



Access Bank Gambia Ltd.

**Environmental and Social Risk Management (ESRM)
Policy Manual**

May 2024

Risk Rating: Moderate

RETURN THIS POLICY/Framework TO ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT.

(ESRM) MANUAL

DOCUMENT INFORMATION Document Owner

This document is owned by the undersigned. She is responsible for ensuring that the policy is reviewed in line with requirements of Policy approvals, broadcast and administration framework.

Name	Role	Date	Version
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1. Introduction

Access Bank Gambia is committed to incorporating E&S risk considerations into its decision making and aims to be aligned with international best practices in this regard. This ESRM Manual sets out a framework for the consistent management of E&S risks at Access Bank Gambia Plc (“the Bank” or “Access Bank”).

Access Bank’s commitment to ESRM is aligned with our key strategic objectives which includes the vision to be the World’s most respected African Bank and is consistent with the Bank’s Enterprise Risk Management Framework which promotes a moderate and guarded risk attitude to ensure sustainable growth in shareholder value and reputation. The ESRM Manual is also in line with and forms part of Access Bank’s guiding principles for our risk culture, which stipulates the consideration of all forms of risk in decision making and recognizes that enterprise risk management is the cornerstone of our risk approach. Further reference to the Bank’s risk management philosophy can be found in the Credit Risk Management Policy Guide and Portfolio Management Plan.

In addition to the observation of the applicable law and regulations in the country (including applicable environmental protection and labor laws), we support the following international conventions and protocols, codes of conduct and industry best practice initiatives:

- International Finance Corporation Performance Standard (“IFC PS”)
- UN Global Compact
- Global Reporting Initiative (GRI)
- United Nations Environment Programme (UNEP) Finance Initiative Equator Principles¹
- United Nations Environment Programme Finance Initiative’s Taskforce on Climate-related financial disclosure (UNEP-FI TCFD²)
- Partnerships for Carbon Accounting Financials (PCAF³)

This ESRM policies and procedures would be reviewed and approved by the Board of Directors in line with the Bank’s governance requirement.

2. Purpose of the ESRM Manual

This ESRM Manual provides the framework, policies, and procedures for assessing and managing E&S risk issues within all relevant business activities of Access Bank.

Specific objectives of the ESRM Manual are to:

- Establish the relevant business areas to which the ESRM policy is applicable.
- Establish clear policies and procedures for identification, assessment, approval, monitoring and reporting of E&S risks within all such relevant business areas.

¹ Access Bank Gambia will adopt the Equator Principles (www.equatorprinciples.com).

² Access Bank Gambia will adopt the UNEP-FI’s TCFD for disclosure of physical and transition risks in its portfolio (<https://www.unepfi.org/climatechange/tcfid>).

³ Access Bank Gambia will adopt the PCAF’s accounting standard for reporting on its financed emissions under specific asset classes (<https://www.carbonaccountingfinancials.com>).

- Specify appropriate roles and responsibilities for managing and monitoring E&S risks.
- Ensure that E&S issues in relevant business areas are promptly identified and a management system is in place to assess and review such risks as well as advise client facing business units on how to work with clients to potentially mitigate the risks.
- Determine the training and capacity building requirements to successfully implement the provisions of the ESRM Manual.
- Provide practical resource materials for implementing the ESRM Manual.
- *This policy must be read in conjunction with other Access Bank policies.*

3. The ESRM Policy

The ESRM Policy outlines the bank's overall approach and parameters for responsible client engagement and the provision of responsible financing.

Specific objectives of the ESRM Policy are to:

- Integrate ESRM considerations into the bank's Credit/Investment process.
- Provide clear guidance on Access Bank's position on ESRM in our business activities.
- Fully implement and comply with Equator Principles for all Project Finance facilities.
- Fully apply the contractual E&S requirements solely of Development Finance Institutions (each, a DFI) where facilities include DFI financing.
- Establish an effective reporting framework to track and report (on a periodic and ad-hoc basis) E&S issues in relevant products and services offered by the Bank.
- Incorporate global reporting standards and framework in the disclosure of GHG emissions, physical and transition risks associated with the bank's portfolio.

It is expected that Access Bank Gambia will review the ESRM Policy when deemed necessary to ensure compliance with relevant national laws and alignment with DFI contractual requirements, including DFI Exclusion Lists. The review will also ensure that the overall approach to assessing and managing E&S risk remains relevant and aligns with ESRM best practices and standards where applicable to the bank.

3.1 Policy Approach

Access Bank Gambia seeks to integrate the assessment of E&S risks into its existing business decision-making and risk management procedures. We will assess and review potential E&S risks associated with all transactions in all financing activities to which the ESRM Policy is applied (see 3.2).

Central to effective ESRM is developing an understanding of our clients' approach to E&S risk management relevant to their activities. Although we accept limitations in our ability to influence client behavior, we will nonetheless engage with our clients on these issues and endeavor to work with clients whose business practices are in alignment with our E&S standards. Clients that demonstrate best practice will be business partners of choice with whom we will seek to continue and expand our relationships. Where clients do not meet our E&S standards and expectations, we will first engage with them to address E&S issues and improve their

performance. Where client practices fail to improve or do not demonstrate commitment to improvement, we may consider exiting the business relationship.

For all financing activities where material risks are identified through our ESRM approach, Access Bank Gambia will recommend corrective environmental and social action plans ("ESAP") in line with E&S best practices to address these risks. These shall be integrated into loan covenants and other lending documentation and monitored annually for Category B projects and Category A projects.

We are committed to reporting on our ESRM activities in accordance with our obligations to the Equator Principles, TCFD framework, PCAF carbon accounting standards and the contractual requirements of DFI's and other investors and we will seek to incorporate such reporting into our annual external publications.

3.2 Scope of Application

3.2.1 Applicability

The ESRM Policy applies to all financial products and services outlined in Appendix 1. Where sector-specific policies are in place (see Appendix 3 to 7), these will be applied in addition to the ESRM Policy.

