UN environment programme | finance initiative

Principles for Responsible Banking

# Reporting and Self-Assessment Template

## Principles for Responsible Banking

Implementation Document
Principles for Responsible Banking
• Est. 2019 •
Official

Reviewed version (V2) from September 2022

## Reporting and Self-Assessment Template

The following template sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking (PRB). Your bank discloses which actions it has undertaken to implement the PRB by self-assessing its progress on each of the 6 Principles. This template is therefore structured in accordance with the 6 Principles that signatories have committed to.

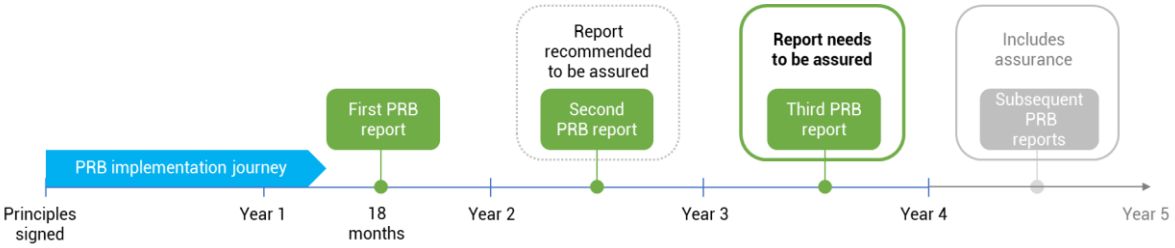
Three Key Steps are critical to showing that your bank is fulfilling its commitments as a signatory of the PRB, i.e. Impact Analysis, Target Setting & Implementation and Assured Reporting/Accountability. The sections in the Reporting and Self-Assessment Template that relate to the 3 Key Steps also require a self-assessment summary to demonstrate the extent to which the bank has fulfilled the respective requirements of the Key Steps.

## Accommodating different starting points

Your bank has an initial four-year period from signing to implement the 6 Principles including to bring its reporting fully in line with the requirements. Your bank may not be able to provide all information required in this template in the first report. You should build on your implementation progress annually. Feedback, support, capacity building, training and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

## Timeline for reporting and assurance

Signatory banks need to report on their implementation of the Principles on an annual basis. The first PRB report has to be published within 18 months of signing the Principles, to give the bank some flexibility to align the PRB reporting with its reporting cycle. Publishing the first PRB report at any point earlier than 18 months after signing the Principles is therefore an option. After the first PRB reporting has been published, subsequent reports have to be published annually thereafter, i.e. within 12 months at the latest after the prior report[1].




## Assurance

The last report within the initial 4 year implementation period (and subsequent reports thereafter) needs to be assured, which means that at least the third PRB report needs to be assured. Banks are encouraged to put the assurance process in place well before that and have earlier PRB reports already assured.

[1] Early reporting is permitted, although sufficient time to show progress from one year to the other should be taken into account.

All items that relate to the three Key Steps (highlighted in yellow) require limited assurance by year four of signing the PRB, undertaken by an independent third party with relevant expertise in the field. These are:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

An assurer provides limited assurance of your self-assessment in these listed areas. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted. Assurance requirements are described in more detail in the Guidance for Assurance providers: Providing limited assurance for reporting.

## Purpose of the template

The purpose of this template is to assist signatories in disclosing their progress on implementing the PRB. The disclosed information is used by the UNEP FI Secretariat as the basis for the individual review of each bank's progress, as well as for reporting the collective progress made by the PRB Signatory Group. To measure collective progress in a consistent manner, some standardized questions to be completed by the banks are integrated into the template. The open questions give banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate.

# How to use this template

This template gives banks the chance to provide summaries of the annual progress made in implementing each Principle.  It is designed for your bank to provide references/links to where in your existing reporting/public domains (websites) the required information can be found to support your answers. The aim is to keep any additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6. When referring to other documents, please specify the pages where the exact information appears.

The Reporting and Self-Assessment Template shall not be amended structurally and content-wise. The content and text of the template can be applied to corporate layout and designed accordingly, without omitting parts of the texts. The Reporting and Self-Assessment Template can be integrated into your bank's reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. It needs to be publicly available and will be listed on the UNEP FI Signatories page.

The reporting needs to be published in English. Information that is referenced to within the Reporting and Self-Assessment Template should also be available in English. Where that is not possible, it is recommended to include the summary of relevant information as text in the Template, so that all necessary information can be taken into account when the UNEP FI Secretariat reviews the bank's performance.

# Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

| Response | Links and references: Please see section : Introducing |
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| *A MULTI-BUSINESS PAN-AFRICAN BANKING GROUP WITH A GLOBAL OUTLOOK*<br>*With operations in 32 countries, including 20 in Africa and with nearly 2,000 points of sale, BANK OF AFRICA is a panAfrican banking group, providing multidisciplinary expertise in a number of countries in Africa and around the world. The Group has fostered strong ties with the African continent, enabling it to play a major role in some of the continent's most important investment projects. BANK OF AFRICA was also the first Moroccan bank to open a representative office in China in 2000. It has bolstered its presence still further by becoming the first African bank*<br>*to open a branch office in Shanghai.*<br>*Over time, BANK OF AFRICA has built a portfolio of complementary banking and financial business lines centred around financing and supporting businesses around the world. Today, BANK OF AFRICA is one of Africa's main bankingand financial groups with multiple business lines and brands. 3 rd Bank by total assets with a 12.73% share of the loan market and a 13.24% share of the deposit market in Morocco, 2nd Bank-insurer with a product penetration ratio of 34.53% 34,53% and 3rd Asset manager with 13.5% market share.*<br>*INTERNATIONAL NETWORK : Our comprehensive international network comprising 2,000 points of sale enables us*<br>*to provide banking and financial services to businesses, institutions and individuals around the world.*<br>*FINANCIALLY SOLID: With total assets amounting to MAD 345 billion, we are the third largest bank within the industry, offering our customers an unrivalled solidity.* | *THE BANK OF AFRICA GROUP , of the Annual Financial report 2022 page 4 to 15: https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf And Section Introducing BANK OF AFRICA Group , page 6 to 25 of the Integrated Annual report 2021: https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20Annuel%20Int%C3%A9gr%C3%A9%202021%20ang_0.pdf* |

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

☒ UN Guiding Principles on Business and Human Rights

☒ International Labour Organization fundamental conventions

☒ UN Global Compact

☒ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: EP, Green Bound, BERD, TCFD.

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: BERD, EP, Green Bound, BERD

☐ None of the above

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| *BANK OF AFRICA was the 1st African Signatory of UNEP FI in 2000, and in 2019 became the 1st Bank in Morocco to sign up to the Principles for Responsible Banking during the launch in NYC. In 2018, the Bank developed its own CSR Charter, based on international Sustainability standards and principles, to guide its contribution to the Sustainable Development Goals, through 6 Commitments that resonate with the Principles for Responsible Banking.*<br>*We are a member of the Positive Impact Working Group and we are currently undergoing a first Impact Analysis based on the PI methodology to assess alignment with the SDGs, and also assessing in parallel impacts on Climate through various tools.*<br>*In 2016, we became the 1st Bank in Morocco to sign on to the UN Global and we continue to contribute to the Morocco Local Network of the United Nations Global Compact, created in 2017 in partnership with the United Nations Development Program (UNDP).*<br>*Climate risk was specifically integrated in the Group Risk Policy in 2020, in addition to the already existing compliance with the Equator Principles aimed at identifying, assessing and managing environmental and social risks in project financing since 2010. BANK OF AFRICA is still the only Moroccan EP Bank, since it established an environmental and social risk management system in partnership with IFC in 2008, having been revamped in 2019 to date. The Bank is currently the only Moroccan bank to exit financing any coal fired power plant, in addition to compliance with the EDFI Exclusion list. BANK OF AFRICA integrated Climate Risks in the Sustainability Charter in December 2020, followed by the Risk Policy and creation of an internal Taskforce undergoing first identification of sectors to climate impact in project finance portfolio throughout 2021. The Group has adopted a Group-wide exclusion list of activities to be financed,* | *Links and references:*<br>*Please see page 44 to 50 of the Annual Financial report 2022 : https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf* |

