

# **SUSTAINABILITY BOND/ SUSTAINABLE FINANCE FRAMEWORK**

**USING ICMA GREEN BOND PRINCIPLES, SOCIAL BOND PRINCIPLES &  
SUSTAINABILITY BOND GUIDELINES AND LMA GREEN LOAN PRINCIPLES  
AND SOCIAL LOAN PRINCIPLES**

May 2024

Risk Rating: High

**RETURN THIS POLICY/Framework TO CONDUCT AND COMPLIANCE AFTER  
APPROVAL**

## DOCUMENT INFORMATION

### Document Owner

This document is owned by the undersigned. He is responsible for ensuring that the policy is reviewed in line with requirements of Policy approvals, broadcast, and administration framework.

Role	Date	Version
Head, Group Environmental and Social Risk Management ("ESRM")	May 2024	2.0

## DOCUMENT HISTORY

Prepared By	Date	Version	Comment
Ifeanyi Nnoluka	April 2023	1.0	This is the maiden version of the Sustainability Bond / Sustainable Finance Framework using the ICMA Sustainability Bond Guidelines, 2021. It shall be subject to annual review or needs basis.
Miracle Michael	May 2024	2.0	Updated to reflect changes

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## 1. EXECUTIVE SUMMARY

The Access Bank Sustainability Bond/Sustainable Finance Framework has been prepared to provide a structured and evolving framework, that adapts over time to address new challenges, regulations, and concerns with the aim of adhering to best practices in the market for sustainable investments. This framework lists Eligible projects and assets that are mainly supportive of the Bank's mission to set standards for sustainable business practices and the overall objective to promote the transition to low-carbon and growth of socially beneficial projects, supported by a strong governance structure.

## 2. INTRODUCTION

Access Bank plc ("Access Bank" or the "Bank") is a leading full-service commercial bank operating through a network of more than 700 branches and service outlets, spanning three continents, 17 countries and 52 million customers. The Bank employs over 28,000 people in its operations in Nigeria and has subsidiaries in Sub-Saharan Africa and the United Kingdom (with a branch in Dubai, UAE) and representative offices in China, Lebanon and India.

Listed on the Nigerian Stock Exchange in 1998, Access Bank is a diversified financial institution which combines a strong retail customer franchise and digital platform with deep corporate banking expertise and proven risk management and capital management capabilities. The Bank serves its various markets through 3 business segments: Retail, Commercial and Corporate Banking. The Bank has enjoyed what is arguably Africa's most successful banking growth trajectory in the last twelve years. Following its merger with Diamond Bank in March 2019, Access Bank became one of Africa's largest retail banks by retail customer base.

Following the Court sanction of the Scheme of Arrangement between the Bank and its former shareholders, leading to the establishment of Access Holdings Plc, the Bank's shares have been delisted from the floor of the Nigeria Exchange Limited (NGX) on 28 March 2022. The Bank's shares were subsequently admitted on Nigerian Association of Securities Dealers Plc (NASD Plc) on 28, March 2022 on a non-trading basis.

## 3. OBJECTIVE/PURPOSE

This framework sets out Access Bank's strategy to issue and manage its Sustainability Bonds on an ongoing basis (The Framework). Sustainability Bonds are defined in this framework as bonds issued to finance projects or assets that deliver positive environmental and social outcomes or refinance corporate debt that support these projects or assets.

Access Bank has developed the Framework in line with the ICMA Sustainability Bond Guidelines 2021, and as such adopts the four core pillars as follows:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

#### **4. SCOPE**

This framework shall be implemented on activities involving the management of our sustainability bond/sustainable financing activities in the Bank.

Subject to the discretion of the Executive Management, every item in this framework shall take precedence over any existing policies and where there is conflict, the provisions of this framework shall also take precedence to the extent of the inconsistency.

#### **5. PERIODIC REVIEW**

The Sustainability Finance Committee (SFC) will review this Framework on an annual basis, based on updates provided by the ESRM/Sustainability Teams, including its alignment to updated versions of the principles as and when they are released by ICMA, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. Major updates, as opposed to minor ones, will require prior approval from the Bank and the Second Party Opinion (SPO) provider. The distinction between minor and major updates will be based on the level of changes introduced to the ICMA principles. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on the Bank's website and will replace this Framework.

The Framework review will be initiated by the ESRM Team annually and will be delivered to the SFC for inputs and final approval to ensure it remains relevant to the Bank's business and strategic goals.

#### **6. STAKEHOLDERS AND THEIR RESPONSIBILITIES**

This document shall have general impact on all staff of the Bank as well as select customers. However, the following functional areas of the Bank shall have specific roles and responsibilities in implementing and managing various aspects of the framework.

