National Pension Commission (PenCom), Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), Corporate Affairs Commission (CAC), Federal Ministry of Finance (FMF), Nigerian Stock Exchange (NSE), Nigeria Commodity Exchange (NCX), and the Federal Inland Revenue Service (FIRS). For these regulators to avoid approaching sustainability as a box-ticking exercise, as the case might often be, they need to

make the sustainability agenda stick in their respective industries by imbibing sustainability as a culture and as a journey, first and foremost, before reaching out to those they regulate. In other words, they need to walk the talk. They need to practise what they preach. They cannot ask those they regulate to do what they, as regulators, cannot do. Therefore, in order for the regulators to walk the talk, they must demonstrate committed leadership from their top management.

It is the role of top management leadership to foster a common language and understanding of sustainability in an organisation. It is also the role of top management leadership to set the pace and create the necessary motivating incentives to realise sustainability in an organisation. In that regard, the success or failure of sustainability is usually 99 percent dependent on the type of top management leadership an organisation has.

But for a long time, Nigerian businesses and even regulators have treated sustainability as a dispensable philanthropic option. The focus of most organisations has been on survival, political maneuvering, and self-interest. In that regard, the pursuit of sustainability is not necessarily seen as a priority.

Notwithstanding, sustainability has become so imperative in the financial services industry today that financial regulators can no longer ignore it. Financial regulators would, therefore, need to walk the talk, and be seen to do so, in order to maintain the legitimacy to guide and direct

their industry. This is no longer an option, as well.

Some have begun the sustainability journey very well. However, the journey would now need to be sustained; and this cannot happen without a strong and visionary leadership commitment from top management. Leaving the task for middle managers and or ad hoc committees, as it seems to be the case in most of the financial regulatory institutions in Nigeria, is not an effective approach and could be a recipe for disaster and inertia.

As such, the success or failure of sustainability in any of the financial regulators and the industry they regulate will largely depend on the commitment of a financial regulator's top management leadership to the sustainability cause and agenda. Again, this cannot be overemphasised and should not be taken for granted. Leadership is everything, as far as sustainability is concerned! The key question then for the top management of each of the financial regulators is: "how well prepared is your organisation for this necessary sustainability journey"?

Culled from: <https://opinion.premiumtimesng.com/2017/08/09/are-nigerian-financial-regulators-truly-ready-for-sustainability-by-kenneth-amaeshi/>

Professor Kenneth Amaeshi is a professor of business and sustainable development at the University of Edinburgh Business School, United Kingdom.

About us

At ESG Advisory Associates, we see our role as advisors and collaborators in helping you meet your specific objectives. In Nigeria, we have experience working on integrating sustainability within the Financial Services industry. Our recent clients include Access Bank, First Bank, Diamond Bank, WEMA Bank, Bankers Committee, LAPO Microfinance, and The Nigerian Pension Commission (PenCom). We are also currently working with the Global Alliance for Banking on Values (GABV) – a global coalition of organisations with a priority on sustainability.

Research Team



Prof.
Kenneth
Amaeshi

Kenneth is a professor of business and sustainable development at the University of Edinburgh and is the director of the Sustainable Business Initiative. Following a career in management consultancy, he held positions at the Cranfield School of Management and the University of Warwick (Warwick Business School and Warwick Manufacturing Group, respectively). He was a Chevening Scholar, a Scholar of the International Centre for Corporate Social Responsibility, University of Nottingham, and a Visiting Scholar at Said Business School, University of Oxford. Kenneth has extensive experience working with businesses, NGOs and governments in the areas of sustainability strategy, leadership, international management, ethics and governance. He has worked with the banking and pension industries in Africa (especially in Nigeria). In addition, he works closely with the Global Alliance for Banking on Value (GABV) – an independent network of banks and banking cooperatives with a shared mission to use finance to support positive economic, social and environmental impact. Kenneth is also a Visiting Professor of Strategy and Governance at the Lagos Business School, Nigeria. In 2016/17 he was a Scholar in Residence at the National Pension Commission (PenCom), where he worked on developing a sustainability strategy for the Commission.



Godson
Ikiebey

Godson is a researcher and consultant. He holds an MSc in Marketing Communication from the School of Media and Communication, Pan-Atlantic University. He was a founding Research Fellow of the Knowledge Economy Group; a think tank that conducted research on the knowledge economy in Nigeria. His research focuses on the interplay between developing and implementing policies, sustainability strategies, business development and socio-economic development. In 2012, he participated in a FORBES Africa discourse on the challenges of Nigeria's brain drain and its mitigating effects in Africa. Excerpts from his contributions were published in the September 2012 edition of the magazine. Godson has worked with a range of clients including but not limited to Lagos Business School, Pan-Atlantic University, Coca-Cola Nigeria, Ford Foundation, First Bank, Wema Bank, Global Alliance for Improved Nutrition (GAIN) and International Centre for Tax and Development (ICTD), Institute of Development Studies, University of Sussex. His research interests include: Public policy, Sustainability, Sustainable finance, Human behaviour, Innovation processes, Tax compliance and Sustainable Development.

**Sustainability
Journey of
Nigerian Banks:
Their Stories**

Name:	Access Bank Plc
GMD/CEO:	Herbert Wigwe
Headquarters Address:	999c Danmole Street, Victoria Island Lagos.
Revenue Base as at year end 2017:	N459, 075, 779,000
Market Capitalisation as at year end 2017:	N302.32bn.
Total Number of Employees as at 2018:	12,078

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

Access Bank major highlights in the implementation of the NSBPS include the following: In implementing principle 1, the bank developed an Environmental and Social Risk Management (ESRM) policy/framework that enables automated credit portal (ACP) for credits within obligor screening and enhanced monitoring, evaluation and reporting process in line with Equator Principles and IFC Performance Standards. In the implementation of principle 2, Access Bank developed an enhanced and automated environmental and social footprint management system that captures, measures and monitors monthly assessment of CO2 emissions, energy efficiency across the bank’s branches and ATMs, water management efficiency, waste management efficiency and paper usage efficiency. For example, principle 2 implementation has led to a wholly solar-powered branch at Ogunlana Drive branch. It has also resulted in the solar powering of over 25 Access bank branches. On the social component of principle 2, Access bank has built 135 of its branches to be physically challenged friendly. Since 2015 the bank has invested N5.598 Billion in community investments projects, impacting 1,038 communities and reaching 28.5 million lives. Some of these projects include the Malaria to Zero initiative, Access Lagos City Marathon and the partnership with UNICEF to address challenges of orphans and vulnerable children.

In implementing of principle 3, Access Bank has developed a Middle-Management-Program with international training at Wharton School, University of Pennsylvania to continuously enhance the capacity of its employees in line with its succession planning approach embedded in the human rights policy. The bank has also developed a comprehensive human rights policy and created a conducive work environment for all employees, including the physically challenged and nursing mothers. Access Bank implementation of women empowerment policies predate the adoption of the NSBPs. In 2006 it received US\$15 million credit line from IFC for Gender Empowerment Programme (GEM). Therefore in implementing principle 4, the bank has established the Access Women Network, for female employees to accelerate professional/personal development and in 2015 the bank appointed its first female Chair of the Board, Mrs. Mosunmola Belo-Olusoga. Principle 5 enhanced the bank’s capacity to develop Inclusive Banking services to disadvantaged/underbanked/underserved, for example, the bank’s USSD code, *901# makes it possible for anyone, anywhere to access financial services using mobile phones. In 2017 the bank launched “Save Today, Take Tomorrow” to promote savings culture/financial services to unbanked/underbanked. Principle 6 enhanced the bank’s capacity to develop clear governance structure with Board oversight and accountability. This has also led to the embedding of sustainability in the bank’s training school and KPIs. The bank has a twelve person sustainability team of professionals with a cumulative experience of 57 years.

The implementation of principle 7 has seen the bank strengthen sustainability capacity for internal /external stakeholders utilising its partnerships platforms in some instances. Internally the bank developed sustainability capacity in training old and new employees at its training school. The bank also engages in sensi-

sation programmes and sustainability workshops to create knowledge and enhance the understanding of sustainability internally and externally. For example, the bank as Chair of NSBPs Steering Committee, has provided several trainings/workshops for Sustainability champions in the industry to enable them effectively implement the principles. In fulfillment of its commitment to principle 8, the bank plays leadership roles in various sustainability-focused organisations for the purpose of driving sustainable development. The bank's responsibility in this area includes but not limited to: Member, United Nations Global Compact Nigerian Local Network; Leadership Group Member, United Nations Women Empowerment Principles; Co-Chair, Corporate Alliance of Malaria in Africa; Chair, Steering Committee, Nigerian Sustainable Banking Principles; Board Advisory Committee, Private Sector Health Alliance of Nigeria; Member, Private Sector Delegation to the Global Fund Board etcetera. Access Bank has an enhanced capacity in sustainability reporting which is the foundation of principle 9. The bank pioneered sustainability reporting in Nigerian financial sector with its standalone sustainability report using GRI guidelines; which is now in the 10th reporting year.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

We are the first-movers in the industry, gaining and entrenching our leadership position in the market. We introduced change in the environment and are the ground breakers, preparing the way for others to follow. The key challenge here is that being the first to adopt a new standard/principle makes doing business difficult as other stakeholders we interact with may not be willing to accept/comply with those standards.

Access Bank established a vendor policy which only allows the Bank to hire/deal with suppliers/vendors that run their business activities and operations in a sustainable manner. Some business deals are lost because some vendors are unable to align their business processes with the bank's standards.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

Nigerian Sustainable Banking Principles (NSBP): Driven by its commitment to promote sustainable development locally, Access Bank initiated and championed the process that led to the development of the NSBPs in the banking industry. This innovative framework was developed through the following: Initiated the idea and ensured top management commitment buy-in; Organised Nigerian Sustainable Finance Week featuring internal and external capacity building sessions/workshops; and climaxed with CEO Roundtable where the Strategic Sustainability Working Group (SSWG) was constituted; SSWG under leadership of Access Bank CEO, developed the NSBPs with inputs from all banks, CBN and DFIs; Over the years, Access Bank continues to serve as Chair of the NSBP Steering Committee, thereby supporting the industry in making progress on sustainable banking.