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| *based on the recommendations of the European Development Finance Institution. Based on extensive monitoring, the Group's consolidated exposure to wholly or partially excluded activities was 0.23% at the end of September 2022, below the 10% limit tolerated for activities on the exclusion list (alcoholic beverages, tobacco, arms, munitions and gambling). 0% For coal financing . In 2021/22 BOA plans to carry out an internal mapping of climate-related risks in its portfolio. Depending on the identification of climate risks in its portfolio, the Bank will be able to better inform and align its objectives with those of the Paris Agreement and the SDGs, in order to reduce exposure to polluting sectors or activities, such as the coal outlet.*<br>*Understanding the risks and opportunities of climate change and ensuring a progressive integration in our core businesses is Bank of Africa's on-going quest, and was a motivation for becoming a "supporting institution" of Climate Action in FIs initiative spearheaded by DFIs at COP21. Bank of Africa was then invited to be part of the Coordination Group in 2018 to date following active involvement, to represent at African commercial banks that seldom have a voice in this domain.*<br>*The bank was the first in Africa to express support for the TCFD, in an effort to understand how to better disclose its climate impacts as well as the impact of climate on its portfolio. In 2019, BANK OF AFRICA - BMCE Group was the only African Bank mentioned in the 1st TCFD Global Progress Report for the Banking Sector http://www.bcsconsulting.com/wp-content/uploads/2015/07/TCFD-Recommendations-Global-Progress-Report-for-the-Banking-Sector-1.pd The backbone for alignment will be the use of the Bank Porfolio Impact tool developed by UNEP-fi*<br>*BANK OF AFRICA is committed to responding actively to the Climate Finance Roadmap of the Groupement Professionnel des Banques du Maroc (GPBM). Drawn up in the run-up to COP22, this roadmap aims to promote the emergence of green finance at regional and continental level.*<br>*in 2020 BANK OF AFRICA, is the 1st Moroccan bank to join the United Nations Global Compact and UN Women partnership initiative "Women's Empowerment Principles". In 2021 ,is committed to joining the African network for diversity by signing the "Gender Diversity" Corporate Charter, drawn up by We4She as part of the Africa CEO Forum.*<br>*BANK OF AFRICA is a founding member of the AFRICAN BUSINESS LEADERS COALITION (ABLC), under the aegis of the United Nations. At COP 27 in 2022, the Group signed the African Business Leaders' Climate Declaration*<br>*This coalition created by the United Nations Global Compact Global Compact.*<br><br>*A pioneer in sustainability and ESG, Vision 2030 strengthens the Group's performance to create long-term value* | |

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| *Propose innovative products for our customers*<br><br>*Roll out the Positive Impact* approach to almost 2/3 of our portfolio by 2030, in order to identify profitable business lines, sectors and regional and continental geographies, while supporting customers on high-impact issues: climate (adaptation and decarbonisation), water, inclusion, etc.*<br><br>*Launch Sustainability-Linked Loans (SLL), where the interest rate varies according to the borrower's ESG performance, with the aim of representing a significant proportion of our portfolio by 2030.*<br>*Continue to raise funds - ESG-targeted blended finance**, including bank and customer technical assistance, and grants.*<br>*Aim for leadership in financial inclusion and diversity/disability management.*<br><br>*Support the development of SRI funds and facilitate access for customers.*<br><br>*Strengthen leadership in sustainability and ESG profile*<br>*Maintain No. 1 ESG ranking among banks in emerging markets, with the aim of achieving an overall average of 100% integration of ESG issues within our subsidiaries.*<br>*Make our CSR commitments more reliable through certifications and labels (transition to clean energy, eco-construction, etc.), serving as a benchmark for customers.*<br><br>*Adapting reporting to the best international standards, aiming for transparency and ESG disclosure through communication tools.*<br><br>*Supporting our communities*<br>*A pioneer, for over 25 years, in societal achievements through the BMCE Bank Foundation and the BOA Group Foundation for Education and Rural Development.*<br><br>*Set up a Stakeholder Committee to identify new business opportunities with our 300+ EI / SD-CSR partners.*<br>*Support entrepreneurship on a massive scale in Morocco and Africa, raising awareness/training almost 50,000 new project initiators, creating thousands of jobs, etc.* | |

# Principle 2:
# Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

## 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly[2] and fulfil the following requirements/elements (a-d)[3]:

***a)*** ***Scope:*** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

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| *As a committed member of the UNEP FI Positive Impact Working Group since 2017, BANK OF AFRICA has integrated the PI methodology in our ESMS to effectively assess both negative and positive impacts in investment loans in Morocco. In 2021, the new ESMS (Environmental & Social Management System )of BOA subsidiaries across SSA is being rolled out with integration of PI methodology to assess both negative and positive impacts. In Nov. 2020, BANK OF AFRICA published the 1st "Morocco Country Needs Mapping" via UNEP FI Positive Impact Working Group.*<br>*We are now looking forward to the final V3 tool to undertake our impact analysis, collecting data, and filling expected data gaps.*<br>*Our core banking business is focused on satisfying the needs of communities and supporting economic development whilst recognising the Earth's limited resources.*<br>*The Group's commitment to positive impact finance – an urgent need In Africa, annual investment shortfall has risen to an estimated USD 1.3 trillion if the continent is to achieve the UN's Sustainable Development Goals. BANK OF AFRICA, which is fully aware of its particular responsibility as a pan-African bank, strives to meet the developmental challenges of the African continent, particularly in a context marked by the heightened consequences of the COVID-19 pandemic and climate change.*<br>*It is for this reason that BANK OF AFRICA is committed to positive impact finance and why the Group's employees are fully on board. Positive impact finance is everyone's responsibility because all forms of financial activity generate positive and/or* | *Links and references:*<br>*page 50 to 54: https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20DD%202021%20ANG.pdf*<br>*See section Risques page 104 and 106 : https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf*<br>*And page 68 to 71 from Annual Integrated Report 2021: https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20Annuel%20Int%C3%A9gr%C3%A9%202021%20ang_0.pdf* |

[2] That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
[3] Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

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| *negative social, environmental and economic impacts in connection with the underlying asset financed.*<br>*Over and above the 'sustainable' finance aspect, the Group's entire business portfolio and business activities, including financial market operations,*<br>*asset management and M&A, are presented with*<br>*this very challenge.*<br>*First, the positive and negative impacts of economic, social and environmental convergence generated by the Group's business portfolio need to be identified. These impacts must then be reconciled with the 'needs' of those countries and communities in which the Group has operations. And finally, commercial targets and impact goals need to be set to see what progress is being made. This is the approach adopted by BANK OF AFRICA Group based on the Portfolio Impact Analysis Tool For Banks tool developed by UNEP FI.*<br>***The scope of analysis of outstanding loans encompasses Moroccan corporate loans. The latter amounted to MAD 57.7 billion, accounting for 50.3% of the total loans disbursed to Moroccan customers loans and 29.3% of the Group's total outstanding customer loans in 2021.***<br>***Within this scope, loans identified as having a positive impact amounted to MAD 18.79 billion, up 10% year-on-year, accounting for 32.5% of the total loans disbursed by BANK OF AFRICA to Moroccan corporate customers.***<br>*BANK OF AFRICA's commitment to sustainable finance is also reflected in its accreditation to the Green Climate Fund (in progress since 2022). This financial mechanism helps developing countries to limit or reduce their greenhouse gas (GHG) emissions and to adapt to climate change by integrating the notion of climate risk into the investment financing and credit granting process. This commitment by BANK OF AFRICA is in line with the Kingdom's policy of policy on carbon neutrality, in line with the Nationally Determined (NDC) in terms of reducing greenhouse gas emissions.*<br>*greenhouse gas emissions, as well as the National Strategy for Development Strategy (SNDD 2030) and the National Climate Plan (PCN 2030).*<br>*In 2022, a cooperation agreement was signed between BANK OF AFRICA and the European Bank for Reconstruction Reconstruction and Development (EBRD) for the development of a sustainable finance framework for green, social and sustainable bond issues. social and sustainable bond issues. In 2022, to support businesses in their decarbonisation process, BANK OF AFRICA has introduced two new*<br>*innovative and competitive financing solutions. These are "CAP GREEN INDUSTRY" and "CAP ENERGY".* | |