- i. Internal Audit Group
- ii. Conduct & Compliance
- iii. ESRM



iv. Relationship Teams

**7. RISK IDENTIFICATION AND MITIGANTS**

The associated risks and key controls are tabulated below:

S/N	ITEM	RISK	CONSEQUENCES OF RISK CRYSTALLIZATION	MITIGANTS
1	Misclassification	<ul style="list-style-type: none"> <li>Misclassification of sustainable assets</li> </ul>	<ul style="list-style-type: none"> <li>Inability to leverage on sustainable finance.</li> <li>Attendant reduction in utilization of sustainable bond proceeds.</li> </ul>	<ul style="list-style-type: none"> <li>Clarity of Use of proceeds.</li> <li>Capacity of business team to identify eligible projects.</li> </ul>
2	Reporting	<ul style="list-style-type: none"> <li>Late/non- rendition of reports</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory sanctions</li> <li>Breach of investor terms</li> </ul>	<ul style="list-style-type: none"> <li>Clarity of framework on reporting timeline.</li> </ul>

**8. DEFINITION OF TERMS**

**List of Abbreviations**

- BBD Business Banking Division
- BCC Board Credit Committee
- BCI Better Cotton Initiative
- BOD Board of Directors
- BREEAM Building Research Establishment Environmental Assessment Method
- CBD Commercial Banking Division
- CIBD Corporate and Investment Banking Division
- CO<sub>2</sub> Carbon dioxide
- EDGE Excellence in Design for Greater Efficiencies
- ESG Environmental and Social Governance

EU	European Union
FSC	Forest Stewardship Council
GAP	Good Agricultural Practices
GBP	Green Bond Principles
GHG	Greenhouse Gas
GFC	Green Finance Committee
GJ	GigaJoules
GLP	Green Loan Principles
HQE	High Quality Environment
ICMA	International Capital Market Association
IFC	International Finance Corporation
ISIN	International Securities Identification Number
LEED	Leadership in Energy and Environmental Design
LMA	Loan Markets Association
MCC	Management Credit Committee
MW	Megawatt
MWh	Megawatt-Hour
PBD	Personal Banking Division
PCB	Polychlorinated Biphenyls
PEFC	Program for Endorsement of Forest Certification
RSB	Roundtable on Sustainable Biomaterials
RTRS	Roundtable on Responsible Soy
SBU	Strategic Business Units
SDG	Sustainable Development Goals



## **9. ACCESS BANK SUSTAINABILITY STRATEGY**

In our drive to becoming a truly sustainable bank, Access Bank understands its responsibilities are not only towards its customers and shareholders, but more importantly, to the communities in which we operate. This means continuously delivering value, managing our impact on society, and providing innovative solutions in these communities.

At Access Bank, we ensure ethical and environmental criteria in all our business processes. This is to ensure that the financial services which the Bank provides to its customers in support of economic development do not result in unacceptable impacts on people or the environment. To demonstrate our commitment to environmental considerations in project finance, Access Bank deployed a customized Sustainable Finance toolkit to screen projects and identify

potential environmental consequences. We have also made efforts to expand our Environmental and Social Risk Management (“ESRM”) system.

As such, we continue to set standards for the banking industry in Nigeria by applying our environmental focus on every lending process of the Bank. At the core of Access Bank’s subscription to the United Nations Principle for Responsible Investment is the desire to incorporate environmental, social, and good governance considerations in all our investment decisions. Access Bank seeks a balance of economic, social, and environmental factors by following Good International Industry Practices on Environmental and Social risk management, as such, the Bank was an early adopter of the Equator Principles in 2009.

Having demonstrated our commitment through the Environmental, Social and Governance (ESG) criteria included in our investment and financing activities, the Bank recognises and supports the move to a low-carbon economy, which will help reduce climate change and benefit communities in the long term. Access Bank has displayed a growing and evolving approach to energy saving and conservation aimed at securing a future of sustainable banking which is both energy efficient and reliable.

Access Bank has identified the following environmental and social objectives which it will look to support in its efforts to drive sustainability within its lending activities:

- Environmental:
  - Transition to a low carbon economy.
  - Climate resilient growth
- Social:
  - Drive socioeconomic development.
  - Empower individuals and communities.

## **9.1 SUSTAINABLE BOND / FINANCE FRAMEWORK**

The Access Bank Sustainability Bond / Sustainable Finance Framework (“the Framework”) sets out a progressive framework for sustainable friendly investments, as well as creating a framework for managing, tracking, and disclosing sustainable finance instruments.

This framework outlines how Access Bank will follow best practices when issuing bonds/loans serving environmental and/or social focused purposes through best-in-class guidelines and recommendations that are supportive of the Bank’s mission on sustainable business practices and the overall objective to promote the transition to

low-carbon and climate resilient growth, as well as to drive socioeconomic development and empowerment, supported by a strong governance structure.

Access Bank intends to use this Framework as the basis to issue Green, Social or Sustainability Bonds, Loans, and other debt instruments (“Sustainable Financing Instruments”). The Sustainable Financing Instruments will fund Eligible Green and/or Social Projects that conform to the following principles:

- the International Capital Market Association (“ICMA”) Green Bond Principles (“GBPs”) 2021<sup>1</sup>, Social Bond Principles (“SBPs”) 2023<sup>2</sup> and Sustainability Bond Guidelines (“SBGs”) 2021<sup>3</sup>; and/or
- the Loan Market Association (“LMA”) Green Loan Principles (“GLPs”) 2023<sup>4</sup> and Social Loan Principles (“SLPs”) 2023<sup>5</sup>.

