



BANK OF INDUSTRY

...transforming Nigeria's industrial sector

UNITED NATIONS GLOBAL COMPACT

BANK OF INDUSTRY PROGRESS REPORT 2021

INTRODUCTION

The Bank of Industry Limited is Nigeria's foremost Development Financial Institution (DFI). It was incorporated in 1959 as the Investment Company of Nigeria (ICON) Limited and reconstructed into the Nigerian Industrial Development Bank (NIDB) in 1964. The Bank transformed into the Bank of Industry in 2001, following the merger of the mandates of Nigerian Industrial Development Bank (NIDB), Nigerian Bank of Commerce and Industry (NBCI) and The National Economic Reconstruction Fund (NERFUND).

BOI has a mandate to transform Nigeria's industrial sector by providing financial assistance for the establishment of large, medium and small projects; as well as expansion, diversification and modernisation of existing enterprises; and rehabilitation of existing ones. This mandate is geared towards supporting projects with potential Developmental Impact, and the capability to generate considerable multiplier effects such as industrialization, job creation, and poverty alleviation, which would have significant positive effects on the socio-economic condition of Nigerians.

OUR APPROACH TO SUSTAINABILITY

As a truly responsible Development Finance Institution transforming the Nigerian industrial sector through sustainable finance, the Bank of Industry is committed to embedding sustainability in its business practices to drive strategic social, economic and environmental impact in the communities we serve and in the world at large. Over the years, we have embedded Sustainability into our business practices by developing and implementing strategies and interventions aimed at helping us improve our social, economic and environmental footprints whilst reducing the negative impact of our business operations. Our corporate business strategy and business model is designed to drive sustainable development through financing projects with potential developmental impact.

The implementation of Sustainability in our corporate strategy helps us create long-term value through an integrated approach to social, environmental and economic development across our business operations and practices. This serves as the key guiding principle for the Bank's strategic efforts towards sustainable development. It is our mission to transform lives and enterprise responsibly through sustained interventions in economic development, environmental protection, social impact, ethics, governance and partnerships; improving the world for generations to come.

BOI PROGRESS ON IMPLEMENTATION OF UNGC PRINCIPLES

As we continue to work towards our vision of becoming Africa's leading DFI operating under global best practices, we believe that the principles of the UNGC fully align with our corporate strategy. This has driven us to continue to embed the principles into our business model, operations, processes and practices. In doing so, we are able to achieve our mission of transforming the industries we finance responsibly, whilst collaborating with local and global efforts to address key environmental, social and economic issues in our communities. In the last year, the Ten Principles of the Global Compact served as one of the key guiding principles that empowered us to develop strategic impactful initiatives to address major Human Rights, Labour, Environment and Anti-Corruption challenges in our markets. These interventions facilitated progress towards global efforts to achieve the UN Sustainable Development Goals.

1. Human Rights

Principle 1. Support and respect the protection of internationally proclaimed human rights

Principle 2. Ensure that they are not complicit in human rights abuses

The Bank of Industry adopts the United Nations Global Compact principles of human rights. The respect for human rights is of utmost importance to us. This drives us to implement all its related principles in our day to day operations. The Bank continues to remain cognisant of the global stance on human right protection.

Implementation of Human Rights Principles

Through improved awareness to our stakeholders, we ensure that our lending activities do not go into projects with a potentially adverse human rights impact. The Bank's human rights policy also upholds the protection of the rights of our employees against discrimination, segregation, and oppression. We uphold fairness in our dealings with our staff, striving in all ways possible to provide and maintain a safe and healthy work environment, which provides access to ancillary amenities and recreational facilities to improve the quality of life of our workforce. Through our Human Resources Group, the Bank continues to monitor and raise internal human rights awareness through formal and informal training amongst employees and management. We also maintain a Bank-wide grievance process through which staff and even outsiders can report, amongst other issues, human rights abuses.

Measurement of Outcomes

During the reporting year, our Bank received no internal or external grievance relating to human rights abuse. BOI continues to maintain its record of having no history of investigations, legal cases, rulings, fines, or other incidents related to human rights violations.