3.2.2 Exceptions

The ESRM Policy does not apply to the following financial products/services:

- *Asset management.*
- *E-business; Private banking; and Retail banking.*
- ***E&S due diligence assessment shall be conducted for applicable credits in line with the E&S categorization.***

3.2.3 Retrospective application

We acknowledge that legacy issues may arise from credit engagements entered by the Bank prior to the developments of this policy. ESRM policy shall not be applied retrospectively. E&S requirements shall be integrated to the applicable obligors who operate in the high-risk sectors/industry at the point of the renewal of such facilities. In such instances, the Bank shall work with the obligor to comply with recommended corrective action plans. As such, E&S terms perceived to be unachievable in a short term shall be conditions subsequent for the credit. Compliance shall be monitored, reported, and retained in the client's file.

3.2.4 Responsible parties

Responsibility for applying the ESRM Policy lies solely with the ESRM-Risk team and other nominated entities. However, employees of Access Bank Gambia who are responsible for assessing and / or approving new business engagements to which this policy applies must adhere to its guidelines.

3.3. Assessment of E&S Risks

The bank will take the following approach to assessing the E&S risks of clients and transactions that fall within the scope of this policy.

3.3.1 Access Bank Gambia's Exclusion List

We will apply the Bank's Exclusion List (see [Appendix 2](#)) to all clients and transactions to which this policy applies as identified in section 3.2. The bank's Exclusion List is reviewed periodically (when necessary) to ensure it complies with the law and is consistent with the contractual requirements of DFI partners. Other contractual requirements of DFIs that provide finance to Access Bank Gambia will be applied as applicable, including client and transaction assessment and reporting requirements. The Environmental and Social Risk Management team has responsibility for proposing changes as needed to the Exclusion list and presenting these for approval.

3.3.2 Low Risk Financial Product Types

There may be some financial product types⁵ where the nature of the transaction and level of E&S risks mean that it is impractical to complete a full assessment of the client. For such financial product types, we will apply an initial screen only. Provided that no potential E&S risks are raised, no further assessment will be required. Where potential risk issues are identified further risk assessment is conducted to further evaluate the issues and determine appropriate next steps. This approach seeks to apply an E&S risk process commensurate with the level of risk associated with a potential transaction and /or client sector /sectoral concerns.

3.3.3 Transactions with Known Use of Funds

For loans, debt and equity underwriting, financial advisories and derivative transactions that are project-linked or involve a specific asset (excluding Project Finance) or where the use of proceeds is known, the Bank will apply an assessment that is broadly consistent with an Equator Principles approach. This requires an assessment of both the transaction and client risk.

3.3.4 Project Finance (Equator Principles)

We will apply the Equator Principles as the E&S due diligence framework for all Project Finance transactions in our Investment and Commercial Bank. This requires an assessment of the E&S risks associated with the project asset, climate change risk assessment aligned with climate physical risk and climate transition risk categories of the TCFD (where applicable) and the client's commitment, capacity, and track record in managing E&S risk issues. Financed CO₂ emissions from this asset class are to be captured under PCAF and reported in line with PCAF expectations and requirements.

3.3.5 Existing clients.

Access Bank Gambia would periodically review and monitor E&S compliance by the existing obligors especially those whose business activities are in potentially high E&S risk sectors where E&S due diligence had been covenanted. Monitoring shall commence effective from the date of availment /disbursement in a prospective manner by mutual agreement with the client. The frequency and content shall be at the requirement of the ESRM-CRM policy /SOP and discretion of the ESRM-CRM team. Any issue of non-compliance shall be reported to the relationship team via mail and further escalation to the bank's management if non-compliance.

issues persist. Willful default by the obligor shall constitute "event of default". The Bank may call-in the facility in the event of continuous default by the obligor.

For all new Project Finance transactions (including advisory services), a re-assessment of client's E&S risk shall always be required irrespective of whether a previous assessment has been undertaken in the last 12 months.

For all other new transactions with an existing client, a detailed assessment or full review of client risk is only required in the following cases: (1) existing clients for which no client assessment has been completed, or (2) existing clients for which a client assessment has been completed before but not within the last 12 months; or (3) an assessment completed within 12 months identified as a High or Medium risk client. In all other instances, except where initial transaction screening identifies new potentially material client risk issues, information from the last completed Client Risk Assessment can be updated and inserted into the client file.

3.4 Changes to the ESRM Policy or New Policy Development

The Environmental and Social Risk Management Unit has a responsibility to ensure periodic reviews and update of this policy within the timeline stated in this policy and procedure. They shall be responsible for compiling and presenting the updated ESRM policies and procedures for approval. They shall also ensure the CRO (or designated staff) presents and obtains Board approval whenever policy amendment/ enhancement is carried out.

4. ESRM procedures

4.1. Procedures Approach

These ESRM Procedures enable the implementation of the ESRM Policy and supplementary sector-specific policies through their integration into the Bank's existing decision-making processes. The ESRM Procedures provide clear step-by-step guidance for the application of the ESRM Policy and identify the relevant functions and individuals involved in the implementation and governance of the Policy.

⁴ See Appendix 2 for updated MCC approval on Revisions to the Access Bank Exclusion List (February 2020)

⁵ See Appendix 1 for a definition of Low Risk Financial Product Types

⁶ Access Bank may, at the discretion of appropriate management authorities, assign this responsibility to other individuals. In this case, such individuals will be informed of their roles and responsibilities.

The Bank's ESRM approach actively engages clients on identified risks and allows clients to address their E&S issues and improve performance to meet the Bank's standards while maintaining a business relationship with the Bank. In addition to compliance with applicable laws and regulations, the bank shall favor good industry practice and minimizing impact on the environment and communities. Performance commitments are formalized in loan covenants / contracts with clients where deemed necessary and ongoing monitoring evaluates client progress over the life of the loan in line with policy and SOP requirements.