Social Bond Principles 2023 <sup>5</sup> Major Update	Green Loan Principles 2023 <sup>4</sup> Major update
<p>The improvement to the 2023 ICMA Social Bonds Principles (SBP 2023) is the introduction of 4 types of Social Bond. These include:</p> <ol style="list-style-type: none"> <li>1. <b>Standard Social Use of Bond.</b> This is an unsecured debt obligation with full recourse-to-the-issuer only instrument.</li> <li>2. <b>Social Revenue Bond.</b> This is a non-recourse-to-the-issuer debt obligation. The credit exposure here is pledged to the cash-flow of the revenue stream generated via fees, taxes, etc.</li> <li>3. <b>Social Project Bond:</b> this is a single or multiple social project(s). the investor has direct exposure to risk with or without potential recourse to issuer.</li> <li>4. The improvement in this version is that, Secured Social Bond is now introduced as <b>a financing source</b> where the net proceeds will be exclusively applied to finance or refinance either:             <ol style="list-style-type: none"> <li>i. A Social Project(s) securing the specific bond only, or</li> <li>ii. A Social Project(s) of the issuer, originator, or sponsor, where such Social Projects may or may not be securing the specific bond in whole or in part.</li> </ol> </li> </ol> <p>A Secured Social Standard Bond may be a specific class or tranche of a larger transaction.</p>	<ul style="list-style-type: none"> <li>• The key improvement is the Loan Market Association's standard “Green Loan Principles (GLP) 2023<sup>4</sup> version” now has recognize Contingent Facility assets relative to the 2021 GLP which disallowed it (GBP 2023 page 2 – Green Loan Definition, Paragraph 1).</li> </ul>

<sup>1</sup> In alignment with ICMA Green Bond Principles, June 2021, <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> In alignment with ICMA Social Bond Principles, June 2023, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

<sup>3</sup> In alignment with ICMA Sustainability Bond Guidelines, June 2021, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

<sup>4</sup> In alignment with LMA Green Loan Principles, February 2023, <https://www.lsta.org/content/green-loan-principles/>

<sup>5</sup> In alignment with LMA Social Loan Principles, February 2023, <https://www.lsta.org/content/social-loan-principles-slp/>



In alignment with the above principles, the Framework is nestled on the four core components as well as their recommendation for external review:

- a. Use of Proceeds
- b. Process for Project Evaluation and Selection
- c. Management of Proceeds
- d. Reporting

Bonds issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such financing entered into under this Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

**9.2 USE OF PROCEEDS – SUSTAINABLE ASSETS**

Access Bank will allocate an amount at least equivalent to the net proceeds of the Sustainable Finance Instruments issued under this Framework to finance and/or re-finance, in whole or in part, projects which meet the eligibility criteria of the following Eligible Green Project and Eligible Social Project categories (“Eligible Sustainable Projects”), as defined as loans to, or investments in, non- publicly listed corporations where at least 90% of the obligor’s revenues are derived from activities that meets the eligibility criteria below.

A maximum 3-year look-back period would apply for refinanced projects and Access Bank will strive for each issuance under this framework to be fully allocated within 2 years from the date of issuance. Access Bank will, where possible, communicate upfront the expected share of financing versus re- financing for any Sustainable Financing Instrument.

**Table 2.1.1: Eligible Green Categories**

GBP Category	SDG Alignment	Eligibility Criteria
Renewable energy  <i>Environmental objective: transition to a low carbon economy</i>	SDG7: Affordable & Clean Energy  SDG13: Climate Action	<ul style="list-style-type: none"> <li>• Development, construction, installation, and maintenance of renewable energy facilities, from the following sources:                             <ul style="list-style-type: none"> <li>○ Wind (onshore and offshore)</li> <li>○ Solar (including floating)</li> <li>○ Hydropower under 25 MW or if above 25MW, only projects which have either a lifecycle</li> </ul> </li> </ul>



		<p>carbon intensity of less than 100gCO<sub>2</sub>/kWh or power density above 5W/m<sup>2</sup><sup>6</sup></p> <ul style="list-style-type: none"> <li>○ Geothermal projects with a direct emissions intensity threshold below 100g CO<sub>2</sub>/kWh</li> <li>○ Biofuels where the feedstock is from sustainable sources of local raw material that is sourced from agricultural residues or forestry residue and does not deplete existing terrestrial carbon pools or compete with food production, such as those certified by the EU International Sustainability and Carbon Certification System</li> <li>○ Green hydrogen projects from electrolysis powered by 100% renewable sources.</li> </ul>
		<ul style="list-style-type: none"> <li>• Measures to facilitate the integration of renewable energies into the grid networks, including transmission and storage.</li> <li>• Manufacture or import of components of renewable energy technology including but not limited to wind turbines, solar panels, inverters, storage batteries, etc.</li> </ul> <p>For the avoidance of doubt, proceeds will not be allocated to projects that involves a significant amount of OPEX (&gt; 10%) or projects that includes any type of expenses related to fossil fuel installations.</p>

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<sup>6</sup> All hydropower projects will be assessed as per Access Bank’s E&S Policy to ensure no significant risk or expected negative impact.