Developing the Global Responsible Banking Principles with the UN: Access Bank is an active member of the 200 member United Nations Environment Programme Finance Initiative (UNEP FI), a public-private partnership established by the United Nations Environment Program (UNEP) and the financial sector. The bank collaborates with UNEP-FI on key initiatives to drive sustainable change and impactful environmental. Access Bank served as the co-Chair, UNEP-FI Africa and Middle East until it ended its tenure in 2017.

In March 2018, Access Bank joined UNEP FI and 27 other international Banks on the core group for the development of the Global Responsible Banking principles – a set of principles that will bring financial institutions across the globe to address societal challenges and achieve sustainable development in line with the SDGs and the Climate Paris Agreement. The Global principles were launched in November 2018.

Name:	Coronation Merchant Bank
MD/CEO:	Abubakar A. Jimoh
Headquarters Address:	No 10, Amodu Ojikutu Street, Victoria Island Lagos
Revenue Base as at year ending 2017:	N25.2Bn
Market Capitalisation as at year ending 2017:	Not Publicly quoted
Total Number of Employees as at 2018:	135

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles (NSBP)?

- The adoption of the NSBP in the bank started by the development of a Sustainable Banking/ E & S policy approved by the bank’s Board of Directors. This was followed by trainings organized for staff from various units in the bank, and symposiums organized with other banks. Coronation Merchant Bank (“Coronation MB”) is currently an industry stakeholder and a key standing member of the NSBP Steering Committee.
- Since adopting the NSBP, there have been increased commitment to gender equality by the bank. Over the last 12months, about 44% of employees, 41% of management positions and 37% of the Board members are female. This is above the threshold of 33% and depicts the bank’s total commitment to gender equality. In addition, the bank has no gender-based pay discrimination practice.
- Furthermore, the adoption of NSBP has also led to a 10% decrease in paper and printing cost. In line with the principle, the bank had put in place and implemented a paper reduction policy. This effectively reduced the cost of paper & ink procurements, as well as reduction in printers’ downtime.
- The implementation has also allowed the bank to avoid reputational damages that may be linked with financing projects that are not environmentally friendly. The principle requirement that all customer loan requests should be screened for E & S risks have assisted the bank to measure the impact of its customer’s business on the environment thereby avoiding transactions that may lead to environmental degradation and reputational damages for the financier.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

- The major challenge to the adoption and implementation of the NSBP was the integration of the principles into the bank’s business strategy. Initially, our client facing units perceived that the implementation may negatively affect the bottom line as the bank’s involvement in some activities were screened out, while improved screenings were recommended for obligor’ with Moderate/ High E & S ratings in line with the principles. However, the client facing teams, Senior Management and the Board were properly onboarded about the benefits of sustainability and shown how it can improve the bottom line. Consequently, the principles have been fully integrated into the bank’s business strategy and embraced by all staff.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

- **Cost Reduction:** The need to review our processes and approach for cost reduction was boosted by the NSBP. The bank's paper reduction policy, aimed at achieving a paperless office has led to significant reduction in cost of printing (paper, ink, maintenance of printing machines e.t.c). Thus, we have a more agile institution with efficient operations that streamlines efforts, conserves resources, enhances employees' productivity and reduces cost.
- **Reduction in environmental footprints:** Following the adoption of the NSBP, the Bank has embraced technologies such as use of inverters and solar powers for IT infrastructures with a conscious effort to reduce CO2 emissions. Recently, the bank divested its pool cars and adopted the use of the Uber for Business car service. This effectively reduces the bank's CO2 footprints and carbon emission. Also, there are restrictions on providing loans and credit facilities to projects only where the borrower can comply with our E&S policies/ procedures that implement the Equator principles. By doing this, negative impacts from project on communities and ecosystems that may lead to reputational damage/brand erosions are avoided.
- **Improvement in gender equality:** Over the last 12months, increased commitment to gender equality has resulted in the female population of the bank's workforce rising to 44% of employees, 41% of management positions, and 37% of Board members. This exceeds the threshold of 33%, indicating our commitment to gender equality. There is also no gender-based pay discrimination in the bank.



Name:	First City Monument Bank Limited
MD/CEO:	Adam Nuru
Headquarters Address:	Primrose Towers, 17A, Tinubu Street, Marina, Lagos Island.
Revenue Base as at year ending 2017:	N170 billion
Market Capitalisation as at Year Ending 2017:	N30.694 Billion
Total Number of Employees as at 2018:	4181

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

The Nigerian Sustainable Banking Principles implemented facilitated the existence of Sustainability reporting unit to coordinate the NSBP activities bank wide, whilst driving the framework, which has been running from inception of the NSBP. The adoption of the Nigerian Sustainable Banking Principles implementation also enabled the creation of a Leadership steering committee to drive the NSBP agenda and coordinate engagements created bank wide. This also brought about leveraging on the framework to appoint sustainability champions across the bank branches network to manage sustainability activities at our various branch locations. FCMB also used the Nigerian Sustainable Banking Principles reporting framework to create awareness to enrich business operations activities and create a robust community investments initiatives on a Corporate Social responsibility effort. The NSBP have opened channels to various collaborations, at both local and international levels.

Expectations:

A periodical review of the Nigerian Sustainable Banking Principles framework, with the insight to fast track compliance and improvement towards driving the agenda

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

Challenges:

- a. Developing a strategy of incorporating sustainability in alignment with the core functions of business operations.
- b. The NSBP is yet to serve as a means of measuring, managing and to drive performance of sustainability activities in relationship to business activities.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

The NSBP framework provided a transparent platform to institutionalise some campaigns that brought a great difference to our working style:

Campaigns on “Great Place to work”, with evolving contents such as: Gender Equality at Work Place, Women Empowerment initiatives , institutionalised sustainability Trainings to all staff, Collaborations with local and international partners and enforcement Work-life Balance Campaigns.

Sensitization about usage of Online meetings and light out policy to cut down on carbon footprints: (Adoption of best climate change practices to a positive environmental footprint).



Name:	Fidelity Bank Plc
MD/CEO:	Nnamdi Okonkwo
Headquarters Address:	2 Kofo Abayomi Street, Victoria Island, Lagos
Revenue Base as at year ending 2017:	N180,244m
Market Capitalisation as at year ending 2017:	N71,247m
Total Number of Employees as at 2018:	2,908

Describe the major highlights of your organizations adoption and implementation of the Nigerian Sustainable Banking Principles?

Our mission vision is to be the number one bank in every market we serve and for every branded product we offer. We are driven by the mission to make financial services easy and accessible.

Leveraging on the goals of sustainable economic development and poverty reduction, we provide banking and financial services with the intent to 'do no harm' to the environment and the people. We manage natural resources sustainably to avoid environmental degradation and ensure that economic development costs do not fall disproportionately on the poor and vulnerable.

Since our adoption of the NSBP, Fidelity Bank has financed viable projects that have contributed substantially to the real economy in environmentally and socially responsible ways. All projects undergo stringent Environmental and Social Due Diligence.

In line with our environmental conservation and beautification initiatives, we collaborate with the Nigerian Conservative Foundation (NCF) their advocacy campaigns. Our 'Reduce, Reuse and Recycle' principles led to the adoption of a paperless office policy that encourages electronic communications and our cashless banking practices have substantially reduced the use of paper for account statements and use of cheque books. This is in addition to dispensing cash with recycled biodegradable cash bags; a feat that Fidelity Bank pioneered for over 5 years.

Through our 'Fidelity Helping Hands Programme' (FHHP) and the Fidelity Youth Empowerment Academy (FYEA) initiative, we have carried out numerous environmental and social intervention projects across the country. We have empowered over 1,000 university undergraduates with entrepreneurial skills; adopted many orphanages; built schools/hospitals and executed several infrastructural projects for host communities across the country.

What Challenge(s) and issues have you encountered in the implementation of the NSBP?

a. Non-Competitiveness/Unequal Implementation

Banks currently implementing sustainability principles have become less competitive because of the current uneven implementation levels in the industry. Many clients find it rather convenient to go to the next bank with less stringent or no sustainability requirements to consummate their businesses.

The reason for the inequality in implementation levels range from lack of industry-based performance metrics, absence of penalty to shape behavior and adherence, to revenue objectives of individual Banks who believe that implementation may lead to reduced revenues.

At Fidelity Bank, we have entrenched sustainability practices in all aspects of our businesses. We are convinced that this will better aid us in achieving our financial objectives, including our long-standing commitment to sustainable economic development. We have therefore constantly

engaged clients for better understanding of the concept as well as benefits to their businesses.

b. Senior Management's buy-in/ Pushback by Relevant Teams

Governance is a key aspect of Environmental Social Governance Framework as it drives the development of systems, policies and procedures necessary to address potential Sustainability issues as well as increasing sustainability awareness within the Bank.

Though some banks may not yet have gotten the full management buy-in and are experiencing pushbacks from supporting departments, our adoption of a top-bottom sustainability governance approach, has helped to mitigate this challenge. It has minimized pushbacks from supporting teams and given the necessary resources (human and financial) for implementation.

c. Coordinating Function

Where the coordinating function responsible for the day to day implementation of the NSBP is sited within the Banks, this will significantly contribute to the success in its implementation. There is currently no standard approach or direction provided by the regulator on this. Sustainable Banking roles in some banks fall under Risk Management, Corporate Communications, Compliance, Corporate Strategy, Human Resources and Operational Risk.

