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RCREEE
Regional Center for Renewable Energy and Energy Efficiency
المركز الإقليمي للطاقة المتجددة وكفاءة الطاقة



Mitigation Enabling Energy Transition in the MEDiterranean region

Energy efficiency financing mechanisms by BANK OF AFRICA

Group Governance & CSR
Business Intelligence & Sustainable Development

May 2023

Operational Approach to Sustainable Finance Within BOA Group

A commitment to sustainable development in the genes of BANK OF AFRICA BMCE & BOA Foundation - A participatory and partnership approach

Assessment of the BMCE Foundation

- 34 schools awarded the "ECO ECOLE" label by the Mohammed VI Foundation.
- More than 300 schools in Morocco and 6 schools in Senegal, Congo, Mali, Rwanda and Djibouti.
- 63 schools providing pre-school and primary education to more than 11,000 students from socially disadvantaged backgrounds.
- Over 29,000 students - 50% female and 1,800 graduates since 2012.
- Community development benefiting more than 2,000 people - 53% women and 12,000 beneficiaries of literacy programs.

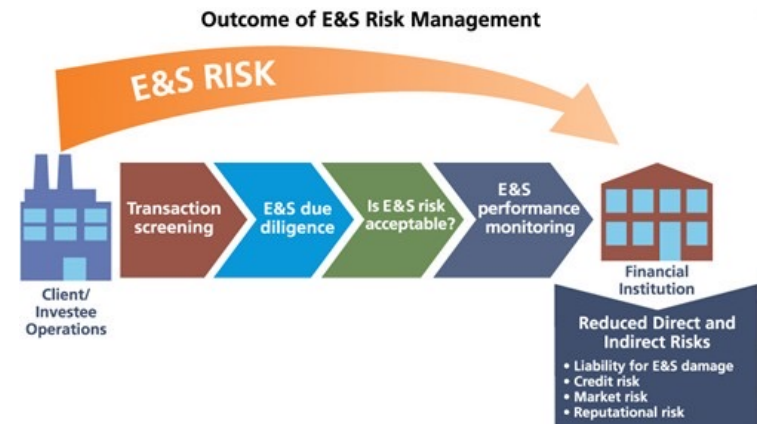
BOA Foundation Achievements

- More than 2.9 million Euros have been used to implement 95 projects aimed at improving access to education, health, and living conditions for thousands of vulnerable children and families in seven countries.
- 5,000 schoolchildren benefited from improved learning conditions through the construction or renovation of 80 classrooms.
- 800 students have received an introduction to digital technology through our digital classrooms.
- 6000 women have participated in screening campaigns for female cancers.
- 12 health centers/maternalities have been built and equipped to ensure a minimum of 3000 consultations per year.

OPERATIONAL IMPLEMENTATION OF SUSTAINABILITY SINCE 2000

- Commitment of BANK OF AFRICA to the most advanced universal principles since 2000
 - UNEP-FI's Principles for Responsible Banking (PRB) providing the roles and responsibilities of banks in aligning the banking sector with the SDGs and the Paris climate agreement,
 - Integration of environmental and social risks in financing activities - with for the first time in Morocco, the launch of an ESMS - Environmental and Social Management System - whose milestones were set in 2008,
 - Equator Principles to identify, assess and manage risks in project finance operations,
 - 10 principles of the UN Global Compact relating to human rights, labor standards, the environment and the fight against corruption...
- Since 2021, working on to integrate Climate Risks through an internal mapping of climate-related risks in the portfolio, according to BAM guidelines, and TCFD recommendations.

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.



OPERATIONAL IMPLEMENTATION VIA A BLENDED FINANCE


- In terms of financial innovation, a pioneering position on two regulated tools: (i) the Green Bond issued in 2016 to finance energy efficiency and renewable energy projects and (ii) the Capital SRI mutual fund, which is an ethical fund encouraging responsible corporate behavior and sustainable development.
- The launch in 2015 of sustainable financing solutions - blended finance -, marking the evolution from a risk approach to a business opportunities approach, through refinancing lines backed by multilateral partners - EBRD, EIB, AFD, etc. - for energy efficiency, green value chains, water resources, gender... The Energy Efficiency and Green Value Chains lines have been totally exhausted.


