BANK OF AFRICA
BMCE GROUP

Equator Principles Report
2024

Contents

Introduction

The Equator Principles are a set of voluntary guidelines adopted by financial institutions, for determining, assessing and managing Environmental and Social risks in projects. They were established to ensure that the projects financed and advised on are developed in a socially responsible manner, reflecting sound environmental management practices.

The Equator Principles (EP) were launched in 2003 based on the International Finance Corporation Performance Standards on social and environmental sustainability and on the World Bank Group Environmental, Health, and Safety Guidelines. The Principles were updated in 2006 (EPII) and again in 2013 (EPIII). The most recent version, EP4, was agreed upon in November 18th 2019, to come into effect on October 1st 2020.

The 4th version includes update in four key areas: Scope and applicability of the Equator Principles; Applicable standards in Designated versus Non-Designated countries; Human rights and social risk and Climate Change.

Scope

The scope of the Equator Principles (EP4) has been extended to apply to Project-Related Refinancing and Project-Related Acquisition Financing where:

- The underlying Project was financed in accordance with the Equator Principles framework
- There has been no material change in the scale or scope of the Project and
- The Project completion has not yet occurred at signing of facility/ loan agreement

As of **June 2025, 130 Equator Principles Financial Institutions (EPFIs) have** officially adopted the Equator Principles, covering the majority of international project finance debt within developed and emerging markets.

There are three categories of EP Signatories:

- **Probationary Signatories** and **Full Signatories** are Active in providing In-scope Financial Products and are referred to as Equator Principles Financial Institutions (EPFIs).
- **Affiliate Signatories** are Inactive financial institutions and therefore do not have any reporting requirements under the Equator Principles. Currently there are no Affiliate Signatories.

BANK OF AFRICA has been an EP member since 2010. For further information about the Equator Principles, please consult the official website www.equator-principles.com

This report provides an overview of the most recent data for the 2024 financial year (from January 1st to December 31st, 2024). The recorded transactions have been measured in accordance with the requirements of Principle 10 of the Equator Principles, which states that the EPFI will, at least annually, report publicly on transactions that have reached Financial Close and on its Equator Principles implementation processes and experience.

Implementation of the Equator Principles by BANK OF AFRICA

BANK OF AFRICA became the 1st and the only Moroccan Bank in the Maghreb Region to adopt the Equator Principles on May 10th, 2010, underlining the Bank's strong commitment to finance environmentally and socially responsible projects. This is reflected through the methodologies developed by the Bank to identify, reduce and mitigate potentially adverse environmental and social impacts of projects financed.

EP transactions are run through internal environmental and social policy, All information about the EPs are available for employees on intranet pages, the guidance documents and procedures have been in place in order to ensure the effective application of the principles.

At BANK OF AFRICA, the Equator Principles transactions are managed through the E&S Risk Team (Analysis of Commitments Division) which depend to Group Risks. Their responsibilities include the following steps:

- Identification and categorisation of Equator Principles applicable transactions
- Collecting project-related information and data
- Visiting the site for Category A and certain Category B projects
- Conducting E&S due diligence for Equator Principles transactions (category A and certain B projects)
- Proposing recommendations, action plans and guidance to client via the *Plateform Project and investment financing*.
- Supporting the *Plateform Project and investment financing* to Monitor of Equator Principles action plan.