<p>Energy efficiency</p> <p><i>Environmental objective: transition to a low carbon economy</i></p>	<p>SDG7: Affordable &amp; Clean Energy</p> <p>SDG13: Climate Action</p>	<ul style="list-style-type: none"> <li>• Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, smart meters lighting, etc.</li> <li>• Installation of energy-efficient lighting or equipment to increase the operational energy efficiency of utilities and/ or other public services.</li> <li>• Improvement of efficiency in non-fossil-fuel powered-utilities, power plants, and other public services. Example projects could include rehabilitation of district heating systems, district cooling systems heat-loss reduction, and/or increased recovery of wasted heat.</li> </ul> <p>For avoidance of doubt, proceeds will not be allocated to projects that involves a significant amount of OPEX (&gt; 10%) and projects or technologies that improve the energy efficiency of fossil fuel production and/or distribution are excluded.</p>
<p>Pollution prevention and control</p> <p><i>Environmental objective: transition to a low carbon economy</i></p>	<p>SDG11: Sustainable Cities and Communities</p>	<ul style="list-style-type: none"> <li>• Waste minimization, collection, management, recycling, re-use, processing, disposal (such as methane capture) products, technologies, and solutions when they are the core business activity of the customer; eligibility of waste management, processing, reuse, and disposition shall demonstrate a genuine improvement to the local situation.</li> <li>• Waste to energy projects limited to non-recyclable wastes, where majority of wastes are segregated before incineration.</li> </ul>

<p>Environmentally sustainable management of living natural resources and land use</p> <p><i>Environmental objective: climate resilient growth</i></p>	<p>SDG12: Responsible consumption and production</p> <p>SDG13: Climate Action</p> <p>SDG15: Life on Land</p>	<ul style="list-style-type: none"> <li>• Loans to finance forests with FSC or PEFC certifications</li> <li>• Financing for agricultural projects certified under RTRS, BCI, RSB or GAP</li> <li>• Projects that contribute to Climate Smart Agriculture:             <ul style="list-style-type: none"> <li>○ Reduction of food/crop losses (e.g. warehousing, cold chain, improved packaging for highly perishable produce)</li> <li>○ Reduction of energy use in traction (e.g. efficient tillage) and other agricultural processes</li> <li>○ Reduction in water consumption (e.g. through efficient irrigation, laser soil levelling, switching to less-water-intensive crops, water harvest and storage facilities)</li> <li>○ Agricultural projects that improve existing carbon pools (e.g. rangeland management, collection and use of bagasse, rice husks, or other agricultural waste; reduced tillage techniques that increase carbon contents of the soil; rehabilitation of degraded lands; peatland restoration)</li> </ul> </li> <li>• Reduction of non-carbon dioxide GHG emissions from agricultural practices (e.g. paddy rice production, fertilizer use)</li> <li>• Livestock and aquaculture projects that reduce methane and other GHG emissions (e.g. improved animal health, animal husbandry, manure management with biodigesters, improved nutrition, increased productivity etc.)</li> </ul>
<p>Clean transportation</p> <p><i>Environmental objective: transition to a low carbon economy</i></p>	<p>SDG 9: Industry, Innovation &amp; Infrastructure</p> <p>SDG 11: Sustainable Cities and Communities</p> <p>SDG 13: Climate Action</p>	<ul style="list-style-type: none"> <li>• Electric vehicles and related infrastructure</li> <li>• Hybrid vehicles with a carbon intensity that is less than 75 gCO<sub>2</sub> per passenger km until 2030, and 56 gCO<sub>2</sub> per passenger km from 2030 onwards.</li> <li>• Rail transportation projects for public use, rail transportation of goods and train infrastructure upgrades             <ul style="list-style-type: none"> <li>○ For all public mass passenger transportation that are not electrified, the carbon intensity should be</li> </ul> </li> </ul>