Ours is situated under Risk Management Division and is appropriately resourced. Besides this, the unit is tasked with the responsibility of overseeing the day to day implementation of the Bank's Sustainability Banking Policy and process requirements. The unit collaborates internally with other relevant departments. Our efforts towards mainstreaming the NSBP requirements in the last 5 years was crowned with the recognition for 2nd Position in the Sustainable Bank of the Year category, at the CBN NSBP Awards in 2017.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

a. Achievement in Women Economic Empowerment

The thrust of our Sustainability Policy for women economic empowerment is to develop and implement, robust women focused economic and social empowerment programs for women-customers of the bank. This therefore led to the introduction of a composite offering, the Fidelity Women Entrepreneurs Support Scheme (Fidelity WESS) deployed to drive our focused economic empowerment and all-round capacity building support for women entrepreneurs in Nigeria. The WESS has three reach-out pillars namely:

- Financial Support for Women Entrepreneurs
- Business Management knowledge and Capacity Building for Women-Entrepreneurs
- Entrepreneurship Encouragement for Women-Entrepreneurs

The three pillars enable the efficient and effective aggregation of our various SME and women-entrepreneurs focused traditional and electronic banking offerings and structures, to support the growth and development of the women-entrepreneurs' class in Nigeria and indeed, the sustained growth and development of the larger Nigerian economy. Through this scheme the Bank has reached over 1,000 women. This innovation earned the Fidelity Bank 2nd position in Women Economic Empowerment award category at the CBN Sustainability awards in 2017.

b. Achievement in Youth Empowerment

In support of the CBN Financial Inclusion Strategy, Fidelity Bank introduced the Fidelity Youth Empowerment Academy (FYEA) Initiative in 2016. The aim of the programme which is to contribute to the eradication of extreme poverty and hunger, provide job opportunities and a sustainable means of income as well as development of entrepreneurial skills, is targeted at under-graduates in tertiary institutions of learning. In the course of the programme, participants are taught on various vocations while materials are provided to enable them start their businesses. The scheme provides income to the students and their families even after graduation, especially where they are unable to secure white collar jobs. Such businesses grow into micro and small businesses with huge potential for growth. Four editions of the programme have been held at the University of Nigeria Nsukka, Enugu State; Waziri Umaru Federal Polytechnic, Kebbi State; Federal Polytechnic Oko, Anambra State; and the Rivers State University, Rivers State. Over 1,000 students have benefitted from the programme since its conception.

Name:	First Bank of Nigeria Ltd
MD/CEO:	Adesola Adeduntan
Headquarters Address:	35 Marina, Lagos
Revenue Base as at 2018:	N233.7bn (Gross Revenue for Bank as at June 2018)
Market Capitalisation as at 2018:	N319.46bn (for FBN Holdings)

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

Corporate responsibility and sustainability involves our ability to meet the needs of our stakeholders now and in the future. It goes beyond financing economic activity in a responsible way to ensuring an inclusive, positive impact on our communities.

Our CR&S strategic approach is three-pronged: citizenship, stakeholder management and impact management. Citizenship and stakeholder management involve putting into consideration the needs of stakeholders in making decisions, while impact management is basically about minimising our negative impacts and increasing our positive impacts on society. The approach is hinged on our CR&S strategic pillars.

The CR&S strategic approach is contained in the Bank’s corporate responsibility policy. The policy clearly outlines our commitments and approach to corporate responsibility as well as the Group’s CR&S governance framework. The scope of the policy and respective guidelines applies throughout the Bank’s operations and activities, including our subsidiaries in all locations; stakeholders and associated partners representing the Bank. Our CR&S strategic pillars are as follows:

Education & Health

We invest our time and resources as part of our responsibilities to enrich the communities in which we work and live in areas of Education, health & Welfare.

Financial Inclusion & Diversity

In reinforcing our responsible approach to enhancing the quality of life and financial security of our customers and their families, we have continued to design sustainable products and services tailored to meet their needs and expectations.

We are committed to growing our people; providing opportunities and a supportive environment and culture for personal development.

Our dedication to diversity and inclusion has seen us build a culture where all employees are valued and respected and where their opinions count. We remain committed to ensuring a diverse and inclusive culture where employees believe that their views are heard, their concerns are attended to and they work in an environment where partiality, discrimination and harassment on any matter, including gender, age, ethnicity, religion and disability, are not tolerated and where progression is based on impartial criteria.

Responsible Lending & Procurement

Our customers and other stakeholders remain a vital element of our business. We constantly seek ways of providing products and services to meet their needs while ensuring that we manage our direct & indirect en-

environmental, social and governance impacts in the process; thus, contributing to overall sustainable growth and development.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

- One of the key challenges we've encountered is around accurate data gathering but one of the ways we are dealing with this is putting a system in place that would help automate most of our processes. The Bank has acquired a new software system to fully automate the credit process, however the Environmental, Social and Governance System (ESGMS) is yet to be fully integrated so the process of screening transactions is still largely manual. A pilot phase is underway and efforts are currently ongoing to ensure full automation.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

One key achievement in driving NSBPs is the strong implementation of Principle 7 – Capacity Building and we have led the way in this regard in the financial sector through our partnership with the The FirstBank Sustainability Centre.

This partnership is a demonstration of our commitment to promoting sustainable finance and adhering to global best practices in our business operations, particularly around collaborative partnerships and capacity building.

The Centre was designed to empower our staff, other financial institutions that are signatories to the Nigeria Sustainable Banking Principles (NSBP), FirstBank customers and other stakeholders, including NGOs, media practitioners and SMEs. This was achieved through relevant applied research in specified areas of interest, open and in-company seminars and workshops, and international and local conferences for the cross-fertilisation and exchange of ideas on sustainability.

We achieved the following:

Capacity building:

- Over 5,000 SMEs impacted
- Over 25 capacity building workshops
- Over 10 SME workshops including women-led SMEs
- Over 20 Executive education programmes

Stakeholder Engagement:

- 4 business Leaders roundtable
- 'Private Sector Advisory Group (PSAG)
- NESG Policy Forum

Strategic Partnerships

- International Finance Corporation
- University of Edinburgh
- Principles of Responsible Management Education
- Nigeria Business Council for Sustainable Development

Research

- Over 40 research materials including case studies, books, chapters and policy papers

Recognition

- UN Publication- partner with business schools to advance sustainability



Name:	FSDH Merchant Bank Limited
MD/CEO:	Hamda Ambah
Headquarters Address:	5th-8th Floors, UAC House, 1/5 Odunlami Street, Lagos
Revenue Base as at year ending 2017:	N23.5Billion
Market Capitalisation as at year ending 2017:	N/A
Total Number of Employees as at 2018:	143

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

FSDH Merchant Bank Limited (“FSDH/“the Bank”) in partnership with the Central Bank of Nigeria (“CBN”) remains committed to the implementation of the Nigerian Sustainable Banking Principles (“NSBP”). In line with this disposition, the implementation is being championed by the FSDH Sustainable Banking Committee (FSDH SBC), a committee that was set up by the Board of Directors in 2015.

From 2015 till date, the FSDH SBC has sustained the implementation of the NSBP with the institutionalization of the FSDH Sustainable Banking Framework document approved by the Bank’s Board Risk Committee to facilitate the following: The provision of appropriate context for developing policies and decision making; appropriate guidance for sustainability in the appraisals of projects, plans and strategies; the sustenance of the mechanism for monitoring the bank’s progress in the implementation of the sustainable banking principles; periodic reporting in line with regulatory requirements.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

One of the major challenges our organisation encountered emanated from the limitation in the scope of the merchant banking business (wholesale banking) which manifested from CBN’s expectation of merchant banks to meet the same sustainable banking principle requirements set in place for commercial banks. For example, merchant banks are not permitted to engage in retail banking, thus making it difficult for them to grant credit or provide such services that will facilitate inclusion in line with the requirements of Principle 5 of the NSBP. FSDH will however continue to find innovative methods of partnering with credible organizations that provide such services.

Another major challenge the organisation regularly encounters manifests from the attempt to strike an appropriate balance between the alignment of the risk profile of merchant banks and the associated risks of granting credits to financing environmental and social products or environmental beneficial products based on renewable energy projects in line with Principle 1 (E & S Management Systems for Business Activities). FSDH faces an ever present challenge of matching the associated risk of the merchant banking business which entails high cost of sourcing deposits (purchase funds) with the viability of granting credits for environmental beneficial projects and the risk adjusted impact on the Bank’s bottom line. Such projects may not fall within the Bank’s risk acceptance criteria.

Given that the bank’s head office and branch offices in Abuja and Port-Harcourt are located in multi-tenanted buildings, several challenges arise from the implementation of Principle 1 (E & S Footprint Management for Business Operations), The implementation of a measurement criteria for the bank’s ‘water consumption per employee rate’, as well as the amount of solid waste and consideration of alternative sources of energy to power the bank’s offices are examples of short term challenges that the Bank currently faces when it comes to implementing Principle 1 of the NSBP. The implementation of these measures may take

some time given that the Bank will have to seek the consent of the respective landlords in this direction.

In relation to Principle 4 (Women's Economic Empowerment), it is also noted that whilst the Bank's current recruitment policy is transparent and unbiased towards gender, race, and physical appearance, it would take appreciable time to achieve the desired female representation in the Bank's workforce given the challenge of sourcing suitable qualified candidates for vacancies.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

A major achievement that the bank is very proud of and which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles is the evolution of the FSDH Merchant Bank Exclusion List. The FSDH Exclusion List was evolved in line with international best practice to foster environmental and social risk management and it contains the products, services and activities that negate the bank's tenets of sustainable banking principles.

Aside from fostering the implementation of the NSBP, the Exclusion List also complements the subsisting risk management process in the Bank by enhancing the Bank's risk tolerance. The operationalization of the FSDH Exclusion List ensures that the Bank does not finance any activity involving the production of, or the use of, or the trade in, or the distribution of the following: Forced labour/child labour; Products or activities deemed illegal under the laws and regulations of Nigeria or international conventions and agreements, as well as those subject to international phase-outs or bans; Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations; The destruction of high conservation value areas; Radioactive materials and unbounded asbestos fibres. This does not apply to the purchase of medical equipment or quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and / or adequately shielded; any business or undertaking involving prostitution or pornography material either directly or indirectly; any of the following products where they constitute a substantial part of a company's primary operations, or a financial institution's funded activities: Tobacco, Weapons, and Ammunitions.