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| **b)** ***Portfolio composition:*** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope<br>i) by sectors & industries[4] for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or<br>ii) by products & services and by types of customers for consumer and retail banking portfolios.<br>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors. | |
| *Response: With the support of UNEP-FI,BANK OF AFRICA has integrated impact impact analysis into its financing*<br>*as well as at portfolio level.*<br>*of its portfolio. 30.46% of total business customer loans in*<br>*in Morocco. An operational financial strategy and commercial*<br>*objectives for the entire portfolio, aligned with the SDGs and*<br>*the specific needs of Morocco and Africa have also been*<br>*formalised* | *Links and references*<br>*Page of the Annual report 2022, link : https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%2020023-05-19%2015H35.pdf* |

[4] 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

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| ***c) Context:*** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?[5] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.<br><br>*This step aims to put your bank's portfolio impacts into the context of society's needs.* | |
| *Response: The choice to focus on Project Finance has been confirmed by peers in UNEP FI Positive Impact Working group but also with various DFIs, including IFC and last CDC , now* ***British International Investment****, (was formerly* ***CDC Group plc****,* ***Commonwealth Development Corporation*** *(UK). Furthermore, Morocco represents the core geography and where the Group is based so it is pertinent to identify impacts on this portfolio as a starter on the Impact Journey. The objective is indeed to identify business opportunities related to increasing positive impacts and reducing negative impacts, including Climate.*<br>*BANK OF AFRICA Group has been a pioneer in adhering to sustainable finance principles by participating in the United Nations EnvironmentProgramme -UNEP- in 2000 and the UNEP Finance Initiative, prior to becoming a founding signatory to the United Nations' Principles for Responsible Banking -PRB- in 2019. Framed by these international undertakings, BANK OF AFRICA has implemented a number of cornerstone projects to ensure that the Principles for Positive Impact Finance are embedded in its business philosophy as an outward-looking pan-African banking group. In 2021, the Group continued to bolster its commitment to sustainable finance by seeking accreditation to the Green Climate Fund, a positive impact financing facility and by strongly developing its Group's range of financing options in partnership with international development institutions.* | *Links and references*<br>*https://www.hcp.ma/Rapport-National-2021-Les-objectifs-du-developpement-durable-au-Maroc-dans-le-contexte-de-la-Covid-19-apres-la_a3617.html* |
| Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)6? Please disclose. | |
| *Response:*<br>*In its Sustainability Strategy and Environmental Policy, BANK OF AFRICA recognizes the importance of climate risk management and at this stage, tries to understand the impact of these risks on its economic environment in order to have a holistic vision in the matter, and at the same time, to monitor the impacts climate change on its current and future portfolios. The current targets are two-fold: the 1st target is related to coal financing, the 2d target is related to the EDFI Exclusion list. The baseline year is 2019.*<br>*The Group has limited the following cumulative products to 10% of the BANK OF AFRICA portfolio:* | *Links and references:*<br>*See page 23 of the Annual Integrated report 2022 Report: https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf* |

[5] Global priorities might alternatively be considered for banks with highly diversified and international portfolios.
[6] To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

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| *- Alcoholic drinks (except beer and wine)*<br>*- Tobacco*<br>*- Weapons and ammunition*<br>*- Gambling, casinos and similar businesses.*<br>*In order to meet the climate objectives of the Paris Agreement, the Bank will not finance any new coal-fired power plants in Morocco. As for the Group's other subsidiaries located in the Authorized Countries, they cannot devote more than 10% of the underlying portfolio of the Group to the financing of customers engaged in the production of coal-fired energy. In this regard, even if the financing of these activities is not prohibited by law, the Group considers that this is not ecologically, socially and / or ethically responsible.*<br>*The Group has adopted a Group-wide exclusion list of activities to be financed, based on the recommendations of the European Development Finance Institution. Based on extensive monitoring, the Group's consolidated exposure to fully or partially excluded activities: at the end of December 2022, the Group's percentage of exposure is 0.25%, 10% being the limit tolerated for activities on the exclusion list (alcoholic beverages, tobacco, arms, ammunition and gambling). 0% for coal financing.*<br>*BANK OF AFRICA - a key player in Impact Finance , with Impact BANK OF AFRICA was the first African bank to sign the in 2000 the UNEP Statement by Financial Institutions for the Environment and Sustainable Development of the UNEP (United Nations Environment Programme), before becoming a founding a founding member of the United Nations Principles for ResponsibleBanking" in 2019.*<br>*On the strength of its commitments to the international authorities the Group has stepped up the number of structuring projects to ensure that the principles of the principles of Impact Finance into all its activities, with its first first initiative in 2020 will be the publication of the first publication of the first report on Sustainable Finance in the Arab world, "Promoting Sustainable Finance and Climate in the Arab Region". BANK OF AFRICA's commitment to sustainable finance is also reflected in its accreditation to the Green Climate Fund Climate Fund (in progress since 2022). This financial mechanism*<br>*helps developing countries to limit or reduce their greenhouse or reduce their greenhouse gas (GHG) emissions and adapt to climate change by integrating the notion of climate risk into the process of financing and lending processes. This commitment by BANK OF AFRICA is in line with the Kingdom's policy on carbon policy on carbon neutrality, in line with the Nationally Determined Contribution (NDC) in terms of reducing greenhouse gas emissions, as well as the National Strategy for Development Strategy (SNDD 2030) and the National Climate Plan (PCN 2030).* | |

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| *In 2022, a cooperation agreement was signed between BANK OF AFRICA and the European Bank for Reconstruction and Development (EBRD) for the development of a sustainable finance framework for green, social and sustainable bond issues.*<br>*BANK OF AFRICA also obtained financing of 13 million from the European Bank for Reconstruction and Development Reconstruction and Development, with the support of the Green Climate Fund (GCF) and the European Union (EU) to promote the green transition of Moroccan businesses and support SMEs, enabling them to invest in clean technologies.*<br><br>*In the same spirit, BANK OF AFRICA has signed two agreements with the Agence Marocaine d'Efficacité Energétique (AMEE) and the EnR Cluster to contribute to the decarbonisation of the economy and to the implementation of the low-carbon strategy adopted by Morocco, and organised the 2nd edition of the Rencontres in Tangiers.*<br>*BANK OF AFRICA also financed the repowering of the Koudia El Baida wind farm in the Tangier-Tetouan region, for a total investment of €44 million, doubling the wind farm's existing the existing capacity of the wind farm to 100 MW. This is the oldest large-scale wind farm in Africa and Morocco's first producer of renewable energy in Morocco.* | |
| ***d)*** *For these (min. two prioritized impact areas)*: ***Performance measurement***: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.<br>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.<br>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.<br><br>*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.* | |
| *BANK OF AFRICA's Large Enterprises division has made a major contribution in several areas:*<br>***Education***<br>*Construction of the Mohammed VI University of Health Sciences, university accommodation in Casablanca and the International University of Rabat Funding for the development of Graines d'Elite Privé, a private educational establishment, the* | *Links and references:*<br>*P54: https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20DD%202021%20ANG.pdf* |