The system also provides a mechanism to consider exiting relationships with clients who continually fail to improve or have egregious E&S issues.

The Bank's approach is to favor good industry practice and minimize impact on the environment and communities in addition to compliance with applicable laws and regulations.

Access Bank's ESRM Procedures are made up of five distinct phases for the management of E&S risks that emerge in our Credit/Investment cycle. Each phase represents a critical step of

Access Bank's integrated ESRM approach in the products and services we offer. These phases are:

- E&S Screening;
- E&S Risk Assessment;
- Decision and Documentation;
- Monitoring; and
- Reporting.

The ESRM Policy and Procedures apply to all financial products and services outlined in Appendix 1. Visual flow diagrams summarizing the ESRM-CRM Procedures are provided in Appendix 8.

The Relationship Manager and the Unit Head of the team originating credit request are the E&S business partners. They are required to work with the ESRM-CRM team to ensure that necessary E&S due diligence is conducted on obligors operating in environmentally/social sensitive industry / sectors (Oil and Gas, Power, and Cement by example) as well as Project Finance facilities.

A full outline of responsibilities and the governance structure for ESRM approvals is provided in section 4.3 of this document.

4.1.1 Screening

The first step of the Screening process begins as soon as Access Bank identifies a potential new client or transaction opportunity. Screening of new client's transactions will begin as soon as the obligor's sector falls within the E&S obligor screening list. At the preliminary or initial prospecting stage, the applicable Account Officer, or Relationship Manager, managing the obligor will conduct an initial Screening to identify initial risk alerts and ensure that the client or transaction does not fall within the Bank's Exclusion List (refer to [Appendix 2](#) for ease of reference).

For all clients and transactions identified to have potential E&S risks, further assessment and E&S due diligence requirements may be required and are outlined in the next section, E&S risk assessment.

Access Bank's Exclusion List Activities

Where the Screening identifies an excluded activity (see [Appendix 2](#)), the transaction or client is declined, and the client will be informed by the Relationship Manager in writing. Where no excluded activities are identified, the client or transaction may be further evaluated for potential acceptance.

Low Risk Financial Product Types

For low-risk financial product types⁴ where no risk issues are identified, no further assessment or E&S due diligence is required and the transaction proceeds through the bank's regular

⁷ See Appendix 1.

approval procedures. If potential risk issues are raised, follow the appropriate assessment procedures based on whether use of proceeds is known.

Transactions with Known Use of Funds

For all transactions with Known Use of Funds, further evaluation of the transaction and client is required as outlined in section 4.1.2 (E&S Risk Assessment) below, regardless of the outcome of the initial screening.

Project Finance (Equator Principles)

As per the Bank's commitment to Equator Principles, all Project Finance (advisory and transactions) facilities undergo assessment and categorization through the risk assessment step regardless of the outcome of the initial screening.

4.1.2 E&S Risk Assessment

Upon completion of the initial screening, if the client or transaction remains eligible for financing but requires further evaluation, an E&S risk assessment shall be conducted to evaluate the level of risk associated with the client or transaction. Where necessary, Access Bank conducts further E&S due diligence/client engagement commensurate with the type of transaction and risks associated with the transaction under assessment.

The risk assessment is completed by Transactors /Account Officers unless otherwise specified by the specific SBU conducting the assessment. E&S Business Partners and the E&S Risk Manager are available for advice and consultation.

Clients identified as Low risk do not require additional E&S due diligence/client engagement and are processed through the regular client onboarding procedures following confirmation of the client risk rating by the divisional E&S Business Partner.

Clients identified as High or Medium risk require further E&S due diligence/client engagement, which may involve, but not limited to, client engagement to determine whether the client is committed to improving E&S performance within relevant business activities.

Existing clients

Access Bank Gambia shall conduct an annual review of existing clients' E&S risks as part of the Bank's client review processes. Existing clients that were not previously assessed undergo assessment at the next client review or when a new transaction is requested, whichever is sooner.

For existing clients that have been previously assessed but not within the past 12 months, review the previous Client Risk Assessment and client risk rating to confirm the assessment and rating are still valid and no new issues have arisen.

Where the client has received a Low-risk rating within the previous 12 months, information from the last completed Client Risk Assessment can be updated and inserted into the client file. It is the responsibility of the assessor to confirm that the previous client risk information is still current and that there are no relevant new issues arising from the initial screening that may increase the overall risk rating of a client.

For all existing clients rated as High or Medium risk within the previous 12 months, review the previous client assessment to confirm that no new risk issues have arisen. Take further E&S due diligence/client engagement measures as appropriate and required.

Transactions assessed as Category C **and** Low client risk do not require further assessment. Such transactions require confirmation of the risk rating by the divisional E&S Business Partner and can proceed through regular approval procedures.

Transactions with either a High or Medium level client risk rating **or** Category A or B project risk rating undergo additional E&S due diligence /client engagement as appropriate to further assess the potential risk issues and identify possible and appropriate mitigation measures. E&S due diligence may involve, but not limited to, client engagement on E&S issues, a site visit / client engagement where specific specialists to the entity are located and the completion of a Site visit checklist (consult the divisional E&S Business Partner and the E&S Risk Manager in these cases), desktop reviews and client engagement via official medium (emails) where deemed appropriate and necessary.

Project Finance (Equator Principles)

The E&S risk assessment for Project Finance transactions or advisory requests reflects the Equator Principles due diligence framework. Project Finance advisory and transaction requests are assessed for E&S risks, which categorizes the project based on its level of expected and potential E&S impacts and evaluates client risk based on commitment, capacity, and track record. This must be completed for all clients seeking approval for Project Finance transactions or advisory services irrespective of whether they have been previously assessed by Access Bank within.