		<p>less than 75 gCO<sub>2</sub> per passenger km until 2030, and 56 gCO<sub>2</sub> per passenger km from 2030 onwards.</p> <ul style="list-style-type: none"> <li>○ for non-electrified freight transport, the threshold is 25 gCO<sub>2</sub> per tonne km.</li> </ul> <p>For avoidance of doubt, systems and infrastructure dedicated to fossil fuel transportation are excluded, as well as efficiency improvements involving conventional fossil-fuel combustion engines (hybrid engines and technologies are eligible)</p>
<p>Sustainable water and wastewater management</p> <p><i>Environmental objective: climate resilient growth</i></p>	<p>SDG3: Good Health &amp; Well-being</p> <p>SDG6: Clean Water &amp; Sanitation</p>	<ul style="list-style-type: none"> <li>• Water collection, treatment, recycling, re-use, technologies and related infrastructure, including:                             <ul style="list-style-type: none"> <li>○ Water pipes and collection facilities to collect water/rainwater, dams, treatment plant facilities.</li> <li>○ Drip irrigation technologies, rainwater harvesting and storage in climate smart agriculture</li> </ul> </li> </ul>
<p>Climate change adaptation</p> <p><i>Environmental objective: climate resilient growth</i></p>	<p>SDG 11: Sustainable Cities and Communities</p>	<ul style="list-style-type: none"> <li>• Flood defences systems and climate resilient infrastructure projects</li> </ul>
<p>Green buildings</p> <p><i>Environmental objective: transition to a low carbon economy</i></p>	<p>SDG 7: Affordable &amp; Clean Energy</p> <p>SDG11: Sustainable Cities &amp; Communities</p> <p>SDG 13: Climate Action</p>	<ul style="list-style-type: none"> <li>• Development of new buildings, acquisition of existing buildings, major renovations or restructuring of existing buildings to the following levels                             <ul style="list-style-type: none"> <li>○ Buildings certified to an acceptable level under an internationally recognized green building certification scheme, such as: Edge (Certified), LEED (Gold or Platinum), BREEAM (Very Good or Excellent)</li> </ul> </li> <li>• Energy efficiency improvements to buildings that deliver at least a minimum 20% improvement in energy efficiency.</li> </ul> <p>For avoidance of doubt, activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels are excluded</p>



**Table 2.1.2: Eligible Social Categories**

Eligible Sectors	SDG Alignment	Eligibility Criteria	Target Population <sup>7</sup>
Affordable Basic Infrastructure  <i>Social objective: Drive socioeconomic development.</i>	SDG 9: Industry, Innovation & Infrastructure	<ul style="list-style-type: none"> <li>Projects that expand the capacity for the production and/or storage of potable/drinking water in order to provide improved water supply to a larger population by building new facilities or rehabilitating and/or extending existing ones.</li> </ul>	General public, particularly those that lack access to basic infrastructure including water and basic sanitation.
		<ul style="list-style-type: none"> <li>Projects to develop telecom network and related telecom infrastructure in order to create, extend or improve mobile coverage and provide Internet access in areas at risk of digital exclusion. Areas at risk of digital exclusion are defined as areas which are either unconnected or underserved.</li> </ul>	Unconnected or underserved populations
		<ul style="list-style-type: none"> <li>Development of rural/feeder roads (including road infrastructure such as bridges and tunnels) in areas that lack connectivity or lack access to key social infrastructure (e.g. healthcare, schools)</li> </ul>	People in rural, semi-urban and urban areas not served or underserved
		<ul style="list-style-type: none"> <li>Projects to provide access to electricity to ensure access for those areas without electricity access or with limited<sup>8</sup> connections</li> </ul>	People in rural, semi-urban and urban areas not served or underserved
	SDG 6: Clean Water Sanitation	<ul style="list-style-type: none"> <li>Projects to increase                             <ul style="list-style-type: none"> <li>wastewater treatment capacity access to standalone sanitation through the construction of new facilities or the rehabilitation and/or extension of existing facilities</li> </ul> </li> </ul>	People in rural, semi-urban and urban areas not served or underserved

<sup>7</sup> Access Bank will use local or governmental definitions based on the country or area where the project being funded takes place for target populations where possible to ensure that social impact is achieved, examples of standards used for projects in Nigeria are provided for illustration in some places

<sup>8</sup> Limited connection defined as areas where the share of population without access to electricity is more than 50%

<p>Access to essential services (Healthcare)</p> <p><i>Social objective: drive socioeconomic development</i></p>	<p>SDG3: Good health well-being</p>	<p>&amp;</p> <ul style="list-style-type: none"> <li>• Construction, development or improvement and operation of healthcare infrastructure and services including: <ul style="list-style-type: none"> <li>○ hospitals, clinics, and health care centres for the provision of public/ free/subsidized health services</li> <li>○ infrastructure for the provision of emergency medical response and disease control services</li> </ul> </li> <li>• Research &amp; Development and manufacturing for equipment for the provision of emergency medical response and disease control services.</li> <li>• Programs fighting against disease and epidemics (COVID-19, Ebola, malaria, tuberculosis, infectious and tropical diseases)</li> </ul>	<p>Underserved populations, owing to a lack of quality access to essential goods and services</p>
<p>Access to Essential Services (Education)</p> <p><i>Social objective: drive socioeconomic development</i></p>	<p>SDG4: Quality Education</p>	<ul style="list-style-type: none"> <li>• Construction and improvement of public schools and related equipment, furniture, and sanitary facilities</li> <li>• Construction and improvement of public universities</li> </ul>	<p>Underserved populations, owing to a lack of quality access to essential goods and services</p>
<p>Affordable housing</p> <p><i>Social objective: empower individuals and communities.</i></p>	<p>SDG11: Sustainable cities &amp; Communities</p>	<ul style="list-style-type: none"> <li>• Projects that are dedicated to providing affordable housing to low-income earners, including both financing of affordable housing developments and providing affordable housing financing for individuals.</li> </ul>	<p>People living in poverty<sup>9</sup></p>