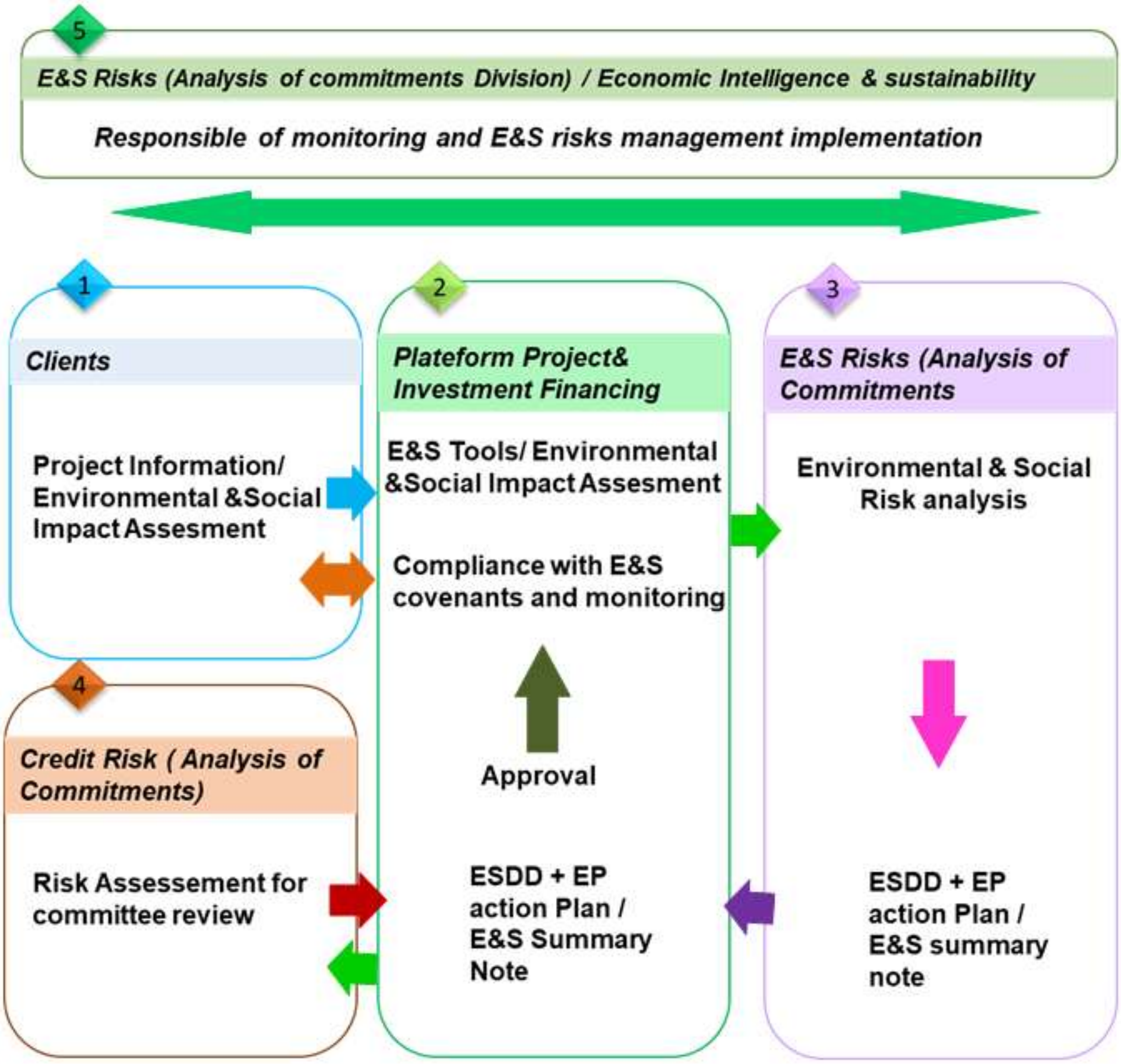
BANK OF AFRICA's *Economic Intelligence & Sustainability Direction and the E&S risks Team*, which reports to the Group Governance and Development Department and the Group risks Department are responsible of monitoring and E&S risks management implementation.

<u>Environmental and Social Risk Process</u>

The steps for managing social and environmental risk are as follows:

1. The *Plateform Project & Investment Financing (PPIF)* request an Environmental and Social Impact Assessment (ESIA) and information regarding the project, in order to complete the E&S tools.
2. The E&S *Risks team (Analysis of Commitments*) studies the E&S tools, analyses the ESIA, and conducts environmental and social due diligence (ESDD) in accordance with IFC performance standards and Equator Principles requirements. Following the ESDD, an E&S summary note including an action plan is prepared by the E&S Risks team *(Analysis of Commitments*) and monitored by the *PPIF* with the support of E&S Risks team.
3. The ESDD report and the E&S summary note are submitted to the *PPIF*, which then transfer them to the *Credit Risk* (*Analysis of Commitments*).
4. Upon approval, the *PPIF* informs the customer of the required action plan.

The following flow-chart summarises BANK OF AFRICA's organisational structure for managing environmental and social risks:



It should be noted that among the various Specialized Committees in charge of overseeing the execution of the Group's strategic and operational orientations, the Environmental, Social and Sustainability (ESS) Committee aims to bolster CSR governance within the Group, thereby ensuring that sustainability is fully embedded within its organisational structure. Its main responsibilities consist of:

- Monitoring implementation of the Environmental, Social and Gender action plan across the Group
- Ensuring that ES risk management practices within the Group are effective
- Developing and supervising Impact Finance performance indicators
- Supervising global commitments in term of sustainable development and CSR.