Category C

Projects with a Category C project risk rating combined with a Low client risk rating are deemed to be low risk with minimal or reversible impacts and are forwarded to the divisional E&S Business Partner to confirm the assessment and resolve any E&S issues if necessary and proceed through the remainder of the credit risk process.

Projects with a C project risk rating combined with a High or Medium client risk rating need to undergo further E&S due diligence to assess the client's management of potential E&S issues. E&S due diligence may involve, but not limited to, client engagement and stakeholder engagement where appropriate and necessary. Further E&S due diligence is carried out by the divisional E&S Business Partner and escalated to the E&S Risk Manager if required.

Category B

All Category B projects irrespective of client risk rating require additional E&S due diligence to ensure the project is managed in a manner consistent with the Equator Principles framework. Where deemed appropriate and necessary by Access Bank, such projects may, on a case-by-case basis, require review by a third-party consultant independent of the bank and the client (these assessments shall be paid for by the client). For all Category B, E&S due diligence by Access Bank involves the following:

- Review of the project's Action Plan and Environmental and Social Management System.

- Client engagement to further assess commitment and capacity to manage potential E&S issues.
 - Site visit /client engagement/ desktop reviews and the completion of an E&S site visit checklist if deemed appropriate and necessary.
 - Review of independent consultant reports where applicable.
 - Review of the client's commitment, capacity, and track record to manage potential and expected E&S issues in the project.
 - Stakeholder engagement where necessary and appropriate.
-

⁸ Material risk(s) - "Material risk is the risk of significant losses occurring due to the failure to perform, delay in performance, or incomplete performance by a debtor of E&S liabilities under a contract (s)". These material risks shall be advised by E&S team to the bank's senior management. In the initial project evaluation, material risks are only likely to be potentially present in A and B category risks. Material risks shall be the judgement call of the ESRM-CRM team.

Category B

projects combined with Low client risk rating are further evaluated by the divisional E&S Business Partner to review the project's compliance with Equator Principles. E&S due diligence will involve the activities described above. All other Category B projects are escalated to the E&S Risk Manager and will involve close review of the client as well as the project

Category A

All Category A projects irrespective of client risk outcomes require further E&S due diligence consistent with the Equator Principles. All Category A projects are either documented / evidenced and or reviewed by a third-party consultant independent to the bank and the client **(these assessments shall be paid for by the client)**.

E&S due diligence for Category A projects include but not limited to the following:

- Review of independent, consultant reports, permitting evidence and current /future site-specific recommendations.
- Review of the project's Action Plan and Environmental and Social Management System.
- Engagement with the client and stakeholders as deemed appropriate and necessary.
- Review of the client's commitment, capacity and track record to manage potential and expected E&S issues in the project.
- Client engagement on E&S issues, a site visit /client engagement/ desktop reviews where specific specialists to the entity are located and the completion of an E&S Site Visit Checklist (consult the divisional E&S Business Partner and the E&S Risk Manager in these cases), and stakeholder engagement were deemed appropriate and necessary.

All Category A projects are escalated to the E&S Risk Manager for E&S additional review and due diligence evidence where appropriate and communicated to both the RM and senior management at Access Bank either through the FAM and or a separate memo specific to the concern.

4.1.3 Decision and Documentation

Following the appropriate level and type of E&S due diligence, the Bank forms a decision on proceeding with the client or transaction, and where relevant, identifies potential mitigation measures to include in loan documentation.

Where mitigation measures or performance improvement commitments are required to meet the Bank's E&S standards, these will be communicated to the client by the RM and may be formalized in the corresponding loan documentation. For all financing activities, where corrective environmental and social action plans ("ESAP") are required to meet the Banks E&S standards, these will be communicated to the client by the RM and integrated into the offer letter and other loan documentation. These may also form a condition precedent (CP) within the offer letter to the client and monies shall not be disbursed until such time these CP's have been met.

The Bank may also choose to decline a relationship or transaction where the E&S issues are egregious or where the client repeatedly fails to improve its E&S performance and meet the Bank's ESRM standards. In this case, the client relationship or transaction is referred to the Executive Management for discussion and decision making.

These decisions and recommendations are documented by the approval authority or delegated individuals and incorporated into credit approval records.

The ESRM team shall request for appropriate ESAPs, which would be **material** to the potential E&S risks.

For Category A risks, "**Material**" considerations that the ESRM team shall require shall be regulatory related E&S documents. These include but not limited to:

1. Environmental and Social Impact Assessment
2. Community engagement plan
3. Permits and licenses to operate
4. HSE documentation (site specific)

The ESRM team shall conduct due diligence (client engagements /site visits /desktop review / required documentation) only at the point where the obligor has contractually agreed with all condition's precedent to drawdown.

In case an obligor has declined to oblige agreed E&S terms and conditions in the offer letter, the following shall become applicable:

- a. A reminder notice shall be sent by the ESRM /applicable RM managing the relationship within 30 days of missing deadline /activity.
- b. Reminder notice shall be sent in writing by the ESRM /applicable RM to the obligor requesting explanation for the missed deadline/activity after 30 days of the first notice in the event of non-performance.

- c. The E&S Risk Manager has an obligation to submit a report on obligor who have not complied after the second reminder notice to the CRO/Executive Management. This report will be duly approved by CRO/Executive Management.
- d. If non-compliance does not show satisfactory improvement after 24 months, at the instance of Executive Management based on the E&S Manager's recommendation. This report will be duly approved by CRO/Executive Management via process maker
- e. The Bank may call in this facility if all remediation procedure is exhausted when dealing with the client on this specific matter.

4.1.4 Monitoring (contractual engagement period)

Access Bank's approach to ESRM contains procedures to monitor and measure client compliance with, and progress in, meeting the Bank's E&S standards.

