

IPMC ESG REPORT LAUNCH

JUNE 2024



INDEPENDENT PROJECT MONITORING COMPANY LIMITED

For a first tranche of these assessment, we are reviewing the ESG performances of 23 banks and 34 insurance companies in the financial sector.

“88% of investment professionals currently rely on third party ESG ratings, with projections suggesting this figure will rise to 92% in the future.” Stanford University, 2022

This assessment is prepared in response to the growing awareness of the importance of Environmental, Social, and Governance (ESG) practices in the financial sector, with Banks and insurance companies looking to integrate ESG considerations into their operations, risk management, and reporting, to stay adaptive to changing regulations, increasing expectations from regulatory institutions, customers, intergovernmental agencies, investors and general public.

The launch of this rating report provides an opportunity to communicate key findings, insights, and recommendations to stakeholders, raise awareness about the importance of ESG considerations in corporate decision-making, and demonstrate organizational commitment to transparency, accountability, and sustainability. It serves as a platform for engaging stakeholders, building relationships, and catalyzing action towards a more sustainable future. We benchmark our process against the leading global ESG rating companies such as S & P Global and MSCI Sustainability Ratings. These weightings were determined following a comprehensive analysis of both global rating standards and the specific nuances of the Nigerian business landscape, resulting in allocations of 13% for environmental factors, 43% for social factors, and 44% for governance factors.

Our governance pillar weighting structure covers key sub factors such as corporate governance, risk management, business ethics, policy influence, information security/cybersecurity, and materiality.

The social pillar encompasses aspects such as labour practices, human rights, human capital development, talent attraction and retention, corporate citizenship, social reporting coverage, and privacy protection. The environmental pillar focuses solely on greenhouse gas emissions, decarbonization strategy, and climate strategy. The questions are designed to measure the performance of the participants banks and insurance across the each of the pillars of sustainability.

Highlights on Insurance Companies

21% of rated insurance companies have sustainability reports: This suggests a relatively low level of engagement with sustainability reporting practices within the insurance sector.

79% of the rated insurance companies do not have sustainability reports. This finding highlights a prevailing trend of non-disclosure regarding sustainability initiatives among insurance companies.

52% of Banks assessed do not have sustainability reports. This signals a notable share of the banking sector that remains uninvolved in such disclosures.

Within the banking sector, nearly half of all the banks assessed, totaling 48%, have taken the initiative to produce sustainability reports. This indicates a higher level of engagement with sustainability reporting practices compared to the insurance industry.

Process Review: Our ratings methodology, process and procedures were reviewed and validated by PriceWaterhouseCoopers(PwC).

General Highlights

Gender Diversity: Only 6% of the rated banks and insurance achieved 50% female representation in their board leadership, this highlights a significant gap in gender diversity within corporate governance structures. This lack of gender diversity raises concerns about inclusivity and equitable representation at the highest levels of decision-making.

Climate Risk Assessment Prioritization Only 11% of the participating banks and insurance companies prioritize climate risk assessment, this underscores a potential gap in recognizing and addressing climate-related risks.