<sup>9</sup> For example, in Nigeria people in poverty is defined as those who fall below the poverty line of minimum consumption expenditure measuring quantitative monetary value of food and non-food expenditures needed for an individual to achieve a basic level of welfare as a “cost of basic needs” approach, which is set by the Government on a periodic basis

<sup>10</sup> For example, SMEs are defined as enterprises which have an annual turnover not exceeding Five Hundred Thousand Naira (N500,000) in Nigeria according to the Central Bank of Nigeria

<p>Employment generation</p> <p><i>Social objective: empower individuals and communities</i></p>	<p>SDG8: Decent work &amp; Economic Growth</p>	<ul style="list-style-type: none"> <li>• Financing or re-financing of small and medium-sized enterprises (SME)<sup>10</sup>, and financing micro-finance institutions or providing microfinance loans, and financing or re-financing women-owned or women-focused businesses, in view of promoting job creation, return to employment and labour market entry opportunities.</li> <li>• Financing or re-financing loans or other financial services for SMEs for employment retention/preservation in the wake of pandemics and natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• SMEs</li> <li>• Individuals and small businesses, particularly those that lack access to essential financial services.</li> <li>• Women and women-owned (&gt;50% shareholding) businesses.</li> </ul>
<p>Food security and sustainable food systems</p> <p><i>Social objective: drive socioeconomic development.</i></p>	<p>SDG2: Zero Hunger</p>	<ul style="list-style-type: none"> <li>• Financing targeted at promoting economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers.</li> </ul> <p>Examples include;</p> <ul style="list-style-type: none"> <li>• Small-scale irrigation and agriculture value chain development;</li> <li>• Provision of farm infrastructure and agricultural inputs for rural farmers;</li> <li>• Soft commodity finance facilities</li> <li>• Direct corporate loans, at concessionary rates, to drive agriculture production, boost food import substitution.</li> <li>• Funding for the individuals, artisans, smallholders' farmers, outgrowers, farmers cooperatives, SMEs, who are largely women, un/underemployed, who are in the agriculture mainstream / value chain</li> <li>• Partnership with government agencies at the rural area/local government level to support in provision of loans with concessionary pricing to support projects aimed at ensuring basic food access.</li> </ul>	<ul style="list-style-type: none"> <li>• People living below the poverty line.</li> <li>• Underserved, owing to a lack of quality access to essential goods and services, including those who are unemployed, women and people with disabilities</li> </ul>



**9.2.1 EXCLUDED SECTORS**

Projects and businesses will also be assessed against the Bank’s Environmental and Social Risk Management (ESRM) Framework which includes the below exclusion list ensuring that no Sustainable Financing Instrument is allocated to finance/refinance the following activities:

- Production or activities involving forced labour or child labour.
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- Production or trade in weapons and munitions, hard liquor, or tobacco
- Gambling, casinos, and equivalent enterprises
- Any business relating to pornography or prostitution.
- Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species
- Production or use of or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres and products containing PCBs.
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans
- Significant conversion or degradation of Critical Habitats

**9.3 PROJECT EVALUATION AND SELECTION PROCESS**

The Project Evaluation and Selection Process will ensure that the proceeds of any Access Bank Sustainability Bond / Sustainable Finance instrument are allocated to finance or refinance Eligible Sustainable Projects that meet the criteria and objectives set out above in section 2.1, Use of Proceeds.

Access Bank will follow the following process for identifying Eligible Sustainable Projects:

1	Strategic Business Units originates transaction wherein the Obligor falls within the Bank’s Target Market / Risk Acceptance Criteria
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2	Obligor meets the Banks Credit Governance and Risk Acceptance Criteria and satisfies requirements and is considered eligible for inclusion in the Use of Proceeds.
3	Customer’s business activities or the project which Access Bank is funding is assessed for compliance against minimum standards such as applicable Nigerian Laws, the Bank’s ESRM Policy and IFC Performance Standards
4	Nature of customer’s business activities or the project which Access Bank is funding is assessed for alignment against the Eligible Sustainable Categories.
5	ESRM team will put forward requests to the Sustainable Finance Committee (SFC) for final approval.