The bank also ensures that the credit committee gives attention to the non-existence of sustainable banking risks in the review of all credits.

Cost Management: The Bank initiated the need to install metering systems for occupiers in the UAC House with the property managers and it was implemented. This implementation led to cost saving for most floors and the ability to monitor actual energy consumption on monthly basis. The bank also replaced the vertical blinds round the office with glass film to increase illumination in the office and reduce the use of power during work hours.

In addition, another achievement is the integration of human right risk in line with Principle 3 (Human Rights) of the NSBP. In this direction, the bank developed a mechanism for screening of facilities for human rights risk as well as the integration of human rights due diligence when assessing clients engagements as well as suppliers, contractors and third party service. In line with Principle 4 (Women Economic Empowerment), FSDH SB Committee pioneered the setting up of FSDH Women Economic Empowerment Committee. This initiative is aimed at fostering a practical approach to Women economic empowerment that is appropriate for the Bank's business activities and business operations.



Guaranty Trust Bank

Name:	Guaranty Trust Bank Plc
MD/CEO:	Segun Agbaje
Headquarters Address:	635 Akin Adesola, Victoria Island , Lagos, Nigeria
Revenue Base as at year ending 2017:	N360.24bn
Market Capitalisation as at year ending 2017:	N1.199tn
Total Number of Employees as at 2018:	3374

Describe the major highlights of your organisation's adoption and implementation of the Nigerian Sustainable Banking Principles?

Since the adoption of the Nigerian Sustainability Banking Principles, the Bank has worked diligently to meet the requirements of all the nine Principles. To satisfy the requirements of principle 1 the Bank's Board approved a comprehensive Environmental and Social Risk Management Policy and has fully integrated ESMS into its credit approval process. The Bank is guided by this policy for the categorisation of credits into high, medium or low risk and elicits when enhanced due diligence is required. The Policy also highlights the need to carry out periodic monitoring of the action plans highlighted during the Due Diligence Review to ensure closure of all issues raised within the timeframe allotted for resolution. The Bank has taken on the challenge of managing and reducing its carbon foot print as described by Principle 2, in terms of the paper usage. Most meetings are now conducted using Skype, and sustainable power sources are used to power some of its branches and ATMs. In conducting vendor risk assessment, the Bank also ensures all its major vendors are environmental and social risk management compliant. To promote financial inclusion as described in Principle 5, the Bank's SMS banking product is simple and easy to use and the market adoption has been great. The Bank holds 2 annual events, the GT Bank Food and Drink Fair and GT Bank Fashion Weekend and has an online platform the SME Market Hub to promote the SME sector. Furthermore, the Bank has opened 54 Agent Banking locations and also plugged in into the SANEF Initiative to bring its banking services to the unbanked. The Bank also actively collaborates with the Multilateral Agencies like IFC, DMO etc. in the areas of knowledge sharing and capacity building as elicited in Principles 7 and 8.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

There was initial apathy from Customers, who saw complying with NSBP as additional stress / cost. It was difficult to explain the need to comply with the NSBPs requirements or implement the action plans developed during the further due diligence exercise. They were also of the opinion that other banks are not requesting for E&S processes. Continuous engagement with customers has been necessary to improve implementation. This is done by illustrating the relationship between improved sustainability and the customers' profitability, compliance sanctions and long term solvency. We also included the E&S Clauses in the Loan Agreements and Offer Letters to further enforce the compliance.

There was also an initial difficulty in getting Relationship Teams across the Bank interested in implementing the NSBPs. We found that through inclusion of environmental and social risk management in the credit analysis process, inserting E&S report / process as condition precedent to drawdown, targeted trainings to specific teams in the Bank as well as regular staff sensitisation, aided in reducing the knowledge gap and improving engagement of staff in NSBPs activities.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

The Bank now makes a conscious effort to manage and reduce its carbon footprint. The reduction in paper use and travels across the country has also reduced operating cost and thus enhancing our profitability.

In the last annual GTBank Food and Drink Fair, the Bank partnered with Recycle Points (A Nigerian based recycling company) to pick up the waste generated during its annual Food & Drinks Fair. Through this initiative, 683kg of recyclables were adequately disposed.

Name:	Heritage Bank Plc
MD/CEO:	Ifie Sekibo
Headquarters Address:	Plot 292B, Ajose Adeogun Street, Victoria Island, Lagos.
Revenue Base as at year ending 2017:	N82.73Billion
Market Capitalisation as at year ending 2017:	-
Total Number of Employees as at 2018:	1,105

Describe the major highlights of your organisation's adoption and implementation of the Nigerian Sustainable Banking Principles?

Heritage Bank Plc. carries out its activities by creating equal opportunity, social cohesion and inclusion in existing communities. As a Bank, we play key roles in driving long-term economic development which occurs in a manner that is not only economically viable, environmentally responsible but socially relevant. Building on the Nigerian Sustainable Banking Principles provided by the Central Bank of Nigeria, Heritage Bank has made the following significant strides summarized as follows:

In compliance with Principle 1 of the NSBP on Environment and Social Risk Management, the Bank adopted the IFC Performance Standards as an integral part of the credit approval process, to anticipate environmental and social risks posed by our customer's business activities in order to minimize such impacts and ensure appropriate resources are deployed where necessary.

As an equal opportunities employer, the Bank offers employees a fair and consistent environment in which they can contribute their best effort and talent. Our employee policies prohibit the use of child labour; forced labour and discrimination on grounds of tribe, religion, age, gender or economic background. Heritage Bank employs women who currently make up over 50% of its workforce.

The Bank commenced its drive for reduction in negative environmental impacts by monitoring the utilisation of resources through an in-house developed dashboard. This has contributed greatly to the efficient tracking, allocation and utilisation of resources. The success of this can be seen in the reduction of our energy use and emissions through our energy efficient policy across the institution, reduced paper usage and the implementation of a Workplace Recycling Program; over 1,858kg of recyclables have been collected since inception.

Despite its late entry to the sustainability program in 2015 post merger integration, Heritage Bank Plc has initiated several collaborations and partnerships on sustainability led initiatives both locally and internationally.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

Being a relatively new concept to the Bank, one of the major challenges encountered during implementation was getting internal stakeholder buy-in and participation. With a very low level of awareness at the time of commencement, only a handful of employees could readily distinguish between Corporate Social Responsibility (CSR) and Sustainability Banking.

The Bank overcame this challenge by adopting a governance strategy which drove the initiative from the Boardroom, through the Executive Management to the rest of the institution. The adoption of the principle in Heritage Bank commenced with the formation of a policy framework, appointment of Sustainability Banking Champions in every unit with direct responsibility for the initiative and intensive capacity building for all staff using the Bank's online training portal for sessions. Workshops were also conducted to create the required awareness about the initiative.

Having created the necessary foundation, the next phase of implementation included changes in processes, attitudes and behaviours. Quarterly Key Performance Indicators were instituted to ensure that Champions achieve the required levels of traction to sustain the momentums and in the minimum achieve set milestones.

The Bank is well on its way to greater heights and is poised to transcend beyond anticipated challenges.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

Following the adoption of the Nigerian Sustainability Banking Principles, Heritage Bank Plc has achieved the following:

In 2017, the Bank was awarded the 'Most Sustainable Transaction of the Year' – Agric. Sector (2nd position). The award was given to the Bank by the CBN having satisfied the requirements in terms of compliance to sustainability practices especially relating to transactions in the Agric. Sector.

In 2018, Heritage Bank Plc aligned forces with Liter of Light Nigeria, a global open source movement, to provide sustainable solar electricity for Itomaro community in Lagos State. Passionate about making cheap and sustainable solar street lights accessible to the impoverished off-grid communities in Nigeria, the partnership launched 35 units of solar energy-powered street lights it produced for the community. The movement comprises a group of Nigerian students of the University of Nottingham, United Kingdom, who are passionate about making a positive difference in the world through the gift of light.

Name of Bank:	Jaiz Bank Plc
MD/CEO:	Hassan Usman
Office Address:	No. 73 Ralph Shodeinde Street, Central Business District, Abuja.
Revenue Base as at year ending 2017:	N6.3 billion
Market Capitalisation as at year ending 2017:	N18, 562.48 billion
Total Number of Employees as at 2018:	809

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

Our business model is such that our definition of a profitable venture does not necessarily stop at monetary profits alone but also include social sustainability based on non-destructive activities that are not only be economically viable, but socially relevant and environmentally responsible.

We seek to lead by example, by considering the direct impacts on the environment and society arising from our own business operations. We are working to be a driving force for good in the communities and natural environment in which we operate by finding ways to avoid or mitigate negative impacts whilst innovating new means to achieve positive gains.

As a NIFI (Non Interest Financial Institution) operating under Islamic financial principles, sustainability is not a choice but rather a must, because our accountability in respects of inter-human/environmental transactions is ultimately to Allah.

We are 100% committed to doing what is right- that extends from how we run our business and how we relate to customers to how we treat the environment. From employing skilled ethical staff to delivering product innovations and helping the community, we are absolutely focused on providing a better future for our stakeholders. The adoption and implementation of NSBP has helped us to achieve our targets.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

The major issue we have encountered is the poor understanding and low appreciation of the entire NSBP concept, a lot of people and business do not really understand what NSBP is all about. The awareness and education has to cut across all the sectors of the economy.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

As part of efforts to reduce travel mileage and our CO2 foot print, the bank connects with its other location via teleconferencing for performance review meetings, investment committee meetings etc. Secondly, the Bank is opening new branches that are friendly to physically challenged customers.



Name:	Keystone Bank Limited
Ag. MD/CEO:	Abubakar Danlami Sule
Headquarters Address:	1 Keystone Bank crescent off Adeyemo Alakija, Victoria Island Lagos.
Revenue Base as at year ending 2017:	N31,601,694,000.00. (i.e. N31.60billion)
Market Capitalisation as at year ending 2017:	Not listed
Total Number of Employees as at 2018:	1,489

Describe the major highlights of your organisation's adoption and implementation of the Nigerian Sustainable Banking Principles?