Client and transaction E&S risks are recorded and documented over the life of the loan through regular relationship reviews. The Relationship Team and ESRM-CRM team as well shall ensure continuous engagement with the obligor to monitor the implementation of these corrective and preventive actions (where the absence of said corrective actions would represent a "**material risk**⁵" to the bank) and follow up to ensure their effectiveness. ESRM team has a responsibility to monitor obligor's compliance with the corrective action plans as documented in the approval conditions of "**material risks**". Evidence of monitoring by the ESRM-CRM team shall be in written memo or emails sent to the Relationship Team, relevant due diligence reports following visitation to the obligor's site or desktop reviews (where deemed necessary) and monitoring reports or escalation mails where the Relationship Team or the obligor fail to comply with covenants within contracts with clients.

In addition to recording information to track E&S performance and establishing relevant operational controls, Access Bank may use spot inspections and audits to verify client compliance and progress towards desired outcomes.

4.1.6 Reporting

The Bank reports on ESRM activities in accordance with both our Equator Principles obligations, GRI sustainability reporting guidelines and the contractual requirements of DFIs and other investors, and we seek to incorporate such reporting into external annual publications where appropriate and in line with no contraventions of non-disclosure agreements we may have in place with clients of the bank.

In addition to formal reporting to our regulators, Access Bank's senior management receive periodic assessments of the effectiveness of the ESRM policies based on systematic data collection and analysis such as Climate Change Risk Assessment aligned with Climate Physical Risk and Climate Transition Risk categories of the TCFD and Greenhouse Gas (GHG) emissions by PCAF carbon accounting standards (where applicable). The frequency of these reports shall be at the discretion of the E&S team and the content of which may also vary.

⁹ In all scenarios where E&S issues remain unresolved, further escalation beyond the approval parties identified here may be necessary and appropriate.

The scope and frequency of such reporting depends upon the nature and scope of the activities identified and undertaken in accordance with Access Bank’s management approach and other applicable investor requirements and public commitments

4.2 Governance

Effective implementation of Access Bank’s ESRM Policy and Procedures requires a defined governance structure with clearly outlined roles and responsibilities that allows for new client and transaction screening and approval by appropriate levels of authority commensurate to the level of risk present.

Outlined below are the approval authorities for each phase of the Bank’s ESRM approach for products and services within the scope of ESRM policies⁶.

Due diligence phase	Responsibility	Process / activity	Approval authority
Initial E&S Screening (see section 4.1.1)	Transactors /Account Officers	Screen all clients and transactions against Access Bank’s Exclusion list and identify potential E&S risks	within the scope of Access Bank’s Exclusion List, the engagement must be declined, and the client informed by the RM. For Low-Risk Financial Product Types, if the initial Screening does not raise any potential E&S risks, proceed with the Bank’s regular approval procedures. If potential risk issues are raised, follow the appropriate assessment procedures based on whether the use of proceeds is known. For all other product types where potential E&S risks associated with them are identified or where sector specific policies apply, conduct an appropriate E&S Risk Assessment. No approval is required to proceed with further E&S risk assessment and E&S due diligence.
E&S Risk Assessment (see section 4.1.2)	Transactors /Account Officers conduct initial E&S risk assessment	<ul style="list-style-type: none"> Low Risk Financial Product Types 	Low Risk Financial Product Types No further assessment is required if there are no risk issues raised. Where risk issues are raised, follow the appropriate assessment procedures based on whether the use of proceeds is known.

10. Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

	<p>E&S Business Partners and E&S Risk Manager conduct further due diligence as appropriate.</p>	<ul style="list-style-type: none"> • Transactions with Known Use of Funds • Project Finance 	<p>Transactions with Known Use of Funds and Project Finance</p> <p>Category C</p> <p>Category C transactions combined with a Low client risk rating only require referral to the E&S Business Partner to confirm categorization and proceed through the regular credit approval process.</p> <p>Category C transactions combined with a High or Medium client risk rating require referral to the relevant E&S Business Partner for further E&S due diligence and approval.</p> <p>Category B</p> <p>Category B transactions combined with a Low client risk rating require referral to the E&S Business Partner. Category B transactions combined with a High or Medium client risk rating require referral to the E&S Risk Manager for further E&S due diligence and approval. As deemed appropriate, Category B transactions may require a review by an independent third-party consultant.</p> <p>Category A</p> <p>All Category A transactions irrespective of the client risk rating require referral to the E&S Risk Manager for further E&S due diligence and approval. The Category A transactions may require a review by an independent third-party consultant.</p>
<p>Decision & Documentation (see section 4.1.3)</p>	<p>SBU E&S specialist</p>	<p>Decide on and document client or transaction approval and recommended E&S</p>	<p>The E&S Business Partner or E&S Risk Manager, together with the relevant SBU should agree and approve E&S covenants in loan documentation, with final approval</p>

		risk mitigation measures as deemed necessary. Formalize decision and incorporate covenants in loan documentation where appropriate	by the legal department. If significant E&S risk issues remain unresolved, escalate to the Management Credit committee (MCC) or Executive Management, with advice from the E&S Risk Manager
Monitoring (see section 4.1.4)	Transactors / Account Officers	Annual review and monitoring of all clients and transactions	Annual ESRM review of clients and transactions approved by the divisional E&S Business Partner. Escalate to the E&S Risk Manager as necessary where material E&S issues are raised or remain unresolved. For significant unresolved or material E&S risk issues, defer to MCC other senior decision-making body for discussion and decision.
Reporting (see section 4.1.5)	E&S Business Partners and E&S Risk Manager	Internal and external reporting	<p>Annual reporting of all client and transactions risk assessments and approvals /declines is approved by the E&S Risk Manager and CRO and Executive director.</p> <p>For Project Finance, annual reporting of transactions as per Equator Principles obligations, TCFD framework, PCAF carbon accounting standards is approved by the E&S Risk Manager with the support of data.</p> <p>Other disclosure activities such as fulfilling DFI contractual requirements, climate change risk assessment aligned with climate physical risk and climate transition risk categories of the TCFD, Greenhouse Gas (GHG) emissions by PCAF (where applicable) or following GRI sustainability reporting guidelines are approved by the E&S Risk Manager.</p>

4.3 Roles and Responsibilities

Access Bank has clearly outlined roles and responsibilities of the banks functions with accountability for the implementation and management of the Bank’s ESRM policies. Below is an overview of ESRM related roles and responsibilities of all relevant Access Bank Gambia functions. ESRM governance is critical to the effective implementation of ESRM policies.

