

Second Party Opinion

Access Bank PLC Green Bond/Green Finance Framework

Dec. 22, 2021

Access Bank PLC and its subsidiaries provide various banking products and services in Nigeria, the rest of Africa, and Europe. The group operates through four segments: Corporate and Investment Banking, Commercial Banking, Retail Banking, and Business Banking. Access Bank was incorporated in 1989 and is headquartered in Lagos, Nigeria.

The bank has been listed on the Nigerian Stock Exchange since 1998. Its more than 900,000 shareholders include Nigerian and international institutional investors. As a result of its merger with Diamond Bank in March 2019, Access Bank has gained a large retail customer base and is now considered one of Africa's largest retail banks.

In our view, Access Bank's Green Bond/Green Finance Framework, published on Dec. 22, 2021, is aligned with:

-  Green Bond Principles, ICMA, 2021
-  Green Loan Principles, LMA/LSTA/APLMA, 2021

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Issuer's Sustainability Objectives

Access Bank aims to set the standard for sustainable banking in Nigeria through the integration of sustainability in its strategy. The bank strives to have a positive impact not only on customers and shareholders but also on the wider communities in which it operates.

As part of its project finance activity, Access Bank has put in place a sustainable finance toolkit to screen projects and identify their environmental impact. In addition, the bank continues to expand its Environmental and Social Risk Management (ESRM) system.

Furthermore, the bank has subscribed to the United Nations' Principles for Responsible Investment and adopted the Equator Principles since 2009 in its effort to incorporate environmental, social, and governance (ESG) considerations in investment decisions.

Access Bank believes that including ESG criteria in its investment and financing activities will support the transition to a low-carbon economy, have a positive impact on climate change, and benefit communities in the long term. Thus, Access Bank, through its green bond/green finance framework, aims to continue promoting the transition to a low-carbon economy and climate-resilient growth.

Second Party Opinion Summary

Use of proceeds

Alignment  Access Bank's green bond/green finance framework is aligned with this component of the applicable principles.

Score Not aligned **Aligned** Strong Advanced

Access Bank commits to using an amount equivalent to the net proceeds from any green bonds or loans issued under this framework to exclusively finance or refinance eligible projects that fit within categories in line with the Green Bond Principles (GBP) and Green Loan Principles (GLP). In addition, no financing will support projects linked to nuclear or coal power.

Process for project evaluation and selection

Alignment  Access bank's green bond/green finance framework is aligned with this component of the applicable Principles.

Score Not aligned **Aligned** Strong Advanced

Access Bank clearly defines the process and criteria by which it selects eligible green projects. The bank's Green Bond/Green Finance (GBGF) Committee will be in charge of ratifying eligible projects, ensuring all projects have been assessed under the bank's ESRM policy, regularly monitoring the asset pool, and ensuring eligibility with the defined criteria and managing future updates of the framework. In addition, the Committee comprises members of the bank's sustainability and ESRM teams.

Management of proceeds

Alignment  Access Bank's green bond/green finance framework is aligned with this component of the applicable Principles.

Access Bank commits to tracking funds allocated to eligible green projects until proceeds have been fully allocated. The bank will track the eligible green projects using its Green Finance Register. Any projects deemed no longer eligible will be removed from the Green Finance Register and replaced by other eligible projects. In addition, proceeds temporarily unallocated will be invested in liquid government securities following the bank's standard liquidity policy.

Reporting

Alignment  Access Bank's green bond/green finance framework is aligned with this component of the applicable Principles.

Score Not aligned Aligned **Strong** Advanced

Access Bank commits to annually disclosing the allocation and impact reports of any green bond or loan until full allocation. In addition, the bank commits to disclosing the actual and estimated impact metrics of projects and the underlying methodology. Furthermore, the allocation report will be subject to external verification.

Framework Assessment

Use of proceeds

The Principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For use of proceeds, we consider the commitments and clarity on how the proceeds are used.

 Access Bank's green bond/green finance framework is aligned with this component of the applicable Principles.

Commitments score

Not aligned

Aligned

Strong

Advanced

We consider Access Bank's overall use of proceeds commitments to be aligned with the Principles.

Access Bank has committed to allocating an amount equivalent to the net proceeds of any green bonds or loans issued under the framework exclusively to fund projects supporting the environmental objectives of a low-carbon economy and climate-resilient growth. The framework defines eligible project categories in line with the GBP and the GLP, as well as a list of eligible projects. Eligible environmental project categories include renewable energy, energy efficiency, pollution prevention and control, management of living natural resources and land use, clean transportation, sustainable water and wastewater management, climate change adaptation, and green buildings. In addition, proceeds can be allocated to non-publicly listed companies if at least 90% of the obligor's revenue stems from activities on the list of eligible green categories.

Access Bank commits to disclosing the proportion of funds used for financing versus refinancing. The framework also outlines a maximum look-back period of three years for refinancing eligible green projects, which we view positively. No financing will support nuclear or coal-related projects.