We continue to demonstrate our commitment towards the implementation of the Nigerian Sustainable Banking Principles through the execution of various initiatives within the organization.

Going Paperless:

We have continued in our efforts to reduce the use of paper in our general operations hence all internal memos are initiated and signed off on the bank's document management system and leveraging the use of communication channels such as skype, yammer etc as work tools for members of staff.

Reduction of energy consumption:

We have adopted energy efficient light bulbs bank-wide and use alternative source (solar) in powering our Automated Teller Machines (ATM).

Women Empowerment:

Our Pink Network is a community created to build up women professionals, entrepreneurs and home makers by providing them with resources that inspire and mentor them towards the achievement of their goals. These resources cover financial management, business administration etc.

Within the reporting period over 5,000 women have been trained on digital marketing, financial management and understanding how to secure funding for business. 1,000 women through the EDC partnership have been given SME'S toolkits for running and growing their businesses.

In May 2018, Keystone Bank trained 40 women from the okpekpe community on vocational skills, also equipping them with start-up kits.

Employee Volunteering Scheme (EVS)

Our EVS is designed to inspire staff to embrace the culture of corporate social responsibility which directly impacts on:

- Education
- Health
- Youth and Women Empowerment

Quarterly, divisions in the bank embarks on one developmental project within its immediate community that meets a pressing identified need.

So far over 170 schools in low income neighborhood across the country were visited with a reach of 10,000 students being mentored and empowered with academic materials to enhance learning. We also have forged partnership with various government environmental bodies for the cleanup of communities and proper waste management.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

The primary challenge we have noticed since the implementation of the Nigerian Sustainable Banking Principles has been slow adoption amongst staff, this is due to the newness of the concept in the industry. However, we are gaining more traction as we continue to raise a consistent engagement and enlightenment of staff on the global significance of adopting these principles in all aspects of our business operations and activities.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

In line with seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector, Keystone bank is addressing this gap through the following initiatives:

- Keyserv – This is the Bank-owned, Bank-led Agency Banking business model. Here, the Bank has rollout 75 Fixed agents to provide financial services to various financially excluded part of Nigeria.
- The bank launched a pan Nigeria under banked campaign towards our aimed financial inclusion involving all staff irrespective of job roles. In September, we on boarded 61, 704 unbanked individual.
- Partnership with NIPOST – to cover the country through about 200 NIPOST locations where the Bank has no presence. Working with an aggregator we are ensuring that Agency Banking services are available to the underbanked.



Name:	Polaris Bank Ltd
CEO/MD:	Adetokunbo Abiru
Headquarters Address:	3, Akin Adeshola Street, Victoria Island, Lagos
Revenue Base as at year ending 2017:	Not obtainable
Market Capitalisation as at year ending 2017:	Not obtainable

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

Polaris Bank, a responsible bank is committed to the management of the environmental and social risks arising from its business decisions as a key component of the Bank’s sustainability focus. In line with Principle 1,6 \$ 7 of the NSBPs, it has internally developed and implemented an Environmental & Social Risk assessment Portal as part of the credit appraisal process to screen qualifying projects, categorizes transaction risks and recommend strategies for managing the environmental and social risks associated with financing transaction in specific sectors.

As an environmentally responsible institution, the Bank continuously develop various footprint initiatives to reduce its environmental impact. The past five years has seen a drastic reduction of its paper (recycled) consumption by over 79.4% with the introduction of the K2 application—a web based platform which allows seamless work process flow from the start to the end point. Continuous reduction in carbon emission through a mandated early shutdown of the generators, Efficient vendor screening and monitoring with intermittent education on E \$ S requirements/standards in line with the industry and various energy efficiency initiatives etc. The Bank has also provided cancer screening machines and several other facilities to aid the fight against deadly diseases particularly breast cancer through our NGO partners (C.O.P.E. foundation), to provide screening and continuous treatment of people affected by the disease, free monthly examinations for staff and the general public in addition to other various initiatives.

The challenges attributed to the economic development of the women folk has led to the development of the “PEARL” initiative: A platform which offers a series of benefit to the sit-at-home mothers, women owned businesses (entrepreneurs) and female professionals by offering them a chance to grow and expand their wealth through various partnerships, relationships, access to financial education, information, networking, mentoring and various other empowerment initiatives through our business activities

Learning & Development in Polaris Bank is generally concerned with up-scaling the quality of the workforce through strategic training interventions. This focus is in consonance with one of the Bank’s core value – CONTINUOUS LEARNING. Whether you are part of one of our business teams, technology, operations or specialist functions, you will have a range of trainings designed to build your unique strength and continually drive your professional development/growth through our e-learning portal with a section emphasizing on E&S risk & impact on the business operations and activities, Quarterly KSS sessions and classroom trainings as required across cadres.

Polaris Bank believes that financial literacy will pave the way for a sustainable economic development hence the adoption of Principle 2, 5 & 7 of the NSBPs. To demonstrate the Bank's commitment, there has been a continuous delivery of Financial Literacy sessions in several schools every quarter across the nation, in addition to contributing various educational materials to every school visited. To date, the team has been able to reach over 75,000 students in over 200 schools across major cities in Nigeria. Also the employees of the Bank also intervenes yearly through voluntary financial contributions towards various infrastructure upgrade in over 30 schools. These donations include: books, furniture, learning materials, payment for specialized teacher training, computers, borehole facilities and classrooms renovation, customization of resources and teaching aids in relation to the disability of the handicapped children in special need schools. Principle 9 of the NSBPs has also led to the inclusion of the Sustainable Report in the Bank's annual report in addition to the biannual report to the CBN.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

Internal Collaboration - (Sensitization, understanding)

A huge challenge faced in the implementation of the NSBP is getting the Bank's internal departments which the sustainability team works with to familiarize themselves with the expectations of the NSBP deliverable relating to them. The rate of adoption has also been slow in view of the level of understanding. Although the bank has a good training culture, the rate of the staff movement needs to be in consonance with the rate of education on sustainability in view of the level of compliance required during reporting. However it is pertinent to note that the new Polaris Bank is improving on all the past challenges, hence the industry will see an increased adoption rate in all areas of sustainability.

Management Buy-in - (Regulatory requirement, success factor, needs support)

Another issue is that several demands of the Apex Bank are unobtainable. As confirmed in the NSBP reporting template, there are some requests that are not suitable to the African or Nigerian context nor environment. . A typical example is the clear definition of what physically challenged means in the context of employment and reporting and the CBN has not been able to give a suitable explanation towards this. These issues also hinder Banks from smooth implementation of such deliverables hence reporting on the indices correctly. The Bank also has a lot of expectations from the regulators in the area of continuous integration across board, through constant training on the importance of managing a sustainable Bank and its positive influence on their profitability.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

The Bank has introduced an Environmental and Social Risk Management portal (screening toolkit) as part of the credit appraisal process to screen qualifying projects, capture transaction risks and recommend strategies for managing the environmental and social risks associated with their activities. This portal initially categorises the level of risk involved, undertake the appropriate due diligence recommended and engage the client for guidance on the issues. The portal which was built internally and integrated into the Bank's lending platform locally is guided by various international standards and collaborations like UNEPFI, IFC, ILO, Equator principles. This initiative is in accordance with principle 1 of the NSBPs as credits would probably still be written with no consideration for E & S risks.

The Bank has achieved a drastic reduction of its recycled paper usage by 79.4% as against a target of 50% in the last five years. This was achieved with introduction of the K2 application. This robust application has also led to a drastic reduction in the cost of dispatch by over N200m in addition to processing time. The Principle 2 of the NSBPs on Bank Operations led to the 5 year plan where milestones were set and surpassed.

Name:	Standard Chartered Bank Nigeria Limited
MD/CEO:	Lamin Manjang
Headquarters Address:	142 Ahmadu Bello Way Victoria Island, Lagos
Revenue Base as at year ending 2017:	135 Billion Naira
Market Capitalisation as at year ending 2017:	Not listed
Total Number of Employees as at 2018:	1,041

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

Standard Chartered Bank Nigeria (SCBN) is proud to be a member of the committee of banks responsible for creating the Nigeria Sustainable Banking Principles (NSBP) which now serve as a guide to the all banks.

At the time of the adoption of the NSBPs, we were already aligned to global sustainability standards such as The Equator Principles, IFC Performance Standards on Environmental and Social Sustainability, amongst others. All these and other global best practices on Environmental and Social Governance (ESG) have been core components of our business activities and particularly incorporated into our lending decision-making process.

In the last five years of the NSBPs, SCBN has been deliberate about embedding our sustainability philosophy in tandem with the principles. We continue to drive reduction of E&S footprint of our business operations by employing green technology; energy saving lighting systems, sensor lighting and taps, waste sorting systems in our facilities.

On NSBP 4 - Women Economic Empowerment: It is pertinent to mention our strategy for creating a gender inclusive workplace with women-friendly policies such as (i) up to 6 months paid maternity leave, (ii) late resumption/early closing hours for nursing mothers, and (iii) flexible working. SCBN has also delivered a strong female representation of 44% within the organisation and 40% at Senior Management/Board Level.

On NSBP 8 – Collaboration: SCBN has continuously worked together with other industry players and other organisations to create positive sustainable impact. Our CEO, Bola Adesola, is the Co-Vice Chair of the United Nations Global Compact (UNGC) and Chairperson of the Bankers Sub-Committee on Economic Development Sustainability & Gender (EDSG) has given us a platform to contribute locally and globally to the Sustainability agenda.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

The biggest obstacle to the implementation of the principles has been the level of knowledge within the industry. This is understandable, since Sustainability is a relatively new area of expertise. As players, regulators and stakeholders we are have been on a journey, discovering the gains of Sustainability.