Entity	Roles & Responsibilities
Customer-facing staff (Transactors /Account *Officers: within SBUs	Create, manage and own risk assets, through a very thorough customer selection and controlled risk management process and in compliance with the bank’s management policies including the ESRM policies.

Entity	Roles & Responsibilities
	<p>These include, but not limited to:</p> <ul style="list-style-type: none"> • Obtain adequate information for E&S screening and risk assessment steps for each new client and transaction request; • Conduct a complete and accurate E&S risk screening and assessment for each new client and transaction request; • Initiate credit requests that meet E&S risk acceptance criteria • Manage E&S risk in line with approved E&S risk management policies; • Proactively identify and develop appropriate responses to E&S risk non-compliance in existing exposures on a continuous basis, with the support of SBU E&S specialists. <p>In addition, each transactor / Account Officer is responsible for ensuring that clear communication between the Bank and the client is maintained, and that the internal approvals are consistent with client expectations and the Bank’s ESRM Policy.</p>

E&S Business Partners Access Bank will have a dedicated Environmental and Social Risk Management Unit located in the Credit Risk Management Unit. This Unit has dedicated E&S officers.

The E&S Business Partners have responsibility to:

- Ensure all credit facility requests are accompanied by the relevant outputs of the ESRM Procedure to ensure informed decision-making;
- Review and confirm initial screening and risk assessment outcomes for clients and transactions identified as low risk
- Review and confirm E&S categorization for Category C projects with Low risk client assessments;
- Review E&S risk issues of clients & transactions escalated for further due diligence and make recommendations & decisions as appropriate.
- Conduct customer and project Site visit /client engagements where additional E&S due diligence is beneficial or required to confirm or gather information on E&S risks;
- Escalate clients' transactions to the E&S Risk Manager where material E&S issues are unresolved and further review is necessary.

E&S Risk Manager. Access Bank has one E&S Risk Manager for the bank. The E&S Risk Manager is based in the Risk Management Unit.

The E&S Risk Manager has the responsibility to:

- Review E&S risks of clients and transactions escalated for approval from SBUs and make recommendations and decisions as

Entity	Roles & Responsibilities
	<p>appropriate;</p> <ul style="list-style-type: none"> □ Refer clients and transactions to the MCC where material E&S issues require further review and escalation; Engage with the CRO / Executive Management as needed on potentially higher risk clients and transactions with material E&S issues.

Management Credit Committee (MCC)

- The MCC will be highest management approval body for credits in Access Bank Gambia and performs the dual role of credit policy articulation and credit approval.
- The MCC has the responsibility to:
 - Review and recommend to the Board Credit Committee for approval, credit policy direction including articulation of risk and return preferences at corporate level and for individual asset-creating business units in the bank;

- Ensure compliance of the credit environment in the bank with approved policies and framework;
- Review and approve credits in compliance with the Bank's ESRM policy, which will involve a comprehensive analysis /appraisal of E&S issues inherent in the projects, which must be in line with global best practices and standards.

Board Credit Committee (BCC)	The BCC acts on behalf of the Board of Directors on ESRM-CR matters as regards the credit policies and procedures. It is responsible for the approval of all credit policies and procedures including product programs that have E&S considerations in line with the Bank's ESRM Policy.
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5. Glossary

Access Bank's Exclusion List

This is a list of prohibited activities that Access Bank will not support through the provision of financial products or services. The Access Bank Exclusion List is shall be reviewed annually /when applicable to ensure compliance with national regulations and laws and alignment with the exclusion requirements of DFI investors providing financing to the Bank.

Category A

This is a project categorization under the Equator Principles. These are "projects with potential significant adverse social or environmental impacts which are diverse, irreversible or unprecedented" (*Equator Principles, Frequently Asked Questions, <http://www.equatorprinciples.com/documents/About the Equator Principles.pdf>*).

Category B

This is a project categorization under the Equator Principles framework. These are "projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures". (*Equator Principles, Frequently Asked Questions, <http://www.equator-principles.com/documents/About the Equator Principles.pdf>*)

11 Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

12 This applies when these activities are a substantial part of a client's primary operations.

13 This applies when these activities are a substantial part of a client's primary operations

14 Information on Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES) protected species can be found here: <http://www.cites.org/>.

Category C

This is a project categorization under the Equator Principles framework. These are projects with minimal or no social or environmental impacts. (*Equator Principles, Frequently Asked Questions*, http://www.equator-principles.com/documents/About_the_Equator_Principles.pdf)

Environmental and Social Impact Assessment (ESIA)

An ESIA is a thorough assessment of the expected and potential environmental and social impacts of a project on surrounding communities and the natural environment. It also provides a categorization for the project based on expected and potential impacts and identifies potential mitigation and management measures. The ESIA should be commissioned by the client and undertaken by an independent third-party consultant with requisite experience and qualifications to do so.

Completed ESIA documentation is essential for informed evaluation of a project under the Equator Principles E&S due diligence framework.

Equator Principles

The Equator Principles are a set of voluntary standards used by the financial industry to determine, assess and manage environmental and social risks in Project Finance transactions. The principles are recognized as the industry benchmark for sustainable lending through Project Finance.

Low Risk Financial Product Types

These financial products are deemed to present lower levels of E&S risk to the bank due to the nature of the product. Access Bank's ESRM Policy only requires an initial screen to be applied to such products.