Process for project evaluation and selection

The Principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For our process for project selection and evaluation, we consider the commitments and clarity on the process used to evaluate and select eligible projects to fund with the proceeds of the sustainable finance instrument.

 Access Bank's green bond/green finance framework is aligned with this component of the applicable Principles.

Commitments score

Not aligned

Aligned

Strong

Advanced

We consider Access Bank's overall process for project selection and evaluation commitments to be aligned with the Principles.

The framework outlines clear criteria and process to select eligible green projects, and includes an exhaustive exclusionary list including trade in waste and waste products, drift-net fishing, production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone-depleting and other hazardous substances subject to international phase-outs or bans, and conversion or degradation of critical habitats, which we see as especially relevant for the issuer's context. Moreover, some project categories incorporate eligibility criteria based on market-based taxonomies or certifications (e.g., only financing buildings that achieved an excellent or outstanding green building certification rating such as Edge, LEED, and BREEAM). However, not all categories incorporate relevant taxonomies and certifications in their eligibility criteria.

Access Bank's GBGF Committee includes members from the sustainability and ESRM teams, and will be responsible for approving eligible projects selected by the ESRM team. Although details on

environmental and social risk assessments are lacking, the GBGF Committee will ensure that all projects have been assessed under the bank's ESRM policy and that eligible projects fulfil the eligibility criteria set in the framework. In addition, the GBGF Committee is responsible for managing future updates of the framework and ensuring that green issuances' periodic reports follow the bank's reporting commitments.

Management of proceeds

The Principles require disclosure of the issuer's management of proceeds from sustainable finance over the life of the funding. The alignment opinion focuses on how clear in the documentation is the issuer's commitment to ensure that the funds raised will remain dedicated to eligible sustainability projects throughout the life of the sustainable finance funding.

✓ Access Bank's green bond/green finance framework is aligned with this component of the applicable Principles.

Access Bank commits to using a dedicated Green Finance Register to manage proceeds. The register will contain the green financing instrument's details, allocation of proceeds, and the amount of unallocated proceeds. In addition, the bank specifies that the GBGF Committee will monitor the eligible portfolio throughout the life of each instrument and whether any projects deemed no longer eligible will be replaced by other eligible projects in the Green Finance Register. Furthermore, Access Bank commits to fully allocating issuances under this framework within a two-year period, starting from the date of the issuance, and to invest temporarily unallocated proceeds in liquid government securities according to the bank's standard liquidity policy.

Reporting

The Principles make optional recommendations for stronger disclosure practices, which inform our disclosure opinion as aligned, strong, or advanced. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

✓ Access Bank's green bond/green finance framework is aligned with this component of the applicable Principles.

Disclosure score

Not aligned

Aligned

Strong

Advanced

We consider Access Bank's overall reporting practices to be strong.

Access Bank has committed to publishing an annual allocation and impact report until full allocation of the proceeds.

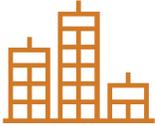
The allocation report will include the list of eligible green projects, the amount of proceeds allocated to each project, description of the projects' details such as location and amount allocated, examples of projects financed, and the amount of unallocated proceeds. The impact report is set to comprise several actual and estimated metrics linked to projects. The underlying methodology used will also be published, which we view as a strong practice. Moreover, we see as positive that the bank aims to have the allocation report verified by a third party. The verification report will be published annually.

Mapping To The U.N.'s Sustainable Development Goals

The Sustainable Development Goals (SDGs), which the United Nations (U.N.) set up in 2015, form an agenda for achieving sustainable development by 2030.

We use the International Capital Market Association's (ICMA's) SDG mapping for this part of the report. We acknowledge that ICMA's mapping does not provide an exhaustive list of SDGs and that ICMA recommends each project category be reviewed individually to map it to the relevant SDGs.

Access Bank's green bond/green finance framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Renewable energy	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7. Affordable and clean energy*</p> </div> <div style="text-align: center;">  <p>13. Climate action</p> </div> </div>
Energy efficiency	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7. Affordable and clean energy*</p> </div> <div style="text-align: center;">  <p>13. Climate action</p> </div> </div>
Pollution prevention and control	<div style="display: flex; justify-content: center; align-items: center;"> <div style="text-align: center;">  <p>11. Sustainable cities and communities*</p> </div> </div>
Environmentally sustainable management of living natural resources and land use	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>12. Responsible consumption and production*</p> </div> <div style="text-align: center;">  <p>13. Climate action</p> </div> <div style="text-align: center;">  <p>15. Life on land*</p> </div> </div>

Clean transportation



**9. Industry,
innovation and
infrastructure**



**11. Sustainable
cities and
communities***



13. Climate action

Sustainable water and
wastewater management



**3. Good health
and well-being**



**6. Clean water
and sanitation***

Climate change adaptation



**11. Sustainable
cities and
communities**

Green buildings



**7. Affordable and
clean energy**



**11. Sustainable
cities and
communities***



13. Climate action

*The eligible project categories link to these SDGs in the ICMA mapping.

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