The NSBP Committee has recognised this and consistently provides opportunities to upskill both Sustainability champions and their stakeholders so as to bridge the knowledge gap on Sustainability and Environmental and Social Risk Management.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

Our commitment to Sustainability pre-dates the NSBPs. Over the years, we have evolved from philanthropy to Corporate Social Responsibility and now we operate a deliberate Sustainability strategy. In order to execute this strategy, we employ a three-pronged approach: Contributing to sustainable economic growth, Being a responsible company and Investing in communities.

One of the accomplishments we are proud of is our commitment to operate responsibly, and to encourage good conduct and ethical behaviour across the organisation. We demonstrate this by adherence to strong governance framework around Environmental and Social issues, creating an inclusive work place with best in industry parental leave policy. This framework holds us and our clients accountable to global best practices on Sustainability.

In addition, we draw on our relationships with all stakeholders to create prosperous communities through our community engagement programmes. One of such initiatives is Seeing is Believing (SIB). Launched in 2005, SIB is a project focused on preventing avoidable blindness by funding corrective surgeries and eye care treatment for diseases such as cataracts and glaucoma. Over the last 13 years, we have raised over USD 1mn to fund corrective surgeries and provided eye care treatment.

In 2017, we launched the Comprehensive Child Eye Health in Nigeria (CCEHiN); a comprehensive child eye health services available and accessible to over 1m vulnerable children under the age of 14years. The programme is being implemented in eleven (11) States of the Federation.

GOAL, our Girl Empowerment Programme is another community initiative, born in 2010 to address the obvious challenges that girls face in lesser developed societies. Goal is an intervention programme for young girls aged 14 – 16 in urban areas from low income families. Goal aims to inspire and equip adolescent girls with the confidence, knowledge and skills they need to be integral economic leasers in their families, communities and societies. These capacity building programmes address three level of empowerment; personal, social and economic empowerment Over 100,000 girls have gone through the programme.

As a bank, our commitment to the sustainability agenda is in line with our brand promise; Here for Good.

Name:	Stanbic IBTC Bank Plc
MD/CEO:	Demola Sogunle
Headquarters Address:	Stanbic IBTC Place, Walter Carrington Crescent, Victoria Island, Lagos
Revenue Base as at year ending 2017:	NGN28.156billion (PAT)
Market Capitalisation as at year ending 2017:	NGN417.1billion (Trading as Stanbic IBTC Holdings Plc.)
Total Number of Employees as at 2018:	2347

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

Stanbic IBTC Bank’s approach to sustainability begins with our objective to operate an ethical, professional, accountable and profitable business. Our business strategy is to offer banking services to assist our internal and external stakeholders, manage social and environmental challenges, and invest for the future.

A major highlight in the implementation of the Nigerian Sustainable Banking Principles is the alignment of our strategic value drivers to the sustainability pillars – Social, Environmental and Economic. This is couched in our SEE (Social, Environmental and Economic) framework which helps us assess the social, economic and environmental impacts of our business decisions and how best to create shared value. In operationalizing our SEE framework, we developed (and continue to refine) our Environmental and Social Risk Management System (ESMS) - which comprises E&S Risk Governance Standards, E&S Risk Policy, Exceptions Lists, Procedure Documents, Screening Tools and Templates. In line with our ESMS, we have integrated E&S risk considerations into our end-to-end Credit process. Similarly, E&S risk screening has been embedded into our suppliers’ on boarding process. Our ESMS also helps us identify opportunities for sustainable financing.

Other major highlights in our NSBP implementation includes the adoption of internal metrics and targets which are aligned to the nine (9) NSBPs and helps us monitor progress along the principles. Also, Stanbic IBTC Bank has implemented various sustainability initiatives which include Minimize Unnecessary Printing (MUP), waste recycling, adoption of “Go-Green” initiatives in branches, Blue Women Network (BWN) initiatives, amongst others.

Stanbic IBTC Bank’s priority going forward, is to ensure financial, social and environmental sustainability in our operations. We not only want to achieve financial outcomes, but we also want to fulfil our purpose of driving the sustainable growth of our economy.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

In implementing the Nigerian Sustainable Banking Principles, major issues encountered relates to the slow-paced appreciation of the benefits of sustainability practices for a financial institution. This manifested in other issues such as inadequate allocation of resources (both human and capital) necessary for implementing the NSBPs.

Inadequate knowledge and capacity required for driving advocacy and implementation of the Nigerian Sustainable Banking Principles was a significant issue encountered in the early stages of the NSBP adoption. This was one of the challenges responsible for the relative slow progress made in the early years of the NSBP implementation.

Stanbic IBTC Bank continues to address these challenges through capacity building and continuous awareness creation.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

In 2017, Stanbic IBTC Bank financed the construction of a NGN6billion Cereal Manufacturing Plant. The Bank ensured that the project was carried out in line with applicable local, international, environmental and social standards. The factory has a production capacity of about 10,000 metric tonnes of cereal per annum and the investment will go a long way in preserving significant foreign exchange for Nigeria, while generating employment (with over 2000 direct and indirect jobs created) and development opportunities for the local workforce. The transaction demonstrates the support which Stanbic IBTC Bank provides towards driving sustainable growth and investment in Nigeria.

In 2017, Stanbic IBTC Bank commenced the implementation of “Go-Green” initiatives in branches. The aim of the initiative is to carry out our business operations in a sustainable manner, reducing our footprint on the environment. The initiatives revolve around building a prototype green branch that reduces paper usage, carbon footprints and water consumption. As at 2018, the Bank has adopted “Go-Green” initiatives in fourteen (14) branch locations, and the number is expected to grow in the coming years. In addition to the “Go-Green” initiative, various paper-lite initiatives have been implemented across the Bank wide, since 2016. This is aimed at bringing unnecessary printing to a minimum and reducing paper usage in our operations. In 2017, paper usage (from printing and photocopy) reduced by about 30% year-on-year. As at half-year 2018, paper usage has further reduced by 20% year-on-year. The Bank also adopted waste paper-recycling initiatives in 2017, and as at half-year 2018, the Bank has recycled about 29tons of waste papers.

In line with Principle 5 of the NSBP (Financial Inclusion), Stanbic IBTC Bank systematically introduced electronic mode of payment (using our Mobile Money Solution) to facilitate the payment of vaccination personnel who support various supplementary immunization activities of the World Health Organization (WHO). In 2015, this was piloted in two (2) Northern states in Nigeria and expanded further to 17 Southern states in 2017. Transactions amounting to a total value of about NGN1.4billion were processed through the solution, with over 255,000 beneficiaries (many of whom were new to the financial services sector).

Amongst others, the Bank has also implemented other several notable sustainability initiatives to support Women Economic Empowerment in the work place - Blue Women Network (BWN) initiative; the vision of the BWN is to be a platform unique to the Stanbic IBTC Group where our women can connect, be informed, and develop to achieve their professional and personal goals. The goal is to provide our female workforce with opportunities to gain new insights, enhance their professional skills and ultimately, add value to themselves, the Stanbic IBTC group and the communities to which they belong.

The objectives includes but not limited to;

- To support the all-round growth and advancement of women in Stanbic IBTC by sharing information, best practices, learning and experience and to render support in developing Leadership skills and career advancement opportunities through mentoring and coaching
- To encourage capacity building in order to foster strong female participation in activities within the group and communities
- To focus on supporting and improving the wellness and work-life balance of our women
- To impact females in the communities to which we belong
- To improve our ability to attract, develop and retain our women as well as recognize and celebrate their contributions to the group and communities
- To foster a spirit of cooperation and understanding among female staff members by encouraging relationship building and fun at work

Another achievement is our Signature Corporate Social Investment (CSI) initiative tagged “Together 4 A Limb” initiative. It is an initiative championed by staff to provide prosthetic limbs for indigent children. This provision is not one-off as we stay with the children until they are 18 years old and changing the limb as often as it is necessary during the period. Not only do we provide them with limbs, we also give them Educational Trust Funds that caters to them until University. So far, 20 children who have been beneficiaries of initiatives and they are from all six (6) of the geopolitical zones. This initiative is one that caters to all three (3) of our CSI pillars – Health, Education and Economic Empowerment.

Name:	Sterling Bank Plc
MD/CEO:	Abubakar Suleiman
Headquarters Address:	20 Marina, Lagos
Revenue Base as at year ending 2017:	8,606 Billion Naira in Profit before Tax
Market Capitalisation as at year ending 2017:	102,938 Billion Naira in shareholder funds
Total Number of Employees as at 2018:	2225

Describe the major highlights of your organisation's adoption and implementation of the Nigerian Sustainable Banking Principles?

At Sterling Bank, we recognize that we have a role and responsibility to deliver positive development impacts to society whilst protecting the communities and environments in which we operate. Within the past 5 years, Sterling Bank Plc has archived some major highlights which can be attributed to the adoption of the (NSBP), some of which include;

Set-up of an effective governance structure around its Environmental and Social Risk Management function, starting from a desk function (one staff) in 2012 to become a full-fledge unit with three unit members, supported by 23 Sustainability Working Group representatives.

Sterling Bank has developed a compendium of policies and frameworks to institutionalise the adoption of best-practice sustainability principles.

Introduction and implementation of a unique Waste recycling initiative at the Sterling Towers and our Sterling Head Office Annex, Ilupeju. With over 10 tonnes of recyclable wastes collected within the first two years of commencement.

We have successfully integrated Environmental and Social Risk assessment and analysis into our Credit Process which implies that Credit request within Oil & Gas, Agriculture, Mining, Construction, Manufacturing, Real estate and Power sectors are analysed in line with the NSBPs and IFC performance guidelines. We have also deployed a monitoring framework for post-disbursement compliance, evaluation and engagement with borrowing customers.

We have established an automated Sustainability report portal to capture bank wide Sustainability metrics (such as Water Consumption, Paper usage, fossil fuel consumption etc.) which is used to compute our Carbon Footprint analysis and to make informed decisions on resource management.

We have reduced fossil fuel consumption and GHG emission through the use of various Sustainability initiatives such as energy outsourcing, solar power and hybrid power solutions, and implementation of a gas-powered generator at our Sterling towers.