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| *American Academy, Universal Education Council and Groupe Scolaire des Nations.*<br>***Health***<br>*Multi-disciplinary hospital in Bouskoura*<br>***Sustainable towns***<br>*Mazagan Urban Pole and social housing in Bouskoura and Oujda*<br>***Access to electricity***<br>*Electrification of rural areas and the town of Dakhla.*<br><br>*The Sustainability Report describes the performance indicators resulting from the analysis of environmental and social risks: Rate of ECS - Environmental, Climate and Social- analysis carried out, the number of projects analysed, and projects having detrimental impacts on the Bank. The Bank also reports on progress rates of action plans proposed to clients, in accordance with IFC Performance Standards, and rate of financial commitments by risk category A, B and C. As mentioned earlier, the Bank has integrated the Positive Impact Radar developed by the Positive Impact Working Group of UNEP FI, in order to map out impacts on the SDGs.*<br>*In addition, BANK OF AFRICA is aligning itself to implement the reporting framework outlined by the G20 Voluntary Working Group on Climate Related Financial Disclosures (Task Force on Climate-related Financial Disclosures) (TCFD). BOA through its "Moroccan country needs" contribution and in liaise with its current activities has identified water, clean energy production and enrrgy efficiency ,social and gender inclusion and decent job creation as main impact issues. Going forward and using Bank Portfolio Impact tools actions will be defined . To be noted that actions are already in place but need to be formalized With the support of UNEP-FI, BANK OF AFRICA has integrated impact analysis into its financing as well as at portfolio level. of its portfolio. 30.46% of total business customer loans in Morocco. A operational financial strategy and commercial objectives for the entire portfolio, aligned with the SDGs and the specific needs of Morocco and Africa have also been formalised.* | *See P 27 "ESG RISK MANAGEMENT SYSTEM IN LINE WITH BEST INTERNATIONAL STANDARDS" of our Integrated Report https://www.ir-bankofafrica.ma/sites/default/files/2020-12/RAPPORT%20INTEGRE%202019%20XG%20UK%20WEB.pdf*<br>*BANK OF AFRICA,*<br>*A KEY PLAYER IN POSITIVE IMPACT FINANCE, Page 68 to 70 of the Annual Integrated Report 2021: https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20Annuel%20Int%C3%A9gr%C3%A9%202021%20ang_0.pdf* |

## Self-assessment summary:

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?**[7]

| | | | |
|---|---|---|---|
| Scope: | ☐ Yes | ☒ In progress | ☐ No |
| Portfolio composition: | ☐ Yes | ☒ In progress | ☐ No |
| Context: | ☐ Yes | ☒ In progress | ☐ No |
| Performance measurement: | ☐ Yes | ☒ In progress | ☐ No |

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

*Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify*

Response : water, clean energy production and enrrgy efficiency ,social and gender inclusion and decent job creation as main impact issues.

**How recent is the data used for and disclosed in the impact analysis?**

☐ Up to 6 months prior to publication

☒ Up to 12 months prior to publication

☐ Up to 18 months prior to publication

☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

[7] You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets8 have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a)** ***Alignment:*** which international, regional or national policy frameworks to align your bank's portfolio with[9] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

| | |
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| *Response:*<br>*In its Sustainability Strategy and Environmental Policy, BANK OF AFRICA recognizes the importance of climate risk management and at this stage, tries to understand the impact of these risks on its economic environment in order to have a holistic vision in the matter, and at the same time, to monitor the impacts climate change on its current and future portfolios. The current targets are two-fold: the 1st target is related to coal financing, the 2d target is related to the EDFI Exclusion list. The baseline year is 2019.*<br>*The Group has limited the following cumulative products to 10% of the BANK OF AFRICA portfolio:*<br>*- Alcoholic drinks (except beer and wine)*<br>*- Tobacco*<br>*- Weapons and ammunition*<br>*- Gambling, casinos and similar businesses.*<br>*In order to meet the climate objectives of the Paris Agreement, the Bank will not finance any new coal-fired power plants in Morocco. As for the Group's other subsidiaries located in the Authorized Countries, they cannot devote more than 10% of the underlying portfolio of the Group to the financing of customers engaged in the production of coal-fired energy. In this regard, even if the financing of these activities is not prohibited by law, the Group considers that this is not ecologically, socially and / or ethically responsible.What is "authorized countries"? Baseline.what is current the outstanding of the "coal" portfolio in Morocco? in BOA Group?Project finance? Corporate ? how is is the Group Porfolio defined ? NB if the current outstanding is say 8% .... 10% is not a good limit... BOA target should be to decrease its exposure in absolute terms , not in percentage . what would be the milestones? As for the Exclusion list same question , what is the current outstanding? the target would be not only to decrease but to reach something close to zero and in percentage less than 1%*<br>*BANK OF AFRICA - a key player in Impact Finance , with Impact BANK OF AFRICA was the first African bank to sign the* | *Links and references: See page 23 of the Annual Integrated report 2022 Report: https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%2020023-05-19%2015H35.pdf* |

| | |
|---|---|
| *in 2000 the UNEP Statement by Financial Institutions for the Environment and Sustainable Development of the UNEP (United Nations Environment Programme), before becoming a founding a founding member of the United Nations Principles for ResponsibleBanking" in 2019.*<br>*On the strength of its commitments to the international authorities the Group has stepped up the number of structuring projects to ensure that the principles of the principles of Impact Finance into all its activities, with its first initiative in 2020 will be the publication of the first publication of the first report on Sustainable Finance in the Arab world, "Promoting Sustainable Finance and Climate in the Arab Region". BANK OF AFRICA's commitment to sustainable finance is also reflected in its accreditation to the Green Climate Fund Climate Fund (in progress since 2022). This financial mechanism*<br>*helps developing countries to limit or reduce their greenhouse or reduce their greenhouse gas (GHG) emissions and adapt to climate change by integrating the notion of climate risk into the process of financing and lending processes. This commitment by BANK OF AFRICA is in line with the Kingdom's policy on carbon policy on carbon neutrality, in line with the Nationally Determined (NDC) in terms of reducing greenhouse gas emissions,as well as the National Strategy for Development Strategy (SNDD 2030) and the National Climate Plan (PCN 2030).*<br>*In 2022, a cooperation agreement was signed between BANK OF AFRICA and the European Bank for Reconstruction and Development (EBRD) for the development of a sustainable finance framework for green, social and sustainable bond issues.*<br>*BANK OF AFRICA also obtained financing of 13 million from the European Bank for Reconstruction and Development Reconstruction and Development, with the support of the Green Climate Fund (GCF) and the European Union (EU) to promote the green transition of Moroccan businesses and support SMEs, enabling them to invest in clean technologies.*<br><br>*BANK OF AFRICA is committed to implementing a Net Zero climate strategy with a view to joining the NZBA initiative and also to managing climate risks.*<br>*Submission to the NZBA is expected by 2025, with the support of an international firm with expertise in this area. For a budget dedicated of 2 MDH , equivalent of 180 000 Euro.* | |

[8] Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

[9] Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

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| *BANK OF AFRICA will also be accompanied in assessing its exposure to climate risks and will draw up a roadmap to define the integration of climate risks into BOA's climate strategy.according to a provisional timetable imprinted and aligned, with an analysis of portfolios' exposure to climate risks and opportunities, as well as support in the deployment of climate stress tests.* | |

**b)** ***Baseline:*** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

| *Impact area* | *Indicator code* | *Response* |
|---|---|---|
| *Climate change mitigation* | *…* | |
| | *…* | |
| | *…* | |

| *Impact area* | *Indicator code* | *Response* |
|---|---|---|
| *Financial health & inclusion* | *…* | |
| | *…* | |
| | *…* | |

