

Access Bank Plc GREEN BOND / GREEN FINANCE FRAMEWORK

USING ICMA/LMA GREEN BOND PRINCIPLES



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1. INTRODUCTION

Access Bank plc (“Access Bank” or the “Bank”) is a leading full-service commercial bank operating through a network of more than 600 branches and service outlets, spanning three continents, 17 countries and 49 million customers. The Bank employs over 21,000 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 since 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 four business segments: Retail, Business, Commercial and Corporate. The Bank has over 900,000 shareholders (including several Nigerian and International Institutional Investors) and 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.

1.1 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 in order 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



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our investment decisions. Access Bank seeks a balance of economic, social, and environmental factors by following Good International Industry Practice 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

2. GREEN BOND / GREEN FINANCE FRAMEWORK

The Access Bank Green Bond / Green Finance Framework has been prepared to provide a progressive framework for climate-friendly investments. This framework lists projects and assets that are 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 climate resilient growth, supported by a strong governance structure

Access Bank intends to use this Framework as the basis to issue Green Bonds, Loans and other debt instruments ("Green Financing Instruments"). The Green Financing Instruments will fund Eligible Green Projects that conform to the International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2021¹ and/or Loan Market Association ("LMA") Green Loan Principles ("GLP") 2021².

In aligning with the above principles and guidelines, the Bank's Green Bond / Green Finance Framework is presented through the GBP's/GLP's 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

Bond(s) 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 bonds and any loans entered into under this

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

² In alignment with LMA Green Loan Principles, February 2021, <https://www.lsta.org/content/green-loan-principles/>



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Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

2.1 PERIODIC REVIEW

This policy will be reviewed annually to ensure it remains relevant to the bank's business and strategic goals

2.2 USE OF PROCEEDS – GREEN ASSETS

Access Bank will allocate an amount at least equivalent to the net proceeds of the Green Financing Instruments issued under this Framework to finance and/or re-finance, in whole or in part, Green projects which meet the eligibility criteria of the following Eligible Green Project categories ("Eligible Green 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 derived from the below eligibility criteria may also be included.

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 Green Financing Instrument.

Table 2.1.1: Eligible Green Categories

GBP Category	SDG Alignment	Eligibility Criteria
Renewable energy	SDG7: Affordable & Clean Energy SDG13: Climate Action	- Development, construction, installation and maintenance of renewable energy facilities, from the following sources: - Wind (onshore and offshore) - Solar (including floating) - Hydropower under 25 MW or if above 25MW, only projects which have either a lifecycle carbon intensity of less than 100gCO₂/kWh or power density above 5W/m²³ - Geothermal projects with a direct emissions intensity threshold below

³ All hydropower projects will additionally be assessed as per Access Bank's E&S Policy to ensure no significant risk or expected negative impact

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		100g CO₂/kWh ○ 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 ○ Green hydrogen projects from electrolysis powered by 100% renewable sources • Measures to facilitate the integration of renewable energies into the grid networks, including transmission and storage. • Manufacture or import of components of renewable energy technology including but not limited to wind turbines, solar panels, inverters, storage batteries, etc For the avoidance of doubt, proceeds will not be allocated to projects that involves a significant amount of opex (> 10%) or projects that include expenses related to fossil fuel installations
Energy efficiency	SDG7: Affordable & Clean Energy SDG13: Climate Action	• Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, smart meters lighting, etc • Installation of energy-efficient lighting or equipment to increase the operational energy efficiency of utilities and/ or other public services • 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 For avoidance of doubt, proceeds will not be