We have published our Annual Sustainability Report for three consecutive years 2015 to 2017 and ensured an independent external assurance was done on the reports (2016 and 2017 report)
We launched our 'One Woman' proposition in 2017 - an initiative focused on supporting women in business by granting them access to market and finance.

The number of unbanked individuals who received financial services or products for the first time increased exponentially from 25,038 individuals in 2016 to 621,427 individuals in 2017.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

Sustainability is a relatively new concept to the banking industry in Nigeria and a paradigm shift is expected to derive the values embedded in its adoption.

Some of the constraints we have experienced are listed below:

Inadequate budget and competing internal priorities - In view of economic challenges and recent financial market turbulences, liquidity and enterprise survival is upper most on the mind of most executives

Low Awareness Level - There is limited knowledge about managing Environmental and Social Risk and the medium/long-term value it can render to the bank as an environmentally friendly institution.

Low investor interest and consumer demand - recent findings suggest that financial investments as a result of Sustainable Banking efforts are still limited and may depict that investors in the Nigerian Banking sector are not as interested in Sustainability as a criteria for investment.

Knowledge base and data accuracy - There are few core practitioners and reliable means to capture and analysis sustainability data to measure and control E & S issues.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

At Sterling bank, waste segregation and recycling began with the mandate from the Central Bank of Nigeria on the implementation of NSBPs, of which, Principle 2: Management of our Environmental and Social footprint in Business Operations directs all banks, discount houses and other financial services institutions to implement a more efficient waste management system by eliminating, reducing and recycling product and paper waste generated during the course of operations.

After securing Executive Management Approval and concluding internal and external deliberations on the workflow and requirements for the project, we deployed necessary requirements and developed capacity prior to the commencement the project.

Sterling Bank successfully commenced the pilot phase of our Waste Recycling project on the 1st of November 2016 at the Head Office, Sterling Towers. Sterling Bank is one of the first financial institutions in Nigeria to adopt a sustainable approach to waste management in partnership with LAWMA and Wecyclers Ltd. To commemorate the successful one-year anniversary of the Sterling towers waste recycling program, we invited Jide R. Onayiga, AGM, Special Services, LAWMA, Olawale Adebisi, CEO, Wecyclers and Bolanle Olowu, Business Development Manager, Wecyclers to organize a waste recycling points redemption event in October 2017.

Our Waste recycling initiative redeemed 38,718 redeemable green points from 6,024kg of recyclables materials generated within the period (i.e. November 2016 - November 2017) at the Sterling Towers.

The Waste Recycling culture has been adopted and embedded into our waste management CSR initiative; Sterling Environmental Makeover (STEM). During the Sterling Environmental Makeover (STEM) of 12th August 2017, Wecyclers partnered with Sterling Bank to collect and recycle over 100 kg of PETs (e.g plastic drinks), Aluminum (e.g can drinks), paper and sachets littering the streets of Lagos.

As at June 2018, Sterling Bank has collected and recycled over 10,000 kg of recyclable waste, which is similar to the weight of over 4,000 reams of paper.

On the 5th of June 2018, we successfully extended our Waste Recycling initiative to our Head Office Annex, Ilupeju. Ikeja, Lagos



Name:	Union Bank of Nigeria Plc
GMD/CEO:	Emeka Emuwa
Headquarters Address:	36 Marina, Lagos State
Revenue Base as at year ending 2017:	N'm 163,844
Market Capitalisation as at year ending 2017:	N'm 132,499.43
Total Number of Employees as at 2018:	2595

Describe the major highlights of your organisation's adoption and implementation of the Nigerian Sustainable Banking Principles?

Some major highlights of our implementation of the NSBPs are:

- Development and adoption of a Union Bank 'Environmental & Social (E&S) Risk Management Policy', to incorporate E&S risk into our credit procedures and decision-making
- Development of an 'Environmental & Social Footprint Management Program' that outlines our strategy and processes to ensure that sustainable actions are embedded throughout the bank's operations.
- Development of a 'Human Rights Policy', in line with the 1948 United Nations Universal Declaration of Human Rights (UDHR), the Nigerian Constitution and other national and international human rights law; to highlight Union Bank's commitment to ensure diversity of our people, through creation of an environment that is free from all forms of discrimination
- Support for women-owned businesses, women-focused activities and the establishment of Union Bank's Internal Women's Network – weHub; created to motivate, connect and provide support for our women through networking, mentoring to encourage personal and professional development
- Development of financial products and services (Target Savings Products) that encourage financial inclusion, enhance customers' financial literacy and attract the underserved Nigerians
- Creation of a clear sustainability governance model (Board committee UBN executive committee sustainability working group sustainability desk) that keeps our goals on track while complementing the Bank's well established structure of governance
- Continuous training of our employees and Board on sustainability matters
- Creation of partnerships with national and international sustainable organizations and working groups such as UNGC, WEF, BCtA, NSBP steering committee, FLPE subcommittee, and other laudable organizations
- Publication of an annual 'Citizenship, Sustainability and Innovation Report' that outlines our achievements in the implementation of the NSBPs and reiterates our commitment to our responsibilities. We also submit a half-yearly report of our progress in the implementation of the NSBPs to the CBN and also submit our 'Communication of Progress' on the SDGs to the UNGC

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

As is the case with new initiatives, we encountered a few challenges in the initial stages of implementation of the NSBPs. Namely; the quality of our data and general change management issues. In trying to address data issues, a major challenge was the quality of data we were mining from within our organisation at the time. Due to low levels of awareness across the bank, key stakeholders were not able to collect and analyse

data in a manner that was insightful and correct. To solve this, we developed an integrated engagement plan that comprised of key strategies used to engage different levels of stakeholders across our bank. With a clear delineation of data points and usage, we were able to automate our data gathering process allowing us to mine higher quality data that today reflects our progress and efforts to ensure complete implementation of the NSBPs.

As relating to change management and people-related issues, once we began to implement our stakeholder engagement plans, we saw an increase in general levels of awareness across the bank and also externally with our stakeholders and the general public. This included the use of training and awareness programs, the creation of a dedicated sustainability portal, use of key social media channels, running internal competitions etc. A key area of success is the Citizenship, Sustainability and Innovation Report. Through this report, we are able to showcase our activities and achievements as a bank across these three key areas. The report is a key tool in our change management approach and we have seen significant increase in the general levels of awareness around sustainability issues.

We will continue to use such mediums to keep telling our story in a powerful way while ensuring that we remain accountable to both employees and the general public.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

Over the past five years, we have made significant progress along a number of areas which might have been impossible to achieve without insights from the NSBPs. We are extremely proud of the progress we have made across a number of areas and would like to highlight two key areas; recycling and our use of alternative energy and sustainable architecture.

Recycling: Our E&S strategy ensures that we operate in a clean and healthy environment while minimizing the negative environmental impact of waste, by disposing of our waste in an environmentally friendly manner. Through the creation of strategic partnerships with local recycling entrepreneurs, we have been able to achieve significant progress. Starting in 2017, we began recycling out of our Head Office (25 floors) and over 20 branches. This was increased to include all our Lagos branches (64) and starting in 2018, we have begun expanding this reach even further to Abuja, Ogun, Edo and Kwara states – a total of 92 recycling locations.

In a bid to drive even deeper awareness among our employees, we organise an annual Recyclemania Competition in recycling branches to foster an increased recycling culture and a competitive spirit amongst employees. To date, we have seen a 30% reduction in our contribution to waste to landfills. With a strategy that supports continuous expansion, we would experience greater reduction in our contribution to landfills.

Alternative Energy and Sustainable Architecture: As a bank, we are well aware of the global increase in greenhouse emissions and its consequences which pose a real threat to the continuation of human existence. In a bid to reduce the negative effects that our activities and operations may have on our immediate environment, we have put in place a number of energy-saving strategies to aid the reduction of our energy consumption and CO2 emissions. As part of our bank-wide transformation activities, we were deliberate about the installation of alternative energy/ energy reduction strategies within our branches. These include – efficient lightbulbs and elevators, motion-sensor lighting and escalators, water meters, energy efficient air-conditioning systems and generators, etc.

Across our alternative channels, we have also ensured that we are as energy efficient as possible. To date, we have over 79 ATMs and 22 branches which are solar powered with five container buildings in various stages of completion. The plan is to continue in this vein for the foreseeable future.



Name:	Wema Bank Plc
MD/CEO:	Ademola Adebise
Headquarters Address:	54 Marina, Lagos
Revenue Base as at year ending 2017:	N65.27 billion
Market Capitalisation as at year ending 2017:	N20.06 billion
Total Number of Employees as at 2018:	1,033

Describe the major highlights of your organisation’s adoption and implementation of the Nigerian Sustainable Banking Principles?

Our sustainability journey has been very enlightening and educative. For us, implementing sustainability implied deliberate corporate choices to implement occupational systems, to instigate thought patterns, to form a philosophy of commercial, communal and conservational accountability across our network.

We are aware that we do not function in separation from industry rivals, clients and our local communities. Consequently, our operations and activities must be governed by justifiable standards of procedure. We are committed to complying with local and global best practices when proffering our banking services whilst ensuring conformity with principles that advocate conservational, communal, cultural and commercial upliftment of all stakeholders.

Commercial Sustainability has always been considered a core function of the bank. We also ensure that our service offering meets the communal and ecological requirements of all stakeholders. We will continue to leverage on our digital capabilities to embed sustainable practices across our operations and offerings.

The major highlights of our adoption and implementation of the Nigerian Sustainable Banking Principles are as follows:

1. Re-establishing the Bank’s inclusion list
2. Commissioning the use of our E&S checklist for lending facilities
3. Installation of solar panels on our ATMs in a phased approach
4. Launch of our solar powered mobile banking truck
5. Enhancement of our Maternity Leave policy and introduction of Paternity Leave
6. Inclusion of disability ramps in our property design
7. Introduction of females to our Board of Directors and Executive Management
8. Introduction of PurpleWorks, our online document management system for all internal documents (memo, report, internal forms and presentations).
9. Unveiling of ALAT, our fully digital banking platform
10. Partnerships with Venture Garden Group on supporting the Garden Women’s Network, an all-female Hackathon which held in March 2018.
11. Support of the S.L.A.Y. Festival where we educated young women on how to leverage on technology and social media to grow their business and savings.
12. Seminars with leading ladies in technology and investments to push our digital solutions.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable

Banking Principles?