By joining forces with EBRD's expertise, more than 130 projects have been supported in energy efficiency for an amount of nearly MAD 600 million, with 85% of the financing directed towards the most polluting activities. MAD 380 million have been released again in 2019 on the same register with the GEF 1 and 2 programs, while MAD 80 million have already been invested on green value chains - GVC. That is a total of nearly MAD 1 billion 100 million of projects financed globally in Morocco.

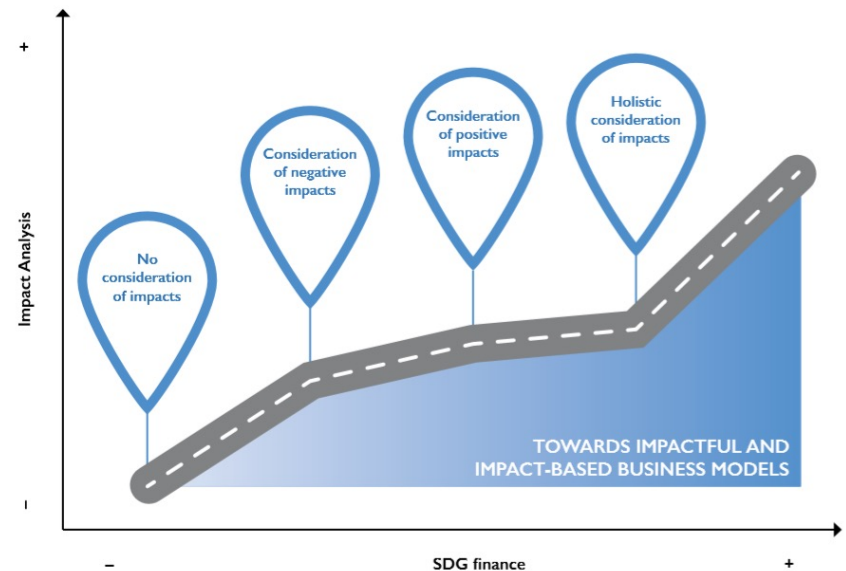


AN OPERATIONAL IMPLEMENTATION VIA POSITIVE IMPACT

- A second generation of ESG impact measures started in 2020, with a broader spectrum, adding economic and social development to environmental development. To maximize the potential for sustainable financing, profitable business areas in key sectors of Morocco's sustainable development are identified.

 In terms of Positive Impact, according to the UNEP FI tool, the analysis of outstanding loans in 2021 covering Morocco's corporate loans - 50.3% of total customer loans in Morocco and 29.3% of total Group customer loans outstanding - shows that the identified positive impact loans amount to MAD 18.8 billion and represent 32.5% of total corporate customer loans in Morocco, up 10% on last year. The main impact activities for Morocco include health, sanitation, housing, education, economic convergence, food security and mobility.

 In Sub-Saharan Africa, the work carried out has resulted in the first operations in Burkina Faso and Togo for a total of nearly CFA 9 billion and the advanced identification of half a dozen sectors for financing in Côte d'Ivoire. It is obvious that the potential in Sub-Saharan Africa is tremendous and the bank intends to play a central role. As a reminder, out of the more than USD 1,300 billion of investments made annually in Africa, only 15% subscribe to the objectives of the SDGs.



AN OPERATIONAL IMPLEMENTATION VIA NON-FINANCIAL SERVICES

- Among the African leaders in terms of Non-Financial Services, offering support for social entrepreneurship and youth employability, tailor-made support to SMEs in all regions of the Kingdom and helping to strengthen its positive impact on communities.
- Launching in 2008 of the Observatory of Entrepreneurship to provide an innovative offer in this segment. Through 4 dedicated services, it targets self-entrepreneurs, women's cooperatives, VSEs, SMEs, etc.
 - Creation of a territorial ecosystem, bringing together more than 200 stakeholders, and allowing the holding of a dozen conferences annually - a hundred since 2011 with more than 15,000 SMEs.
 - Setting up specific training cycles for SMEs - SME Club in partnership with more than a dozen universities in the Kingdom - and VSEs - Entrepreneurship Club based on the IFC Business Edge Program combining training, mentoring and networking. From a first sample of 40 VSEs trained, 60% have seen their turnover increase by 40% or more after one year and the average number of jobs created was 2.5 per VSE.
 - Launching of a Blue Space incubator network with the Kingdom's main training centers - universities, vocational training, colleges, etc. Through public-private partnerships, BANK OF AFRICA has been selected by the Greater Casablanca Region and the Public Organization for Vocational Training to co-manage their incubator.
 - Setting up SMART Bank, a territorial Open Innovation program for students and young project leaders. Each year, 12,000 young people are introduced to entrepreneurship, 700 are coached and 30 are selected to join the Group's incubators.