Partnership for Carbon Accounting Financials (PCAF)

PCAF is the global, industry-led initiative to harmonize the way financial institutions measure and disclose the greenhouse gas (GHG) emissions of their loans and investments. PCAF participants are developing a global standard in line with GHG Protocol for financed emissions (Scope 3 category 15) and an accompanying emission factor database. These elements expand in scope and depth to accommodate the emissions relevant to members. PCAF focuses on the emissions associated with the real economy (goods and services). As a bank, we are to report on our GHG emissions within three (3) years from participation.

Project Finance (Equator Principles)

As defined by the Basel Committee on Banking Supervision, Project Finance is "a method of financing where the lender looks primarily to the revenues generated by a single project as both the source of repayment and the security for the exposure." Projects financed through this method are usually large and complex installations. Financing may be used as capital for new structures or for refinancing existing installations, with or without improvements.

The lender is usually paid solely or almost exclusively from the cash flow generated by the project's output and the project's collateral value. The borrower is usually a special purpose entity that is created solely to perform the function of developing, owning and operating the

facility. (*Basel Committee on Banking Supervision, Nov 2005, <http://www.bis.org/publ/bcbs118.pdf>, page 49.*) **Taskforce on Climate-related Financial Disclosures (TCFD)**

The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. Companies will therefore be better guided in providing information to investors, lenders, insurers, and other stakeholders.

Transactions with Known Use of Funds

These are application for financial products or services where the use of the financing is known or clear to the bank at the time of the client's request.

15 This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where EFP considers the radioactive source to be trivial and/or adequately shielded. Additionally, FMO will finance the mining and enrichment of uranium ores for nuclear energy and other non-military use, but will not finance the production of high enrichment (weapons grade) uranium in countries that have signed and ratified and are honouring the Treaty on the Non-Proliferation of Nuclear Weapons.

16 PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

17 Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODS and their target reduction and phase-out dates

18 Significant conversion or degradation means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, longterm change in land or water use; or (2) modification of a habitat that substantially reduces the habitat's ability to maintain viable population of its native species.

19 Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregator species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

20 Critical cultural heritage consists of (i) the internationally recognised heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; and (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

6. Appendices

Appendix 4: Access Bank Oil & Gas Policy

Appendix 5: Access Bank Power Sector Policy

Appendix 6: Access Bank Agriculture Sector Policy

Appendix 7: Access Bank Mining Sector Policy

Appendix 10: Transaction with known use of funds.

Appendix 1: Financial Product Type List Access Bank's Financial Product Types

Existing credit risk products and service offerings that the bank will continue to offer in the marketplace include, but not limited to the following:

- ☐ Overdraft
- ☐ Time Loan
- ☐ Term Loans
- ☐ Retail Credit
- ☐ Loans to Micro, Small and Medium Enterprises (MSMEs)
- ☐ Project Finance
- ☐ Leasing
- ☐ Bonds and Guarantees
- ☐ Import Finance (LCs Usance, etc.) and other facilities that the Bank consider fit to satisfy customer's Business need
- ☐ Green Debt instruments ^a

Appendix 2: Access Bank Exclusion List

1. Introduction

Access Bank's Exclusion List outlines activities the Bank will not support through the provision of financial products and services.

The Exclusion List is compliant with National laws and is aligned to the exclusion requirements of Development Finance Institutions (DFIs) that will provide financing to Access Bank Gambia Plc.

2. Exclusion activities

Access Bank shall not finance prospectively any activity involving:

- 1) Production or activities involving forced labor or child labor;
- 2) Production or trade in any product or activity deemed illegal under host Gambia or host country laws or regulations or international conventions and agreements;
- 3) 3) Production or trade in:
 - weapons and munitions: Access Bank shall not lend to obligor for the purpose of Trade, distribution or manufacturing of weapons and ammunitions except to the Government in the overriding interest of public peace and under a threat to the sovereignty of the Country wherein the Government requires funding to purchase this equipment under a controlled environment against insurgency; and where the business activity does not form a substantial part of the company's operations or a financial institution, investment fund or company's financed activity.
 - Hard liquor/Tobacco: Access Bank shall not lend to the obligor for the purpose of trade, distribution or manufacturing of hard liquor/tobacco except where the volume of trade, distribution and manufacture is not considered 'substantial'.
Access Bank's definition of "substantial" means more than 10 % of a financed institution's/company's consolidated balance sheet or earnings. For Financial Institutions, "Substantial" means more than 10% of a Financial Institution's underlying portfolio volume.
- 4) Gambling, casinos and equivalent enterprises⁷;
- 5) Any business relating to pornography or prostitution;
- 6) Trade in wildlife or wildlife products regulated under CITES⁸;

^a Green Debts, including Green Bonds, Green Funds and such other categories as may be determined by the Bank from time to time. These would be governed in conjunction with the Bank's Green Bond Framework.

- 7) Production or use of or trade in hazardous materials such as radioactive materials⁹, unbounded asbestos fibres and products containing PCBs¹⁰;
- 8) Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations; or
- 9) Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- 10) Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances¹¹ and other hazardous substances subject to international phaseouts or bans;
- 11) Significant¹⁸ conversion or degradation of Critical Habitat¹⁹;
- 12) Production and distribution of racist and anti-democratic media;
- 13) Commercial logging operations for use in primary tropical moist forest.
- 14) Production or trade in wood or other forestry products other than from sustainably managed forests.
- 15) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- 16) Significant alteration, damage, or removal of any critical cultural heritage;²⁰ or
- 17) Forced relocation of Indigenous Peoples²¹ from traditional or customary lands.

Note. Senior management reserves the right to make additional decisions and determinations in and around these projects on a case-by-case basis where appropriate and necessary.

3. Additional Point to this Exclusion List

Credit request to finance items on the exclusion list shall be treated on in the overriding interest of public peace and other circumstances deemed appropriate by the Bank. The Bank's Board of Credit Committee ("BCC") approval is required for all the credit requests under this category.