2. Labour

Principle 3. Uphold freedom of association and effective recognition of the right to collective bargaining.

Principle 4. Eliminate all forms of forced and compulsory labour.

Principle 5. Uphold the effective abolition of child labour.

Principle 6. Eliminate discrimination in respect of employment and occupation.

The Bank of industry is a responsible employer of labour. The Bank protects the rights of its employees through a comprehensive human resources policies developed in line with local and international guidelines. Through this policy, the Bank protects to the needs of its employees as regards health and safety, harassment, medical care and insurance, career advancement, amongst others. The Bank communicates the protection of these policies to all staff to ensure that they understand their rights and leverage them. Thus, we keep our employees aware of their rights, privileges and responsibilities within the provisions of these local and international labour best practices.

Implementation of Labour Principles

Our human resources policies are well furnished with conditions of service that truly recognize and allow for, continuous dialogue between the management and employees whenever key decisions, which concern employees are to be made. These commitments are indeed acknowledged by line managers, team-leads and supervisors Bank-wide. This enables a system of mutual respect thrive amongst employees.

The Bank of Industry strongly upholds a positive corporate culture, which respects all employees and as such forced and compulsory labour is eliminated. In addition, the Bank frowns strongly on child labour, neither does the Bank approve business with vendors or borrowers who engage in the use of underage workers or any form of coerced labour.

The Bank is also making significant progress in its diversity agenda. We have continued to demonstrate our superior commitment to policies and practices related to supporting the empowerment of women and advancing gender equality in our workplaces. In addition, the Bank makes equal remuneration to both men and women who work at the same level, and promotes continued support, employment and non-discrimination of women during cases of pregnancy and after childbirth.

Measurement of Outcomes

Workplace profile: At the end of December 2021, BOI had 541 permanent employees. The bank's staff attrition rate currently stands at 4.53%, which is commendable given the global trend of rising attrition rates in the Banking sector especially post-pandemic.

Diversity & Inclusion: Regarding diversity and female representation in our workforce, as at the end of December 2021, 40.3% of the Bank's employees were female, with 42% of women in Middle Management positions. BOI's gender diversity profile is seen in the table below:

Sex	Number	Percentage
Male	323	59.7
Female	218	40.3

The Bank also continued to support various gender inclusive programmes and organization. In 2021, we continued with our International Women's Day commemoration event to celebrate and empower our female employees and customers. Additionally, the Bank continued its active membership of the Women's World Banking and participation in the UN Commission on the Status of Women programs, annually. Furthermore, a Springboard training was conducted between 2020 and 2021 for all female employees of the bank.

Engagement profile: The Bank engages its employees with various programmes including Health Awareness week, Customer Service Week, Local & International Training session and performance appraisals and rewards to further engage the staff. In addition, BOI organizes bi-annual employee surveys and looks to implement recommendations, measures and actions that are identified after completion of the survey. In 2021, the Bank conducted a virtual 'Fit February' exercise programme bank-wide. Also, a promotion exercise was conducted upon completion of the annual appraisal exercise for 2021. This was aimed at rewarding employees for their hard work and contributions throughout the year.

3. Environmental

Principle 7. Support a precautionary approach to environmental challenges.

Principle 8. Undertake a variety of initiatives to promote greater environmental responsibility.

Principle 9. Encourage the development and diffusion of environmentally friendly technologies.

The Bank continues to make efforts to combat climate change by curbing our greenhouse gas emissions. This we achieved by reducing our diesel consumption and supplementing our power supply with solar power at our business locations. We also continued to employ different strategic efforts to reduce our water consumption, paper use, and waste produced in order to reduce our resource consumption and waste production. With the advent of our new COVID-19 protocols that promote virtual work, we have also kept our business travels to a minimum by embracing the use of available technology to hold meetings that will otherwise require the physical presence of its participants. To guarantee compliance by our clients and suppliers, we have included environmental impact assessments and audits of prospective projects in a bid to reduce our carbon footprint. The Bank also joined a number of global bodies and coalitions driving impact for sustainable development in the internal community.