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		allocated to projects that involves a significant amount of opex (> 10%) and projects or technologies that improve the energy efficiency of fossil fuel production and/or distribution are excluded
Pollution prevention and control	SDG11: Sustainable Cities and Communities	- Waste minimisation, 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 - Waste to energy projects limited to non-recyclable wastes where majority of wastes are segregated before incineration
Environmentally sustainable management of living natural resources and land use	SDG12: Responsible consumption and production SDG13: Climate Action SDG15: Life on Land	- Loans to finance forests with FSC or PEFC certifications - Financing for agricultural projects certified under RTRS, BCI, RSB or GAP - Projects that contribute to Climate Smart Agriculture: - Reduction of food/crop losses (e.g. warehousing, cold chain, improved packaging for highly perishable produce) - Reduction of energy use in traction (e.g. efficient tillage) and other agricultural processes - Reduction in water consumption (e.g. through efficient irrigation, laser soil levelling, switching to less-water-intensive crops, water harvest and storage facilities) - 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;

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		rehabilitation of degraded lands; peatland restoration) • Reduction of non-carbon dioxide GHG emissions from agricultural practices (e.g. paddy rice production, fertilizer use) • 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.)
Clean transportation	SDG 9: Industry, Innovation & Infrastructure SDG 11: Sustainable Cities and Communities SDG 13: Climate Action	• Electric vehicles and related infrastructure • Hybrid vehicles with a carbon intensity that is less than 75 gCO₂ per passenger km until 2030, and 56 gCO₂ per passenger km from 2030 onwards • Rail transportation projects for public use, rail transportation of goods and train infrastructure upgrades ○ For all public mass passenger transportation that are not electrified, the carbon intensity should be less than 75 gCO₂ per passenger km until 2030, and 56 gCO₂ per passenger km from 2030 onwards⁴. ○ For non-electrified freight transport, the threshold is 25 gCO₂ per tonne km 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)
Sustainable water and wastewater management	SDG3: Good Health & Well-being SDG6: Clean Water & Sanitation	• Water collection, treatment, recycling, re-use, technologies and related infrastructure, including: ○ Water pipes and collection facilities to collect water/rainwater, dams, treatment plant facilities ○ Drip irrigation technologies, rainwater

⁴ In line with the International Energy Agency's 2 Degree Scenario

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		harvesting and storage in climate smart agriculture
Climate change adaptation	SDG 11: Sustainable Cities and Communities	Flood defences systems and climate resilient infrastructure projects
Green buildings	SDG 7: Affordable & Clean Energy SDG 11: Sustainable Cities and Communities SDG 13: Climate Action	- Development of new buildings, acquisition of existing buildings, major renovations or restructuring of existing buildings to the following levels - Buildings certified to an acceptable level under an internationally recognized green building certification scheme, such as: Edge (Certified), LEED (Gold or Platinum), BREEAM (Excellent or Outstanding) - Buildings that achieve a minimum 20% improvement in energy efficiency or carbon emissions against the local building code - Energy efficiency improvements to buildings that deliver at least a minimum 20% improvement in energy efficiency For avoidance of doubt, activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels are excluded

2.2.1 EXCLUDED SECTORS

Projects and businesses will also be assessed against the Bank's Environmental and Social Risk Management Framework ensuring that no Green Financing Instrument are allocated to finance or 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



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- 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

2.3 PROJECT EVALUATION AND SELECTION PROCESS

The Project Evaluation and Selection Process will ensure that the proceeds of any Access Bank Green Financing Instrument are allocated to finance or refinance Eligible Green 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 Green Projects:

1	Strategic Business Units originates transaction wherein the Obligor falls within the Bank's Target Market / Risk Acceptance Criteria
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 Green Categories.
5	ESRM team will put forward requests to the Green Bond / Green Finance Committee for final approval.



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2.4 GREEN BOND / GREEN FINANCE COMMITTEE

Access Bank's Green Bond / Green Finance ("GBGF") Committee will be responsible for governing and implementing the initiatives set out in the Framework. The GBGF Committee 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
- Group Head, Strategic Investments
- Head, Sustainability – Secretary
- Group Treasurer
- Group Heads, CIBD
- Group Heads, CBD
- Group Heads, BBD
- Group Head, Corporate Counsel
- Group Head, Corporate Finance
- Group Head, Conduct and Compliance
- Unit Head, Investor Relations
- Team Members, ESRM and Sustainability Units

For any GBGF Committee 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 Environmental and Social Risk Management shall form a Quorum.