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

| | |
|---|---|
| *Response: At 31 December 2021, the Group's exposure to business activities on the exclusion list – alcoholic beverages, tobacco products, arms and munitions and gambling – was 0.25% of total outstanding loans versus 0.39% in 2020, well below the 10% ceiling. Its exposure to the coal industry was 0%. In 2021, the Bank therefore reduced its exposure to excluded business activities by 65%.*<br><br>*BANK OF AFRICA is committed to positive impact finance and why the Group's employees are fully on board. Positive impact finance is everyone's responsibility because all forms of financial activity generate positive and/or negative social, environmental and economic impacts in connection with the underlying asset financed. Over and above the 'sustainable' finance aspect, the Group's entire business portfolio and business activities, including financial market operations, asset management and M&A Mergers& Acquisition , are presented with this very* | *Links and references: please see page 49 and next :https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20DD%202021%20ANG.pdf* |

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| *challenge. First, the positive and negative impacts of economic, social and environmental convergence generated by the Group's business portfolio need to be identified. These impacts must then be reconciled with the 'needs' of those countries and communities in which the Group has operations. And finally, commercial targets and impact goals need to be set to see what progress is being made. This is the approach adopted by BANK OF AFRICA Group based on the Portfolio Impact Analysis Tool For Banks tool developed by UNEP FI. The scope of analysis of outstanding loans encompasses Moroccan corporate loans. The latter amounted to MAD 57.7 billion, accounting for 50.3% of the total loans disbursed to Moroccan customers loans and 29.3% of the Group's total outstanding customer loans in 2021. Within this scope, loans identified as having a positive impact amounted to MAD 18.79 billion, up 10% year-on-year, accounting for 32.5% of the total loans disbursed by BANK OF AFRICA to Moroccan corporate customers.* | |

| | |
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| **c)** ***SMART targets*** (incl. key performance indicators (KPIs)[10]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose. | |
| *Response In its Sustainability Strategy and Environmental Policy, BANK OF AFRICA recognizes the importance of climate risk management and at this stage, tries to understand the impact of these risks on its economic environment in order to have a holistic vision in the matter, and at the same time, to monitor the impacts climate change on its current and future portfolios. The current targets are two-fold: the 1st target is related to coal financing, the 2d target is related to the EDFI ( Europeen Development Finance Institution ) Exclusion list. The baseline year is 2019.*<br>*The Group has limited the following cumulative products to 10% of the BANK OF AFRICA portfolio:*<br>*- Alcoholic drinks (except beer and wine)*<br>*- Tobacco*<br>*- Weapons and ammunition*<br>*- Gambling, casinos and similar businesses.*<br>*In order to meet the climate objectives of the Paris Agreement, the Bank will not finance any new coal-fired power plants in Morocco. As for the Group's other subsidiaries located in the Authorized Countries, they cannot devote more than 10% of the underlying portfolio of the Group to the financing of customers engaged in the production of coal-fired energy. In this regard, even if the financing of these activities is not prohibited by law,* | *Links and references* |

[10] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

| | |
|---|---|
| *the Group considers that this is not ecologically, socially and / or ethically responsible* | |
| **d)** ***Action plan:*** which actions including milestones have you defined to meet the set targets? Please describe.<br><br>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts. | |
| *Response:*<br>*On the strength of its commitments to the international authorities the Group has stepped up the number of structuring projects to ensure that the principles of the principles of Impact Finance into all its activities, with its first first initiative in 2020 will be the publication of the first publication of the first report on Sustainable Finance in the Arab world, "Promoting Sustainable Finance and Climate in the Arab Region". BANK OF AFRICA's commitment to sustainable finance is also reflected in its accreditation to the Green Climate Fund Climate Fund (in progress since 2022). This financial mechanism*<br>*helps developing countries to limit or reduce their greenhouse or reduce their greenhouse gas (GHG) emissions and adapt to climate adapt to climate change by integrating the notion of climate the notion of climate risk into the process of financing and lending processes. This commitment by BANK OF AFRICA is in line with the Kingdom's policy on carbon policy on carbon neutrality, in line with the Nationally Determined (NDC) in terms of reducing greenhouse gas emissions.*<br>*greenhouse gas emissions, as well as the National Strategy for Development Strategy (SNDD 2030) and the National Climate Plan (PCN 2030).*<br>*In 2022, a cooperation agreement was signed between BANK OF AFRICA and the European Bank for Reconstruction and Development (EBRD) for the development of a sustainable finance framework for green, social and sustainable bond issues.*<br>*BANK OF AFRICA also obtained financing of 13 million from the European Bank for Reconstruction and Development Reconstruction and Development, with the support of the Green Climate Fund (GCF) and the European Union (EU) to promote the green transition of Moroccan businesses and support SMEs, enabling them to invest in clean technologies.*<br><br>*In the same spirit, BANK OF AFRICA has signed two*<br>*agreements with the Agence Marocaine d'Efficacité Energétique*<br>*(AMEE) and the EnR Cluster to contribute to the decarbonisation of the*<br>*economy and to the implementation of the low-carbon strategy* | *Links and references: See page 23 of the Annual Integrated report 2022 Report: https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf* |

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|---|---|
| *strategy adopted by Morocco, and organised the 2nd edition of the Rencontres*<br>*in Tangiers.*<br>*BANK OF AFRICA also financed the repowering of the Koudia El Baida*<br>*Koudia El Baida wind farm in the Tangier-Tetouan region, for a total investment of*<br>*total investment of €44 million, doubling the wind farm's existing*<br>*the existing capacity of the wind farm to 100 MW. This is the*<br>*oldest large-scale wind farm in Africa and Morocco's first*<br>*producer of renewable energy in Morocco.* | |

## Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…

| | … first area of most significant impact: … *(please name it)* *climate change* | … second area of most significant impact: … *(please name it)* | *(If you are setting targets in more impact areas)* …your third (and subsequent) area(s) of impact: … *(please name it)* |
|---|---|---|---|
| Alignment | ☒ Yes<br>☐ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No |
| Baseline | ☒ Yes<br>☐ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No |
| SMART targets | ☐ Yes<br>☒ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No |
| Action plan | ☐ Yes<br>☒ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No | ☐ Yes<br>☐ In progress<br>☐ No |

## 2.3 Target implementation and monitoring (Key Step 2)

**For each target separately:**

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

***Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):*** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

| | |
|---|---|
| *Response: The Group monitors and manages the ECS - Environmental, Climate, and Social - risk management system, which ensures that all financing is tracked for compliance with the Exclusion List, with regular reporting to the internal ESS ( Environmental Social & Sustainability Committee. With regards to E&S risks, monitoring is performed through the study of customers' documentation followed up with site visits to monitor the progress of the E&S action plan that is eventually proposed by the Bank to the client. Furthermore, An "ECS Tracking System" is populated regularly with Financial and EC&S data related to Project Finance, and continuously updated in order to follow the progress of implementation of each recommendation. If the Bank becomes aware that a client has engaged in transactions that are not in compliance with IFC performance standards or the Equator Principles, we ask the client to take corrective action to remedy this incompatibility or breach. See above The Group has adopted a Group-wide exclusion list of activities to be financed, based on the recommendations of the European Development Finance Institution. Based on extensive monitoring, the Group's consolidated exposure to wholly or partially excluded activities was 0.23% at the end of September 2022, below the 10% limit tolerated for activities on the exclusion list (alcoholic beverages, tobacco, arms, munitions and gambling). 0% For coal financing* | *Links and references: See P 27 "ESG RISK MANAGEMENT SYSTEM IN LINE WITH BEST INTERNATIONAL STANDARDS" of our Integrated Report https://www.ir-bankofafrica.ma/sites/default/files/2020-12/RAPPORT%20INTEGRE%202019%20XG%20UK%20WEB.pdf See page 106 of the Financaial Annual report 2022 : https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf* |

# Principle 3:
# Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

## 3.1 Client engagement

*Does your bank have a policy or engagement process with clients and customers[11] in place to encourage sustainable practices?*