**9.4 SUSTAINABLE FINANCE COMMITTEE (SFC)**

Access Bank’s Sustainable Finance Committee (“SFC”) will be responsible for governing and implementing the initiatives set out in the Framework. The SFC is comprised of:

- The Executive Director, Risk Management – Chairman
- The Executive Director, African Subsidiaries – Vice Chairman
- The Chief Financial Officer
- Head, Group Environmental and Social Risk Management - Secretary
- Head, Sustainability
- Group Treasurer
- Group Head, Strategic Investments
- Group Head, Project & Structured Finance
- Group Head, Corporate Finance
- Group Head, Corporate Counsel
- Group Heads, CIBD
- Group Heads, CBD
- Group Heads, BBD
- Group Head, Conduct and Compliance
- Unit Head, Investor Relations
- Team Members, ESRM and Sustainability Units

For any SFC meeting to be valid, it must be presided over by the Chairman or Vice Chairman. In their absence, the Chairman may delegate any member of the committee to act as Chairman.

The Chairman or Vice Chairman, the Secretary, a representative from Legal Department and at least two other Group/Zonal/Sector Heads not below the level of AGM and a Group Head/Head, Group ESRM shall form a Quorum.

The SFC will:

- Meet at least once every quarter.
- Manage updates to this Framework.
- Ratify Eligible Sustainable assets as proposed by the ESRM team.
- Ensure that all Eligible Sustainable Projects have been assessed under the Bank's ESRM Policy and against all other applicable standards in line with the Bank's existing lending requirements.
- Undertake regular monitoring of the asset pool to ensure the eligibility of Sustainable Projects with the criteria set out above in section 2.1, Use of Proceeds, whilst replacing any ineligible Sustainable Projects with eligible Projects
- Facilitate regular reporting on any Sustainable issue in alignment with our Reporting commitments.

## **9.5 MANAGEMENT AND TRACKING OF THE PROCEEDS OF ISSUANCE**

The proceeds of each Access Bank Sustainable Finance Instrument will be deposited in Access Bank's general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register.

The Sustainable Finance Register will contain the following information:

- I. Sustainable Financing Instrument details (Sukuk/Bond/Loan etc.): pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.
- II. Allocation of Proceeds:
  - a. The Eligible Sustainable Projects List, including for each Eligible Sustainable Projects, the Eligible Sustainable Project category, project description, project location, Obligor's ownership percentage, total project cost, amount allocated, settled currency, etc.
  - b. Amount of unallocated Proceeds

The Bank will track the Use of Proceeds of its Sustainable Financing Instruments via its internal Monitoring Systems. The Project and Structured Finance and Corporate Finance Teams shall be responsible for ensuring Eligible Sustainable Projects are adequately monitored based on Access Bank's relevant internal policies and the applicable laws of the Federal Government of Nigeria. This function shall be

supported by the Credit Risk Review and Monitoring Units, the Environmental and Social Risk Management team, the Conduct and Compliance Team.

Each Access Bank Sustainable Financing Instrument will be booked under an earmarked position which is set up for each Sustainable Financing Instrument specifically in the appropriate internal system. Access Bank will establish a register via creation of special product codes on the Bank's core banking application with the sole aim of policy identification, measurement, appraisal/evaluation of the Bank's books.

Any proceeds temporarily unallocated will be invested according to the Bank's standard liquidity policy in cash or cash equivalents.

## **9.6 REPORTING**

On an annual basis, Access Bank will publish an allocation and impact report on its Eligible Sustainable Projects, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Sustainable Financing Instrument issued, or until the Sustainable Financing Instrument is no longer outstanding.

### **9.6.1 Annual Allocation Reporting**

- a. List of eligible Sustainable projects
- b. The amount of Proceeds allocated to each Eligible Sustainable Project category.
- c. When possible, descriptions of the Eligible Sustainable Projects financed, such as project locations, amount allocated, etc.
- d. Selected examples of projects financed.
- e. Amount of unallocated Proceeds

### **9.6.2 Annual Impact Reporting**

The Bank will provide reporting on the environmental and social benefits of the Sustainable Projects potentially with the following impact indicators. Access Bank will report expected impacts for projects which are not in operation during the period covered in the report and will report both actual and expected impacts for those projects that are in operation, allowing for comparison of whether projects delivered on their intended purpose. The Bank will use actual



measurements for the impact indicators and will use estimates where sufficient data is not available. In addition, calculation methodologies and key assumptions will be disclosed.