The GBGF Committee will:

- Meet at least two times each year, endeavoured to be distributed evenly throughout the year
- Ratify Eligible Green Projects, which are initially proposed by the ESRM team
- Ensure that all Eligible Green 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 Green Projects with the criteria set out above in section 2.1, Use of Proceeds, whilst replacing any ineligible Green Projects with new eligible Green Projects
- Facilitate regular reporting on any Green issuance in alignment with our Reporting



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commitments

- Manage any future updates to this Framework
- Ensure that the approval of Eligible Green Projects will follow the Bank's existing credit approval processes

2.5 MANAGEMENT AND TRACKING OF THE PROCEEDS OF ISSUANCE

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

The Green Finance Register will contain the following information:

- I. Green Financing Instrument (Sukuk/Bond/Loan etc.) details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.
- II. Allocation of Proceeds:
 - a. The Eligible Green Projects List, including for each Eligible Green Project, the Eligible Green 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 Green Financing Instruments via its internal Monitoring Systems. The Project and Structured Finance Team shall be responsible for ensuring Eligible Green 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 and the Internal Audit Team. Any allocated proceeds which are later deemed to be ineligible after being recorded on the Green Finance Register will be removed and replaced by other Eligible Green Projects of an equivalent amount.

Each Access Bank Green Financing Instrument will be booked under an earmarked position which is set up for each Green 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 in liquid government securities according to the Bank's standard liquidity policy.



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2.6 REPORTING

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

2.6.1 Allocation Reporting

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

2.6.2 Impact Reporting

The Bank will provide reporting on the environmental benefits of the Eligible Green Projects potentially with the following impact indicators. The Bank will report 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.

Eligible Green Project Categories	Impact Reporting Metrics
Renewable energy	- Capacity of renewable energy plant(s) constructed or rehabilitated in MW - Annual renewable energy generation in MWh (electricity) and GJ (other energy) - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent (where possible otherwise estimated)
Energy efficiency	- Annual energy savings in MWh (electricity) and GJ (other energy) - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent (where possible otherwise estimated)
Pollution prevention and control	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.
Environmentally sustainable management of	Area in m² of certified land or under climate smart agriculture



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living natural resources and land use	• Annual reduction in water use in % for climate smart agriculture
Clean transportation	• Number of vehicles financed • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent (where possible otherwise estimated)
Sustainable water and wastewater management	• Annual reduction in water use in % • Annual amount of wastewater treated, reused or avoided before and after the project in m³
Green buildings	• Type of scheme, certification level • Energy efficiency gains in MWh or % versus baseline/building code

3. EXTERNAL REVIEW

3.1 Second Party Opinion (SPO)

An SPO Provider's assessment of adequacy of this Green Bond / Green Finance Framework and alignment with the ICMA's Green Bond Principles and the LMA's Green Loan Principles shall be obtained.

The Green Bond / Green Finance Framework and Second Party Opinion will be made publicly available on the Access Bank Group Investor Relations webpage, found through www.accessbankplc.com

3.2 POST ISSUANCE EXTERNAL VERIFICATION

In order to provide timely and transparent information about the reporting of the funds from Green Financing 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.

4. AMENDMENTS TO THIS FRAMEWORK

The GBGF Committee will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended.

The updates, if not minor in nature, will be subject to the prior approval of the Bank and the SPO Provider. 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 our website and will replace this Framework.



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ACRONYMS

BBD	Business Banking Division
BCI	Better Cotton Initiative
BOD	Board of Directors



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BREEAM	Building Research Establishment Environmental Assessment Method
CBD	Commercial Banking Division
CIBD	Corporate and Investment Banking Division
CO ₂	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
GBGF	Green Bond / Green Finance
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



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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

SPO Second Party Provider