« TO BECOME A PAN-AFRICAN GROUP PRESENT IN 25+ COUNTRIES, A LEADER IN TERMS OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSR), A TOOL FOR IMPACT FINANCE FOR TRADE AND INVESTMENT IN THE CONTINENT AND AT THE SERVICE OF AFRICANS AROUND THE WORLD »

BANK OF AFRICA'S VISION 2030

TOWARDS A CLEAR DEFINITION OF SUSTAINABILITY OBJECTIVES PERSPECTIVES & VISION 2030 - BUSINESS & SUSTAINABILITY

Capitalizing on the Bank's track record for more business opportunities

- A proven track record in Moroccan and African Environmental financing, more than MAD 1.1 billion mobilized, for a natural legitimacy to strengthen its shares on a continental market - nearly USD 1,300 billion annually in sustainable development investments - Environment, Social and Economy.
- Basing the Group's performance on the economic, social and environmental utility of its mission to serve its clients, the development of Africa and the prosperity of all the communities in which it operates.
- Technical support for clients in their natural business evolution and the necessary integration of Environmental, Social and Governance criteria within their activity.
- Leading an ecosystem dedicated to Sustainable Finance, enabling the exchange of best practices and innovation in approaches.

Committing to a global Group sustainability

- Beyond the concept of Sustainable Finance, what is now mobilizing BANK OF AFRICA Group is its commitment to a Global Sustainability approach, covering all CSR / ESG - Environmental, Social and Governance - issues, based on the concept of double materiality.
- Indeed, the implementation of the CSRD directive in Europe in the coming years will require European companies to submit an ESG report reflecting their CSR commitments, as well as those of their stakeholders, and therefore potentially their Moroccan suppliers.
- As a national and continental reference in terms of ESG impact, BANK OF AFRICA's ambition is to maintain and strengthen its support to clients in assessing their ESG impact. "We must do with our clients what we have done successfully over the past two decades".
- Define the Bank's portfolio decarbonization trajectory to support the transition to a sustainable economy and integrate ESG criteria to assist investors in their decision making.

TOWARDS A CLEAR DEFINITION OF SUSTAINABILITY OBJECTIVES PERSPECTIVES & VISION 2030 – A NEW CSR CHARTER

- To ensure that the guidelines of the CSR Charter evolve in line with normative requirements, the recommendations of regulatory authorities and good practices observed internationally..



BANK OF AFRICA'S LEADERSHIP

MOODY'S
ESG Solutions

"Top CSR Performer 2021" by the international extra-financial rating agency Moody's ESG for the 8th consecutive year. BANK OF AFRICA is ranked first in the emerging markets banking sector (1st out of 90 banks). It is 2nd out of 852 banks in the region and 37th worldwide.



BANK OF AFRICA - BMCE Group obtained in June 2022 for the 2nd consecutive year, the prize awarded by the Casablanca Stock Exchange for the best Sustainable Development report in the financial sector, with a score of 97%. BANK OF AFRICA BMCE Group's SD report was awarded for (i) the relevance of the criteria related to the vision and longer term objectives; (ii) the relevance of the environmental aspect; (iii) the use of client protective technologies; (iv) as well as the Bank's ESG performance.



Designation of BANK OF AFRICA - BMCE Group as a founding member of the African Business Leaders Coalition, created in May 2022 by the United Nations Global Compact to advance Africa's growth, prosperity and sustainable development. The ABLC aims to initially focus on the climate crisis through a climate action statement to be presented at COP27 . "The Climate Statement was signed and formally adopted by the coalition members.