Equator Principles reporting

The EP applicable transactions having reached financial close in FY 2024 are shown in Table 1. The projects were identified and assessed by applying IFC's performance standards, World Bank EHS Guidelines, in addition to compliance with local E&S laws, regulations and standards and the Equator principles 1 through 10 (based on category).

During 2024, 12 Project Finance and Project-Related Corporate Loans transactions have reached financial close. All of these projects are based in Morocco and cover categories A and B.

The table below summarises the number of transactions signed for the past three financial years. Breakdowns are provided by category, sector, region, country designation, independent review and project name reporting.

Table 1: Breakdown of Equator Principles Projects Closed in FY24.

Appraisal of transactions	Project Finance				Project-Related Corporate Loans			
	Total	**A**	**B**	**C**	**Total**	**A**	**B**	**C**
Category[1]								
	10	2	8	.	**2**	-	2	-
Sector								
Mining	**2**	**2**	-	-	-	-	-	-
Infrastructure	**4**	-	**4**	-	**1**	-	1	-
Oil & Gas	-	-	-	-	-	-	-	-
Power	-	-	-	-	-	-	-	-
Others	**4**	-	**4**	-	**1**	-	1	-
Region								
Americas	-	-	-	-	-	-	-	-
Europe, Middle East and Africa	**10**	2	8	-	**2**	-	2	-
Asia Pacific	-	-	-	-	-	-	-	-
Country designation[2]								
Designated countries	-	-	-	-	-	-	-	-
Non-designated countries	**10**	2	8	-	**2**	-	-	-
Independent Review[3]								
Yes	**2**	2	-	-	-	-	-	-
No	**8**	-	8	-	-	-	-	-
By project name reporting[4]								
	8	**2**	**6**	-	-	-	-	-

1. **Category A (High risk**): Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented; category **B (Medium risk)**: Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, largely reversible and readily addressed through mitigation measures; category **C (Low risk)**: Services company projects with minimal or no adverse environmental and social risks and/or impacts
2. Country Designation is defined to include countries that are known as “high income OECD Countries”. Projects in designated countries are screened according to country laws and regulations. **Projects in “non-designated” countries are assessed according to local laws, the IFC Performance Standards, the World Bank EHS Guidelines and the 10 Equator principles.**
3. Independent Review is a review of the Assessment Documentation including the Environmental and Social Management Plans, Environmental and Social Management System and Stakeholder Engagement process documentation carried out by an Independent Environmental and Social Consultant.
4. Project Name Reporting indicates the number of clients who have agreed that high-level project details can be disclosed on the Equator Principles website.

Independent audit organisations

As part of the Integrated Management System (IMS), a Green & Sustainable Finance working group within the Environmental Performance Improvement Group was established specifically to evaluate and manage the indirect impacts of activities financed by the bank. In addition, BANK OF AFRICA relies on the expertise of audit firms such as Bureau Veritas and IMANOR to evaluate indirect impacts related to its clients' activities.

Bureau Veritas is a global leader in Testing, Inspection and Certification (TIC), delivering high quality services to help clients meet the growing challenges of quality, safety, environmental protection and social responsibility. As a trusted partner relying on a network of 77 000 employees in 140 countries, Bureau Veritas offers innovative solutions beyond compliance with regulations and standards, including risk mitigation, improving performance and promoting sustainable development.
http://www.bureauveritas.com/

IMANOR, Moroccan Institute for Standardization, is the national body responsible for standardization in Morocco. Its main mission is to promote standardization across various sectors to improve the quality of products and services, protect consumers, and facilitate trade. IMANOR develops national standards in collaboration with experts and stakeholders, playing a key role in harmonizing Moroccan standards with those of other countries. Additionally, the institute participates in international initiatives to strengthen cooperation in standardization. Through its efforts, IMANOR contributes to economic development and enhances the competitiveness of Moroccan businesses in the global market.

Additional Information

- **Awareness**

All information about the EPs are available for employees on intranet pages. The internal toolkit includes technical reference documents to provide guidance to users and ensure that they are aware of Good International Industry Practice (GIIP).

Additionally, presentations, internal and external newsletters and updates on EP are communicated to relevant personnel.