☒ Yes ☐ In progress ☐ No

*Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?*

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities[12]). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

| | |
|---|---|
| *Response: BANK OF AFRICA has issued a formalized Policy, through its Code of Ethics and its Quality Policy, to adequately inform customers about its products/services, with detailed information about product risks/benefits, to ensure that suitable products are sold to clients (products in line with their risk profile), avoid misleading marketing messages, mis-selling practices and coerciveness tied selling/inertia selling. There is a formalized and accessible system to handle complaints, with detailed disclosure on procedures. The purpose of this procedure is to set up the channels for handling any type of complaint from clients. BANK OF AFRICA has a Code of Ethics and Professional Conduct which sets out the principles and guidelines applicable to entities of the BANK OF AFRICA Group in terms of professional and professional ethics.*<br>*With a view to continuous improvement, the Group Compliance Group Compliance Department has updated the Code of Ethics and related procedures with a view, among other things, to strengthening*<br>*the requirements in terms of rules of conduct relating to the fight againstmoney laundering and the financing of terrorism, protection of customer interests, insider management and the ethical* | *Links and references: Please , see COMPLIANCE AS A PILLAR OF RESPONSIBLE HEAD OF BANK OF AFRICA on Page 34 to 37: https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf And the Sustainability Report 2021, page 32 to 35. https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20DD%202021%20ANG.pdf* |

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|---|---|
| *ethical whistleblowing.*<br>*With regard to the integrity of the capital markets, the Group Compliance sent reports on its ethical activities to the Moroccan Capital Market Autorité Marocaine du Marché des Capitaux (AMMC).As part of its various activities and product and service offerings, BANK OF AFRICA places the interests of its clients at the heart of its concerns. To this end, the Bank ensures that clients are treated transparently, impartially and fairly and that the products and services offered meet their needs, by giving them access to clear and precise information on all the terms and clauses and the related pricing. Several channels are available to customers complaints, which are dealt with by dedicated teams and passed on to the relevant within reasonable timescales to the entities concerned.* | |

## 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

| | |
|---|---|
| *Response: BANK OF AFRICA, a recognized Leader in sustainable and positive impact finance, is committed to promoting clean energy-water-waste solutions and technologies, and aims to better serve, accompany and assist SMEs and Corporates in the optimisation of their resources and their costs, especially pertinent on the dawn of a new era being heralded by Covid-19. In addition to financing wind energy farms and desalination plants, the Bank developed an exclusive range of sustainable finance products for the Moroccan market - Cap Energie, Cap Bleu and Cap Valoris- helping SMEs and large companies to become more resource-efficient, as well as Women in Business (WIB), the 1st programme specifically aimed at providing funding for women entrepreneurs. 1) 'CAP ENERGIE', a EUR 65 Million funding mechanism under the MorSEFF Program - Morocco Sustainable Energy Financing Facility - for businesses wanting to invest in energy-efficient or renewable-energy projects, which includes free technical assistance with customers qualifying for a 10% subsidy. Through the MorSEFF Program, BANK OF AFRICA customers benefitted from a unique solution offering financing, free technical assistance through the form an energy audit to accompany customers, and an investment bonus that increased the appetite in this new market. In parallel, the Bank raised awareness among its customers through roadshows and seminars encouraging low-energy technologies, focusing on renewable energies and strengthening local production. The success of MorSEFF can be attributed to various factors. The 1st* | *Links and references: See P 44 BANK OF AFRICA - a key player in Impact Finance in our Financial Reporting 2022 . https://www.ir-bankofafrica.ma/sites/default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf* |

[11] A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.
[12] Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

| | |
|---|---|
| *being that energy efficiency is the proverbial lowest-hanging fruit as the energy savings can be easily translated into financial savings for companies. Such positive spin-offs for clients were applicable in multiple industries including Transport, Industry and Construction. In 2021, BANK OF AFRICA now offers an additional EUR 10 Million financing facility to finance Green Value Chain SME projects in partnership with EBRD, with a new gender lens in its impact indicators; 2) 'CAP BLEU', the 1st Water Financing Facility in the market, a EUR 20 million blended finance facility in partnership with EIB and AFD to finance water management across various sectors, with free technical assistance and an interest rate rebate. In March 2021, the Bank and its DFI Partners have made the eligibility criteria more flexible to adapt to a post Covid 19 reality for companies and clients. 3) 'CAP VALORIS', a financing specifically for sustainable waste management projects, includes technical assistance and a financial rebate, in partnership with DFIs ( Development Financial Insttutions) including EBRD ( Europeen Bank of Reconstruction & development) (GVC Global Value Chain), MAROC PME- the national Agency dedicated to promoting SMEs, CCG Green Invest - in partnership with the Central Guarantee Fund. Through these Sustainable Finance blended finance packages, BANK OF AFRICA has worked since 2015 to promote, facilitate, and accompany sustainable economic activities, namely the energy transition of companies in Morocco. The various partnerships and initiatives in sustainable finance have enabled BANK OF AFRICA to develop genuine expertise in this field and to design and offer the market a range of financing solutions with a high environmental impact, which are also environmentally friendly.*<br>*in this area and to design and offer the market a range of financing solutions with a high environmental, social and climate impact . The Group is preparing for the launch in 2023 of its first Social Bond to finance investments of a social nature in the following areas social investments in health, education and housing. In 2022, to support businesses in their decarbonisation process, BANK OF AFRICA has introduced two new innovative and competitive financing solutions. These are "CAP GREEN INDUSTRY" and "CAP ENERGY".* | |

# Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

## 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups[13]) you have identified as relevant in relation to the impact analysis and target setting process?*

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

| | |
|---|---|
| *Response: BANK OF AFRICA is a signatory of the Principles for Responsible Banking, and published a Materiality Analysis, enabling the Group to identify the environmental, social and governmental challenges while taking into account stakeholders' expectations and the Bank's business challenges. BANK OF AFRICA's Sustainability & CSR Charter was born out of this exercise, involving various departments across the Bank, non-financial performance experts and independent third parties. This Stakeholder Engagement contributes precisely to the Implementation of the PRBs. Furthermore, we are Strongly committed to providing a proactive response to the Climate Finance Roadmap of the Moroccan Banking Association (GPBM), working proactively with various stakeholders, including Bank Al Maghrib (the Central Bank) and Casablanca Finance City to promote and develop green finance in Morocco and Africa.*<br><br>*In 2021, BANK OF AFRICA also launched a working group comprising a panel of experts to develop a dual materiality approach specifically adapted to the financial sector based on the different approaches and recommendations published by European and international authorities. This approach forms part of the Group's overall strategy review as well as providing an effective response to the need to be attentive to stakeholders. The socio-environmental risk factors potentially impacting the Bank's profitability have already been assessed and mitigated as* | *Links and references: See P 23 et 24 SUSTAINABLE DEVELOPMENT, AN INTEGRAL PART OF THE BANK'S STRATEGY https://www.ir-bankofafrica.ma/sites/default/files/2020-10/int%20RAPPORT%20DD%20DURABLE%202019%20XG%20UK%20WEB.pdf*<br><br>*https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20DD%202021%20ANG.pdf* |

[13] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

| | |
|---|---|
| *part of the Group's risk-reward approach. A standardised materiality analysis has also been carried out on the actual and potentially adverse impacts from the Bank's activities. The purpose of a dual materiality approach is to reconcile these two approaches to appraise the Bank's overall interactions with its ecosystem from both an impact-based and financial perspective.* | |

# Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

## 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

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| *Response: BANK OF AFRICA bolstered its Sustainability & CSR governance by establishing an Environmental, Social and Sustainability (ESS) Committee in 2019. The ESS Committee, which is chaired by the Group Executive Managing Director, is responsible for monitoring and overseeing the implementation and updating of the Group's environmental, social and sustainability goals. As of 2020, the Board is also involved in overseeing the Climate Change strategy via the newly formed ESS Committee. This committee has been enacted/validated by and for the Board of Directors and for the first time in the Bank's sustainability trajectory, this ESS Committee is now reporting periodically - 3 times a year - to the Board. In sum, the ESS Committee directly supports the effective implementation of the Principles and seeks to include oversight and integration of climate-related disclosures, products and investments. The ESS Committee further provides overnights for the Bank's Impact Analysis, including the Targets to be validated and tracked. Among the various Specialised Committees responsible for overseeing the implementation of the Group's strategic and operational and operational guidelines, the Environmental, Social and Sustainability (ESS) is responsible for strengthening the governance of CSR within the Group and embed sustainability throughout the organisation.*<br><br>*In 2022, the Environmental, Social and Sustainability Committee continued its work, dealing with four new issues relating to new themes relating to: (1) the Bank's Positive Impact approach, (2) accreditation to the Green Climate Fund, (3) deployment of the* | *Links and references: See Governance on P 36 of our 2019 Annual Report RAPPORT%20INTEGRE%204%209%2020%20WEB%20%281%29.pdf and "The Group's CSR governance" on P. 18 of our 2019 Sustainability Report: https://www.ir-bankofafrica.ma/sites/default/files/2020-10/int%20RAPPORT%20DD%20DURABLE%202019%20XG%20UK%20WEB.pdf See page 17 GOVERNANCE ADAPTED TO THE IMPLEMENTATION OF THE CSR POLICY on the RFA 2022 https://www.ir-bankofafrica.ma/sites* |

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| *national deployment of the national Financial Inclusion strategy and (4) the Diversity & Inclusion approach.*<br>*First CSR-ESG Seminar for Directors An information seminar for Directors was held in held in 2022. The seminar is based on the regulatory provisions of the regulatory provisions of BAM's circulars and the Strategic Vision Strategic Vision 2030, which builds on BAM's (Bank –Al-Maghrib, the Moroccan Central Bank) strong positioning in impact/ESR finance to access innovative and cost-competitive innovative and cost-competitive financing for the SME segments, and SME segments, and maximise the potential for sustainable financing for Corporates in key sectors (e.g., integrating CSR into Core Business Core Business: infrastructure, energy, sanitation, health*<br>*education, transport, engineering and industry).* | */default/files/2023-05/RFA%20BOA%202023-05-19%2015H35.pdf* |
| **5.2 Promoting a culture of responsible banking:**<br>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others). | |
| *Response: To promote a culture of responsible bank among its employees, Bank of Africa has implemented several measures and initiatives that include:*<br>*-Gender and Inclusion Charter, with a Gender Action Plan carried out by HR*<br>*-Sustainability / CSR training programs for employees around a number of key Sustainability Charter themes : Group E&S training for sales focus and Management, training of Account Managers on ESMS risks, eco-friendly actions, health and safety at work, training of all staff on preventing and dealing with psychosocial risks at the workplace .*<br>*- Yearly celebration of Earth Day: in 2019 Bank of Africa partnered with WWF Morocco to shed light on Biodiversity in the banking sector. Includes awards for employees and branches promoting energy savings.*<br>*- Performance Improvement Groups (PIG): these working groups are made up of Bank entities having a direct relationship with the 6 commitments of the Sustainability & CSR Charter (Corporate Sustainability Charter). The meetings serve to share data and contribute to the Bank's extra-financial reporting, as well as raising awareness of compliance-related matters.*<br>*- Sustainability & CSR Charter Deployment Workshops: these seminars are addressed to the Group's subsidiaries and are organized annually in order to implement responsible banking commitments across the Group and to monitor the improvement of the approach in these subsidiaries, in particular through the implementation of actions place and performance-monitoring indicators.*<br>*- As part of the in-house certifications (ISO 14001 & 50001 Environmental & Energy Management Systems, in addition to* | *Links and references:*<br>*Please see page 64 and following*<br>*https://www.ir-bankofafrica.ma/sites/default/files/2022-10/Rapport%20DD%202021%20ANG.pdf* |

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| *OHSAS Occupational Health & Safety), a Communication Plan has been put in place across a number of channels: internal magazines (Internews, Magnews, Intereso,…), Apps (BeTalent…), Podcasts, internal eco-gesture press releases, etc.*<br>*- Appointments of Sustainability & CSR Focal Points across the Group in order to promote a culture of responsible banking.*<br>*- In dec. 2020, BANK OF AFRICA was the 1st Bank in Morocco to obtain the SafeGuard label of excellence illustrating the Bank's commitment to preserving the health and safety of employees and customers in the context of the Covid-19 health crisis, reaffirming the Group's societal commitments internationally and reinforcing its parties stakeholders on the effectiveness of its business continuity plan, in accordance with global health standards.*<br>*- Maintenance of OHSAS 18001 certification for the preservation of risks related to health and safety, and to well-being at work.*<br>*BANK OF AFRICA encourages its employees to develop their skills through a variety of training programmes which are primarily delivered by the BANK OF AFRICA Academy, a specialised training provider. In 2021, the Bank continued to digitise its training to adapt to the challenges posed by the pandemic. BOA Academy launched its Be Talent e-learning solution to ensure that learners could continue to access training.*<br>*BANK OF AFRICA is the first commercial bank in Morocco to be awarded ISO 45001 certification for its occupational health, safety and wellbeing risk prevention system. This certification underlines the Bank's commitment to all matters relating to working conditions and the workplace environment and its efforts at preventing risks relating to employee health and safety.*<br>*The Group encourages employee mobility and career management. It encourages retraining and promotion as well as international mobility. 993 internal transfers were registered in 2021, resulting in either a change in business line or post, in what was a sideways move or a promotion.* | |
| **5.3 Policies and due diligence processes**<br>Does your bank have policies in place that address environmental and social risks within your portfolio?[14] Please describe.<br>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks. | |
| *Response: BANK OF AFRICA, fully aware that large industrial and infrastructure projects might have adverse impacts on people and on the environment, decided to voluntarily adopt, in 2008, the Equator Principles based on the IFC's performance standards. Application of these principles within the Bank resulted in the* | *Links and references* |

[14] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

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| *latter implementing an Environmental and Social Management System (ESMS). Since 2010, in addition to carrying out standard analysis, a specialised team within the Bank's risk management department has been analysing and monitoring loan applications based on the requirements of the Equator Principles (EP) via the ESMS. To date, BANK OF AFRICA remains the only bank within the Moroccan banking industry to have adopted the Equator Principles. Its ESMS enables the Bank to significantly mitigate adverse social and environmental impacts generated by the projects it finances. Each year, the Bank publishes a fully transparent report about how the Equator Principles have been applied.*<br>*BANK OF AFRICA sets a high value on appraising its environmental and social impacts, which are an integral component of its risk profile in their own right. The Group carries out a systematic analysis of environmental, climate-related and social impacts, both positive and negative. This approach, which applies to all of BANK OF AFRICA's investment loans, enables it to develop a genuine dialogue with clients and helps improve the quality of the portfolio as far as environmental and social aspects are concerned. To ensure that each appraisal is carried out effectively, each loan application is processed either by the sales force or by the subsidiary's ES risk expert depending on its environmental and social complexity. The positive and negative impacts of each loan application are identified and appraised. A summary note is then assigned which covers the following three main points:*<br>*1- The 'positive impacts' – economic, environmental and social – are identified and the extent to which they are important is qualified and appraised.*<br>*2- The risks associated with the investment loan application are identified after analysing the negative environmental and social impacts and appraising the measures taken by the client to mitigate these risks.*<br>*3- The 'business opportunities' for the client, in terms of sustainable energy, water and waste, are identified for the purpose of catalysing investment decisions.*<br>*In 2021, the Group's General Risk Management policy was updated with new features added as a result of revisions made to country risk policy with the inclusion of environmental, climate-related and social risk factors. All policies and plans drawn up have taken into account the recommendations of the regulatory authority and its new directive on climate and environmental risk as well as being reviewed and approved by the Group Risk Committee.* | |

## Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

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| Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?<br>☒ Yes ☐ No<br>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?<br>☒ Yes ☐ In progress ☐ No |

# Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

## 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

| *Response* | *Links and references* |
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## 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☒ GRI

☐ SASB

☐ CDP

☒ IFRS Sustainability Disclosure Standards (to be published)

☒ TCFD

☒ Other: COP of the UN Global Compact., BERD, EP, Green Bound

| *Response* | *Links and references* |
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## 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[15], target setting[16] and governance structure for implementing the PRB)? Please describe briefly.

| *Response* | *Links and references* |
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[15] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

[16] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance

☐ Gaining or maintaining momentum in the bank

☐ Getting started: where to start and what to focus on in the beginning

☒ Conducting an impact analysis

☐ Assessing negative environmental and social impacts

☒ Choosing the right performance measurement methodology/ies

☒ Setting targets

☐ Other: …

☒ Customer engagement

☐ Stakeholder engagement

☒ Data availability

☐ Data quality

☐ Access to resources

☐ Reporting

☒ Assurance

☒ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

# Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below. [17] The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found here, the Theory of Change for financial health & inclusion can be found here.

**How to use**: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets[18] (highlighted in green) or to client engagement[19] targets (highlighted in blue), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.[20] Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

[17] It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

[18] Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

[19] Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

[20] You might not be able to report on all indicators and/or or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance**: please report on the climate targets set as required in the Guidelines for Climate Target Setting. As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.

- **For Signatories of the Collective Commitment to Financial Health & Inclusion**: please report on financial health and/or financial inclusion targets set as required in the Financial Health and Inclusion Commitment Statement. As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the Guidance on Target Setting for Financial Health and Inclusion and the Core Indicators to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

| Impact area | Practice[21] (pathway to impact) | | | | | | | | | Impact[22] | | |
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| | 1. Action indicators | | | 2. Output indicators | | | 3. Outcome indicators | | | 4. Impact indicators | | |
| | Code | Indicator | Response options & metrics | Code | Indicator | Response options & metrics | Code | Indicator | Response options & metrics | Code | Indicator | Response options & metrics |
| A. Climate change mitigation | A.1.1 | **Climate strategy:** Does your bank have a climate strategy in place? | Yes / In progress / No | A.2.1 | **Client engagement process:** Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (*for business clients*), or towards low(er)-carbon practices (*for retail clients*)? | Yes / Setting it up / No;<br><br>*If yes:*<br>Please specify for which clients (types of clients, sectors, geography, number of clients etc.) | A.3.1 | **Financial volume of green assets/low-carbon technologies:** How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies? | bln/mn USD or local currency, and/or % of portfolio; *please specify* the definition of green assets and low-carbon technologies used | A.4.1 | **Reduction of GHG emissions:** how much have the GHG emissions financed been reduced? | % over time; baseline and tracking GHG emissions in kg of $CO_2e$ (or applicable metrics)[23] |
| | A.1.2 | **Paris alignment target:** Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when? | Yes / In progress / No;<br><br>*If yes*:<br>- please specify: to become **net zero by when**?<br>- **Emissions baseline / base year**: What is the emissions baseline / base | A.2.2 | **Absolute financed emissions**: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or | Total GHG emissions or $CO_2e$ (*please also disclose what is excluded for now and why*) | A.3.2 | **Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:** How much does your bank lend to / invest in carbon- | bln/mn USD or local currency, and/or % of portfolio | A.4.2 | **Portfolio alignment:** How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)? | % of portfolio (*please specify which portfolio; for corporate and business clients: % of sectors financed*) |

[21] Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices
[22] Impact: the actual impact of the bank's portfolio
[23] If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

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| | | | year for your target?<br>- **Climate scenario used:** What climate scenario(s) aligned with the Paris climate goals has your bank used? | | investment portfolio? | | | intensive sectors and activities[24]? How much does your bank invest in transition finance[25]? | | | | |
| | **A.1.3** | **Policy and process for client relationships:** has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model? | Yes / In progress / No | **A.2.3** | **Sector-specific emission intensity** (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector? | Please specify which sector (*depending on the sector and/or chosen metric*): kg of $CO_2e$/ kWh, $CO_2e$ / m2; kg of $CO_2e$/USD invested, or kg of $CO_2e$/revenue or profit | | | | | | |
| | **A.1.4** | **Portfolio analysis:** Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio? | Yes / In progress / No;<br><br>*If yes:* please specify which parts of the lending and investment portfolio you have analyzed | **A.2.4** | **Proportion of financed emissions covered by a decar-bonization target:** What proportion of your bank's financed emissions is covered by a decar-bonization target, i.e. stem from clients with | % *(denominator: financed emissions in scope of the target set)* | | | | | | |

[24] A list of carbon-intensive sectors can be found in the Guidelines for Climate Target Setting.
[25] Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

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| | A.1.5 | **Business opportunities and financial products:** Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)? | Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for | | a transition plan in place? | | | | | | | |
| **B. Financial health** | B.1.1 * | # of products and services in the portfolio with a focus on financial health | Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc. | B.2.1 * | # of individuals supported with dedicated and effective financial and/or digital education initiatives | Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective | B.3.1 * | % of individuals with a good and/or very good level of financial skills | Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives. | B.4.1 | % of customers with a high level of financial health | Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution. |

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| | | | | | | means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users. | | | | | | |
| | B.1.2 * | % of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health | Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of | B.2.2 * | % of customers actively using the online/mobile banking platform/tools | Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including | B.3.2 | % of customers who use the bank's services to create a financial action plan with the bank | Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize, | B.4.2 | % of customers for which spending exceeded 90% of inflows for more than 6 months last year | Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main |

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| | | | stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health | | | financial health tools) | | | through the transactions of the customer, the results of the plan. | | | financial institution customers. |
| | B.1.3 | # of partnerships active to achieve financial health and inclusion targets | Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports. | | | | B.3.3 | % of customers using overdraft regularly | Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health | B.4.3 | % of customers that feel confident about their financial situation in the next 12 months | Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation. |
| | | | | | | | B.3.4 | % of customers with a non-performing loan | Transactional data based. Measures the percentage of customers with past-due loans ("past due" | B.4.4 | % of customers with products connected to long-term saving and investment plans | Transactional and/or survey data based. Measures the percentage of customers with products |

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| | | | | | | | | | defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio. | | | connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition. |
| | | | | | | | B.3.5 | % of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter. | Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR invest ment accounts balances, quarter on quarter. | B.4.5 | % of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense | Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based |

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| | | | | | | | | | | | | using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc. |
| **C. Financial Inclusion** | C.1.1 * | # of products and services in the portfolio with a focus on financial inclusion | Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc | C.2.1 | # of individuals supported with dedicated and effective financial and/or digital education initiatives | Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is | C.3.1 * | % of individuals with a good and/or very good level of financial skills | Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives. | C.4.1 | % of customers with 2 or more active financial products, from different categories, with the bank | Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive. |

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| | | | | | | successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users. | | | | | | |
| | C.1.2 * | % of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health | Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative | C.2.2 | % of customers with effective access to a basic banking product | Transactional data based. Measures the percentage of customers with effective access to a basic banking product. By effective we mean the usage beyond first access. Basic banking products vary by bank. Good examples are: checking accounts, payment accounts, credit cards, saving accounts, deposit accounts, e- | C.3.2 | % of customers supported with dedicated customer journey/advisory services | "Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups , this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure. | | | |

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| | | | will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health | | | money accounts, etc. | | | | | | |
| | C.1.3 | # of partnerships active to achieve financial health and inclusion targets | Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports. | C.2.3 | # of new customers per month | Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month. | C.3.3 * | % of customers actively using the online/mobile banking platform/tools | Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable) | | | |