Implementation of Environmental Principles

Becoming the First Nigerian DFI signatory to the UN Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI): the Bank became an official Signatory of the UN Principles for Responsible Banking – a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI). Banks who have signed the Principles commit to be ambitious in their sustainability strategies, working to mainstream and embed sustainability into the heart of their business, while allowing them to remain at the cutting-edge of sustainable finance. This is a journey of unprecedented scale and scope at a time when such ambition is urgently needed.

Managing Our Environmental, Social and Governance Risks in Lending: the Bank engages in a wide range of financial activities through direct and indirect lending to businesses as well as other activities through its subsidiary companies. The Bank's procedure is to assess each financial activity for environmental, social and (if applicable) governance risks, using standards and guidelines designed in line with appropriate national and international standards of ESG performance

(e.g. the Nigerian Sustainable Banking Principles (NSBP), the IFC Performance Standards, etc.). Where there are shortcomings, appropriate mitigants are put in place to ensure compliance with ESG standards.

Measurement of Outcomes

In 2021, BOI emerged as the first Development Finance Institution in Nigeria to sign on to the UN Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI). Furthermore, the Bank's ESG risk management unit continues to review credit and bank transactions for social, environmental and economic risks that ensue in the businesses and projects we finance. Through this risk management review, all transactions with ESG issues are appraised with the issued addressed and risks mitigated to avoid future occurrence.

4. Anti-Corruption

Principle 10. Work against all forms of corruption, including extortion and bribery.

We have a zero tolerance towards all forms of corruption. Corruption includes, but is not limited to:

- Bribery – As a strict police guiding the Bank, we do not directly or through a third party, promise, offer, make, authorise, solicit or accept any financial or other advantage, to or from anyone to obtain or retain business, or secure an improper advantage in the conduct of business. We prohibit all facilitation payments, as they are bribes.
- Money laundering - We do not conduct transactions that involve any benefit a third party, from crime including bribery, fraud and tax avoidance or us. Conducting those transactions are against our regulation as a financial institution and seen as a breach of anti-money laundering laws.
- Tax evasion – As a government owned and regulated agency, we have strict ruled that govern the tax requirements of the institution and customers.
- Fraud – We do not take part in any fraudulent activities and perform strict due diligence checks to confirm integrity of our customers.

BOI adheres strictly to the policy and framework on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) as well as the prevention of the financing of illegal activities & proliferation of weapons of mass destruction. The policy and framework ensures our full compliance with all the Nigerian legislation

& regulations on AML/CFT and the recommendations of the Financial Action Task Force (FATF).

We also have a Whistle Blowing Policy designed to provide an opportunity to employees and the public to report to management any incident of unethical behaviour, actual or suspected, fraud or violation of BOI's code of conduct.

Implementation of Anti-Corruption Principles

The Bank is heavily regulated by the governing bodies including the Ministry of Finance and Central Bank of Nigeria who closely monitor the activities of the Bank, double-checking the Bank adheres to all rules and regulations.

BOI has robust internal controls & risk management framework to determine the company's exposure to errors, bribery and corruption risk. We regularly review and update the risk assessment to reflect changes in our risk profile.

We perform periodic internal audit checks for independent business monitoring and independent assurance as part of our Internal Controls & Compliance.

BOI undergoes periodic compliance and financial audits by external auditors. The external auditors provide external oversight for BOI and has an obligation to report any cases of fraud or presumptive fraud or improper expenditure of BOI's.

Compliance with limits: We have set internal limits, which guides financial authorisations, credit administration, loan obligor limits, fixed asset coverage for credit exposures, etc. The limits are monitored & compliance are enforced on a daily basis by an independent unit outside the business areas.

Approval & Authorisation limits: There are segregation of duties as no officer can start and conclude any transaction. Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

Verifications & Reconciliations: All internal ledgers are regularly proof-read & reconciled.

Measurement of Outcomes

BOI has always complied with the various policies and directives of regulatory and oversight institutions such as the Central Bank, Financial Reporting Council etc. The bank has not been found wanting in legal cases, rulings or other incidents related to corruption or bribery.