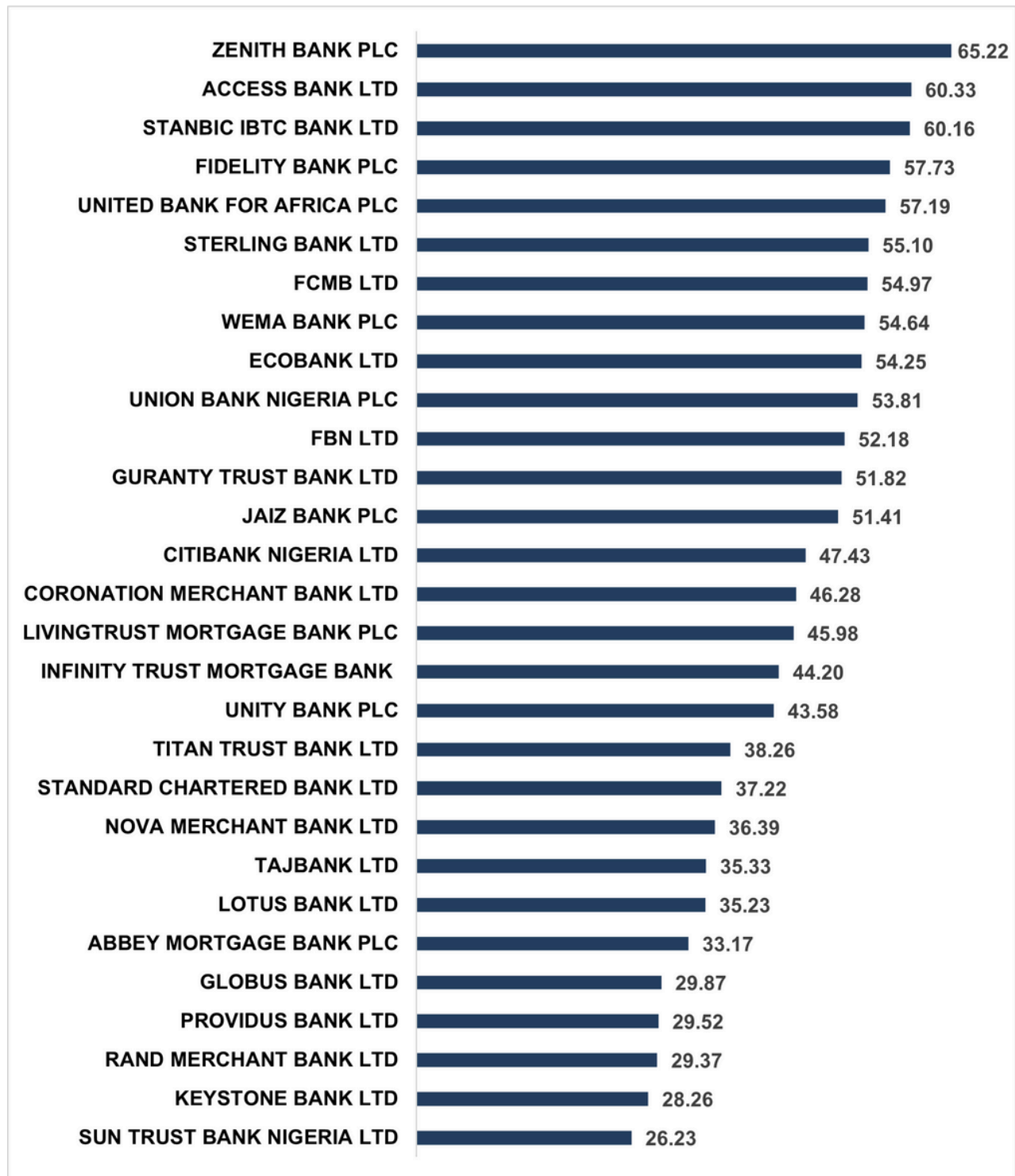
Given the increasing importance of climate change considerations in business strategy and risk management, this finding suggests that many companies may not be adequately prepared to navigate climate-related challenges.

EMS System Auditing:

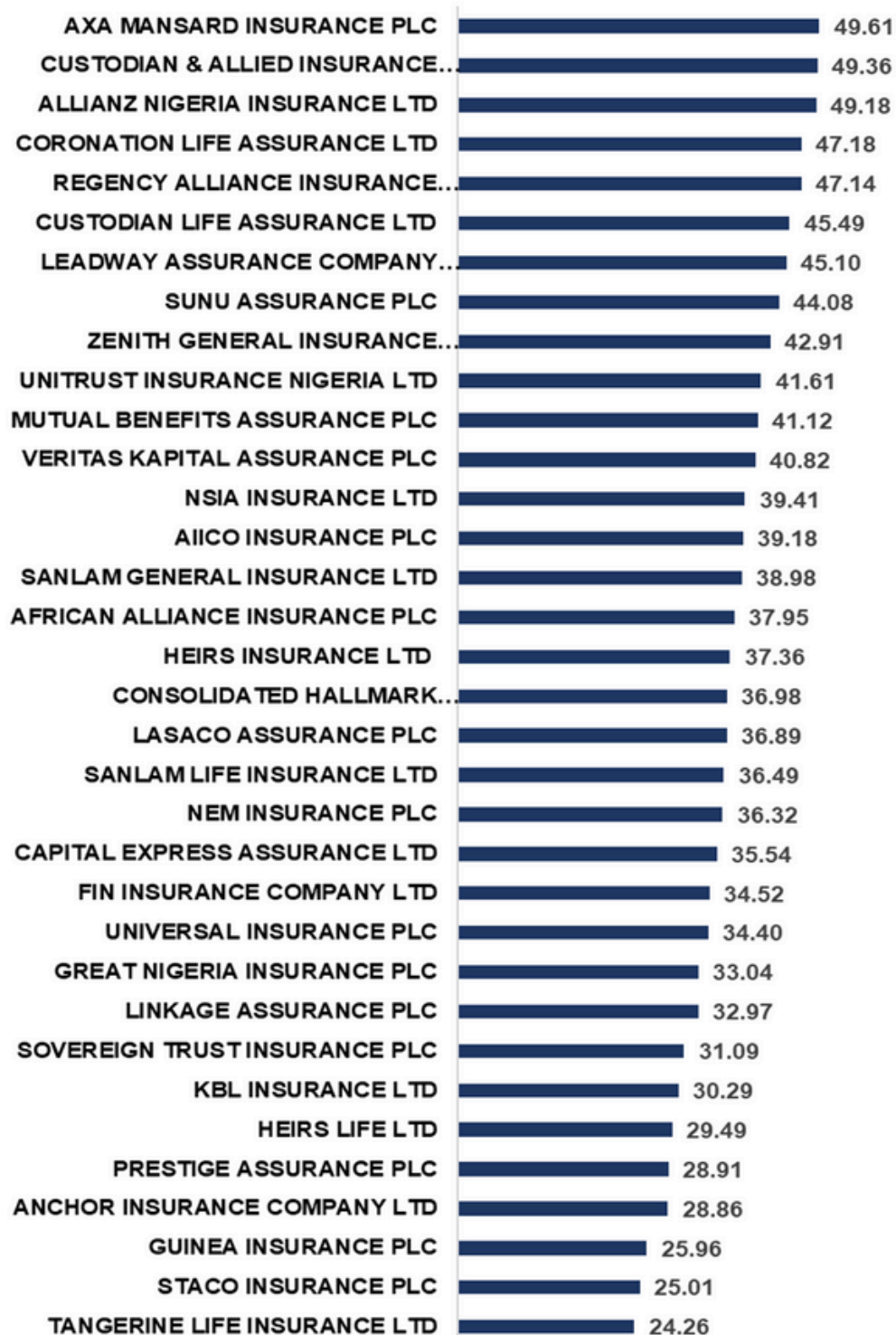
Our findings indicate that only 21% of the rated banks and insurance companies have their Environmental Management Systems (EMS) audited. This suggests that many companies may not undergo independent assessments of their environmental management practices. EMS auditing can help identify areas for improvement and demonstrate a commitment to environmental stewardship.



Nigeria Banks ESG Rating Results



Nigeria Banks ESG Rating Results



This report does not constitute credit rating.

The results showing detailed performance of individual companies can be assessed on the website. – www.ipmc-ng.com/esg/

Contact us: esgratings@ipmc-ng.com +2347040269249, +2347039536875



**Independent Project Monitoring
Company Limited**

18B Olu Holloway Road, Ikoyi-Lagos

esgratings@ipmc-ng.com

+2347040269249, +2347039536875