Project Categories	Impact Reporting Metrics
<b>Eligible Green Projects</b>	
Renewable energy	<ul style="list-style-type: none"> <li>Capacity of renewable energy plant(s) constructed or rehabilitated in MW.</li> <li>Annual renewable energy generation in MWh (electricity) and GJ (other energy)</li> <li>Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent (where possible)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>Annual energy savings in MWh (electricity) and GJ (other energy)</li> <li>Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent (where possible)</li> </ul>
Pollution prevention and control	<ul style="list-style-type: none"> <li>Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/ or in absolute amount in tonnes p.a.</li> </ul>
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> <li>Area in m<sup>2</sup> of certified land or under climate smart agriculture</li> <li>Annual reduction in water use in % for climate smart agriculture</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>Number of vehicles financed</li> <li>Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent (where possible)</li> </ul>
Sustainable water and wastewater management	<ul style="list-style-type: none"> <li>Annual reduction in water use in %</li> <li>Annual amount of wastewater treated, reused or avoided before and after the project in m<sup>3</sup></li> </ul>
Green buildings	<ul style="list-style-type: none"> <li>Type of scheme, certification level</li> </ul>
	<ul style="list-style-type: none"> <li>Energy efficiency gains in MWh or % versus baseline/building code</li> </ul>
<b>Eligible Social Projects</b>	
Affordable Infrastructure Basic	<ul style="list-style-type: none"> <li>Number of water facilities (supply or treatment) built or upgraded</li> <li>Households connected to water infrastructure</li> <li>Number of individuals directly benefited</li> </ul>
Access to Essential Services (Healthcare)	<ul style="list-style-type: none"> <li>Number of public hospitals and other healthcare facilities financed</li> <li>Number of individuals directly benefited</li> </ul>



Access to Essential Services (Education)	<ul style="list-style-type: none"> <li>• Number of schools financed.</li> <li>• Number of universities financed</li> <li>• Number of individuals directly benefited</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>• Number of individuals or families benefiting from subsidized housing</li> <li>• Number of dwellings</li> </ul>
Employment Generation	<ul style="list-style-type: none"> <li>• Number of loans to SMEs</li> <li>• Number of loans to microfinance entities</li> <li>• Number of microfinance loans.</li> <li>• Jobs created and/or retained</li> <li>• Number of loans to women-owned SMEs</li> <li>• Number of individuals directly benefited</li> </ul>
Food Security and sustainable food systems	<ul style="list-style-type: none"> <li>• Share of target population with adequate food supply</li> <li>• Number of people benefiting from agricultural projects and using improved farming technology</li> <li>• Hectares of land cultivated, which use has improved, i.e. replanted, reforested, landscaped</li> <li>• Number of individuals directly benefited</li> </ul>

## 10. EXTERNAL REVIEW

### 10.1 Second Party Opinion (SPO)

Access Bank will appoint a SPO Provider to assess this Framework and its alignment with the GBP, SBP, SBG, GLP and SLP and issue a Second Party Opinion accordingly.

The Framework and Second Party Opinion will be made publicly available on the Access Bank Group Investor Relations webpage, found through [www.accessbankplc.com](http://www.accessbankplc.com)

### POST ISSUANCE EXTERNAL VERIFICATION

In order to provide timely and transparent information about the reporting of the funds from Sustainable Finance Instruments issued under this Framework, the Bank intends to engage a third-party reviewer to provide an annual assessment on the alignment of the allocation and impact of funds with the Framework’s criteria.

# **ACCESS BANK PLC**

**Access Bank Plc. SUSTAINABILITY BOND / SUSTAINABLE FINANCE FRAMEWORK**

High

Return this Policy/Framework to Conduct and Compliance Team after approval.

# Policy Approval, Attestation and Engagement Document

Generated for case number 68329858

## Document Information

### Document Owner

This document is owned by the undersigned. The owner is responsible for ensuring that the document is reviewed in line with the requirements of the Policy Approval, Broadcast and Administration framework.

### Document Name

Access Bank Plc. SUSTAINABILITY BOND / SUSTAINABLE FINANCE FRAMEWORK

## Document History

Document Prepared By	Date	Version
	2024-05-09	1

## Executive Summary

The Access Bank Sustainability Bond/Sustainable Finance Framework has been prepared to provide a structured and evolving framework, that adapts over time to address new challenges, regulations, and concerns with the aim of adhering to best practices in the market for sustainable investments. This framework lists Eligible projects and assets that are mainly supportive of the Bank's mission to set standards for sustainable business practices and the overall objective to promote the transition to low-carbon and growth of socially beneficial projects, supported by a strong governance structure.

FUNCTION	NAME	DATE
Requested By	Kyawa Bunu	2024-05-09 14:50:12
Unit Head Approval	Adenike Badmus	2024-05-09 19:57:23
Reviewed By	Faith Oluwatobiloba Adediran	2024-06-20 18:38:03

## Approval Log

FUNCTION	NAME	DESIGNATION	SIGNATURE	DATE
Reviewed By	JOSEPH OSOGBUE	Unit Head, Global Advisory		2024-05-17 11:43:35
Reviewed By	GBENGA ADELEKE	Group Head, Environmental and Social Risk Management		2024-06-04 04:27:41
Reviewed By	PAUL ASIEMO	Group Head, Market Risk, Risk Analytics and Reporting		2024-06-04 23:46:35
Reviewed By	OMOBOLA FALEYE	Chief Audit Executive		2024-06-13 13:27:21
Concurred By	Femi Jaiyeola	Group Chief Conduct and Compliance Officer		2024-06-20 18:50:58
Approved By	Gregory Jobome	ED, Risk Management	Completed	2024-06-25 14:53:45

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**Please Return This Procedure Back To Compliance Advisory and Support Unit After Approval**