The implementation of the Nigerian Sustainable Banking Principles was initially beset with obstacles within the organization. A lot of critical areas did not understand the requirements and it was therefore an uphill task explaining the impact of their processes at the time and the proposed development.

A lot of Strategic Business Units did not understand the sustainability implications of their job functions. The Heads of these SBUs did not fully comprehend their sustainability responsibilities. In addition, there were a lot of myths about sustainability, where people think sustainability was only about the environment and recycling. A lot of people always ask the big question. What is in it for me? How does it impact my work?

However, with increased advocacy and engagement, everyone is making concerted efforts to think sustainability in their daily activities and the way we serve our customers. They are more aware of the different aspects of sustainability and the long-term impact on the business, environment and the society at large. Sustainability has been infused into every area of our business including the products we offer, process design and use of technology.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

Our most significant achievement has been the development of the first fully digital banking platform in Africa. This platform is called ALAT, and it enables anyone, anywhere with a smart device and access to internet, to open a fully functional bank account, without any human intervention.

The ALAT account opening on the internet-enabled app does not involve any of the traditional account opening requirements in physical form. All the documentation (i.e. picture, signature, form of identification, utility bill) required are transmitted electronically with the use of pictures. This process has proven that the account opening process need not be facilitated in a particular location or using the conventional account opening forms. The customer can also request for debit card within the app, receive the card through courier and activate the card within the app. The customer enjoys end-to-end account opening with value-adding services such as scheduled bill payments, creation of a stash/target savings and personal finance manager.

As a bank that has a significant proportion of its branches in rural areas and in universities, we are fully aware and supportive of the goal of the Central Bank of Nigeria in pushing the agenda of financial inclusion for previously excluded groups in Nigeria. Our ALAT platform has enabled us reach people where we do not have traditional branches as well as reducing our carbon footprint through paperless banking.

A significant proportion of our subscribers on the ALAT app are new-to-bank subscribers. This occurrence has made us more innovative and led us to create a Tier-1 account, with fewer opening requirements, called ALAT Lite for new-to-bank customers. It is also pertinent to state that ALAT created jobs for about 60 young programmers who developed the app, thereby leading to financial empowerment for these people.

The implementation of Purpleworks is another significant achievement for us as a Bank in driving our environmental and social footprint. Purpleworks is our online document management system for memos, reports, request forms, presentations. All internal paper forms are originated and completed online. We do not print on paper as all the processes and approvals are completed online within specified period as agreed in the policy. This platform has significantly reduced our paper usage in the Bank by 80% prior to when it was deployed 2 years ago.

It has also improved operational efficiency and internal collaboration across the teams. It has reduced travel time and approval process cycle for customers, teams, supervisors and executives. More importantly, it has saved us time, resources and money. A lot more internal processes are being added on a regular basis with sustainability as the major anchor.



Name:	Zenith Bank Plc
MD/CEO:	Mr Ebenezer N. Onyeagwu
Headquarters Address:	84/87 Ajose Adeogun Street, Victoria Island Lagos
Revenue Base as at 2018:	N322.2Billion Gross Earnings (H1, 2018)
Market Capitalisation as at 2018:	642,058,297,923.70 as @ 25/09/2018
Total Number of Employees as at 2018:	6,138

Describe the major highlights of your organisation's adoption and implementation of the Nigerian Sustainable Banking Principles?

Zenith Bank leverages the NSBPs to achieve a balanced performance scorecard, integrating environmental and social considerations into strategies, processes, and practices in its value chain. We continuously innovate to drive reductions in our carbon emissions, waste generation, paper, water, and energy consumptions. We propel our investees and vendors to do the same.

We uphold best human rights standards in our operations, supply chain and in host communities. Our women empowerment strategy supports female entrepreneurship, gender balance in our workforce and continuous improvement of female representation in executive management/Board.

We make our products and services attractive, accessible and affordable for the disadvantaged and financially excluded groups using mostly e-channels.

Our E&S governance structure ensures strong executive management/board oversight, with a dedicated Sustainability Unit that coordinates our ESMS implementation. In 2017, we trained 4,532 employees specifically to drive our sustainability agenda.

We collaborate with other banks, CBN, UNGC, UNEP-FI, WEF, GRI, IFC, among others, to drive relevant sustainability goals.

We report quarterly to the Board; twice yearly to the CBN and annually to all stakeholders on our NSBP/ sustainability progress using GRI Standards.

What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles?

Our major challenge has been on awareness creation and culture influencing. Sustainability being an evolving concept in the Nigerian banking industry, we consistently educate staff, vendors, and contractors on the need and implications of sustainable business practices. In 2017, we developed a Code of Conduct for Contractors, Suppliers, and Vendors to elicit their commitment to global environmental and social standards in their business relationship with us, our affiliates and subsidiaries.

Data collection is another challenge we have encountered since implementing the Nigerian Sustainable Banking Principles. However, Zenith Bank is making efforts to monitor and evaluate our social and environmental impact, hence since 2015, we have engaged the services of V4 Advisors – external greenhouse gas auditors - to measure our carbon footprint/emission, as a way of gauging where we are in our responsible carbon footprint targets. We also organize carbon footprint management trainings for relevant KPI owners in the different departments of the Bank.

Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles?

Our loftiest sustainability achievement is the integration of Environmental & Social Risk assessment into our credit administration processes. All credit requests are assessed for E&S risks as part of our loan review process. We have also completed the automation of this Environmental and Social (E&S) Risk Exposure Assessment Workflow to enhance the efficiency of our E&S Risk Management System. In 2017, about 26 percent of all our transactions valued at over N1.4 trillion were screened and assessed for E&S risks, a marked improvement on a value of N840 billion as at 2016. This rose to N1.7 trillion in the first half of 2018, representing 85 percent of our total loan portfolio. This is expected to rise to about 90 percent of total transactions by year end 2018.

Another achievement is our adoption of GRI reporting standard a year before it was globally implemented. Zenith Bank's 2016 Sustainability Report titled "Creating Wealth Sustainably" is the first GRI Standard report in Nigeria and the first in Africa's financial services industry. This feat has earned the Bank several local and international awards and accolades.

Appendix

Thematic Presentation of NSBP Implementation Challenges

Find below a table showing the thematic presentation of the NSBP implementation challenges. The table shows the grouping of the challenges (First Order) as they align with identified themes (Second Order).

Challenges- First Order	Themes- Second Order
<ul style="list-style-type: none"> ▪ Knowledge Gap in E & S Management ▪ Low level of sustainability awareness ▪ Low level of sensitisation ▪ Inaccuracy in data gathering ▪ Limited knowledge on how to use NSBP as a performance management framework 	Capacity Building
<ul style="list-style-type: none"> ▪ Absence of industry wide performance metrics ▪ Lack of clarity and understanding in implementing NSBP 1 and 2 ▪ Lack of clarity and fit of the NSBP reporting template ▪ Generalizability in the implementation of the NSBP ▪ Lack of uniformity in the positioning of sustainability within the banks across the industry 	Standardisation
<ul style="list-style-type: none"> ▪ Lack of Executive Management Buy in 	Leadership
<ul style="list-style-type: none"> ▪ Ambiguity on the governance of sustainability ▪ Lack of incentives for compliance ▪ Lack of punishment for non-compliance ▪ Human and capital resources constraint 	Governance
<ul style="list-style-type: none"> ▪ Undefined career path for sustainability professionals. 	Professionalism

Questionnaire

Section 1: Self-Appraisal

Please answer the questions below, providing appropriate and accurate answers that best explain your bank's implementation of the Nigeria Sustainable Banking Principles, in the last 5 years, and your bank's expectations going forward. Your responses will be produced verbatim, therefore ensure you craft a succinct and compelling story in narrative form necessary for a good case study rather than bullet points. Your story should address the why and the how. Please do not exceed the number of words required per question to avoid your report being returned or disqualified for entry into the overall industry report.

1. Describe the major highlights of your organisation's adoption and implementation of the Nigerian Sustainable Banking Principles? (300 words):
2. What challenge(s) and issue(s) have you encountered in the implementation of the Nigerian Sustainable Banking Principles? (300 words):
3. Describe one or two achievements, you are very proud of, which would not have been possible by now without the insights from the Nigerian Sustainable Banking Principles? (400 words):

Section Total: 1,000 words

Section 2: Anonymous

We will appreciate your candid answers to the questions below. They will help to improve the overall sustainability performance of the Nigerian banking system. Responses in this section will not be reported verbatim and will be used in such a way that your organisation will not be identified. In answering questions 6 and 7 think through critically how the Nigerian Sustainable Banking Principles can be improved in the Nigeria banking sector- focusing on the role of the CBN in question 6 and the role of the banks in question 7.

4. What lessons have you learnt so far from implementing the Nigerian Sustainable Banking Principles? (250 words):
5. What capacity building gaps does your bank need to address to enhance the mainstreaming of sustainability practice in the bank? (200 words):
6. What advice would you give the Central Bank of Nigeria to enhance the adoption and implementation of the Nigerian Sustainable Banking Principles? (250 words):
7. Going forward, how can the challenge(s) and issue(s) you identified with the implementation of the Nigerian Sustainable Banking Principles be addressed? (300 words):

8. What are the total number of female, male and physically challenged employees in your bank as at 2018? Categorise the number along the following lines: Board; Executive Management; Senior Management; Middle Management, Junior Management and others. Kindly provide same above prior to NSBP adoption and implementation.

Section Total: 1,000 words

Section 3: Organisational Data

Please present a brief description of your bank in the below format:

Name:

CEO/MD:

Headquarters Address:

Revenue Base as at year ending 2017:

Market Capitalisation as at year ending 2017:

Total Number of Employees as at 2018:



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