4. Revisions to the Access Bank Exclusion List

The Access Bank Exclusion List is reviewed annually/when applicable to ensure compliance with national regulations and alignment to contractual requirements of DFIs' lists of prohibited

²¹ The term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture; and (iv) an indigenous language, often different from the official language of the country or region

Appendix 3: Access Bank Cement Policy

1. Introduction

The cement industry provides essential material for a broad range of construction and infrastructure activities, which plays a key role in advancing global economic development, particularly in emerging markets. In Gambia, cement is a growing industrial sector and is expected to be increasingly important to the development of the Gambian economy.

The sector presents significant opportunities for the financial sector in Gambia but we also recognize the inherent risks. Our view is that if its activities are managed responsibly, the cement sector can play an important role in Gambia's economic progress.

Access Bank shall provide a range of financial services to the cement industry. Our strategy is to develop professional value adding relationships with the Cement sector while putting in place appropriate policy frameworks to ensure that our support is provided in an environmentally and socially responsible manner.

We recognize that the activities of the cement industry make this sector particularly sensitive if the potential E&S impacts are not managed appropriately. Access Bank is therefore committed to considering in our decision-making processes, the E&S impacts associated with our clients' activities. We will work with clients to meet our sustainability standards and review our commitment to any client or transaction where such standards may not be adequately met.

The Cement Policy outlines Access Bank's standards for responsible engagement and provision of financial services to the cement industry, consistent with Access Bank's overall enterprise risk management philosophy and ESRM Policy. The Cement Policy is an appendix to the ESRM Policy.

2. Sector-specific E&S risks

The activities of the cement industry present E&S issues that may have potentially significant impacts and consequences. The cement sector is highly energy intensive, contributing approximately 8% of global greenhouse gases, and the industry's management of E&S issues is increasingly needed, in order to secure the long-term viability of operations. Key factors relevant for consideration by Access Bank include, but not limited to:

- Release of particulate matter during handling and storage of raw materials and cement production processes;
- Use of waste fuels (e.g. waste oil, used tires, organic chemical waste) and associated emissions of volatile organic compounds (VOCs), polychlorinated dibenzodioxins (PCDDs) and dibenzofurans (PCDFs), hydrogen fluoride (HF), hydrogen chloride (HCl), and other toxic metals and compounds;
- Impacts on biodiversity, landscape and watersheds from limestone quarrying in the supply chain;
- Emissions of nitrogen oxides (NO_x), sulphur oxides (SO_x), dust, and certain organic compounds;
- Pollution from process wastewater and solid wastes;
- Use of asbestos; and

- Occupational health and safety.

3. Sector-specific standards

Access Bank recognizes that the cement industry is increasingly aware of and active in addressing the E&S impacts that result from its activities. Industry-led initiatives and associations raise awareness of and promote the management of E&S issues related to the sector's activities. Access Bank will be guided by the following industry standards and best practices when assessing a client's approach to managing the E&S impacts resulting from its business activities or a particular transaction:

- Cement Sustainability Initiative (CSI)
- Safety and Health in Construction (International Labor Organization code of practice)

In addition to the above-mentioned industry standards, Access Bank will apply the Equator Principles as the E&S due diligence framework for all Project Finance transactions.

Access Bank will not knowingly provide financial services to activities involving locations or products prohibited by host country legislation and international conventions such as:

- Site location in areas of protected biodiversity and cultural heritage²²;
- Use of unbounded asbestos fibres and asbestos-containing products excluding asbestos Cement sheeting where asbestos content is less than 20 per cent.

4. Scope of application

4.1 Applicability

The Cement Policy applies to all financial services in Appendix 1 of Access Bank's ESRM Policy, where these services are provided to the cement sector.

Our cement industry clients are primarily involved in the manufacturing, storage, packaging and transportation of cement.

4.2 Exceptions

The Cement Policy does not apply to the following financial products:

- Asset management;
- E-business;
- Private banking;
- Retail banking.

4.3 Retrospective application

Although the Cement Policy is not intended to be applied retrospectively, Access Bank will endeavor to address potentially material legacy issues relevant to a particular engagement as it becomes due for renewal or periodic review.

5. Policy approach

Access Bank has developed the Cement Policy to address the higher levels of risk posed to the bank based on the nature of the activities in the cement sector and consequent potential for negative E&S impacts.

Central to effective ESRM is developing an understanding of our cement clients' approach to E&S risks relevant to the sector.

The Cement Policy is an appendix to and consistent with Access Bank's overarching ESRM Policy. The Bank will approach the engagement of cement clients and transactions according to the guidance of the overall ESRM Policy.

Where we receive finance from DFIs, we will apply any E&S risk management requirements of the relevant DFI, including transaction and client assessment, and reporting requirements in addition to the Cement Policy.

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International conventions include the following:

- ☐ UNESCO World Heritage Sites (whc.unesco.org);
- ☐ UNESCO Biosphere Reserves (portal.unesco.org/science);
- ☐ Ramsar Sites (www.ramsar.org)
- ☐ IUCN/Wdpa Protected Areas (I to IV) (www.wdpa.org);

For all transactions within the scope of this policy, we will review and evaluate the associated E&S impacts and identify potential mitigation measures where necessary. We will review all clients to whom this policy applies in order to evaluate their commitment, capacity and track record clients to manage the E&S impacts potentially associated with their activities. Access Bank's approach to E&S issues is to favor good international practice and avoid, or at least reduce, mitigate or compensate for, negative impacts where possible, and engage with local communities about matters that directly and materially affect them.

Access Bank will conduct additional E&S due diligence on transactions or clients:

- Located in an environmentally or socially sensitive area;
- With adverse material environmental and/or social impacts; or
- Where material external stakeholder or NGO issues have been identified.

Access Bank distinguishes its ESRM approach between different types of engagements:

5.1 Low Risk Financial Product Types

The Cement Policy applies to all financial product types listed in Appendix 1, including Low Risk Financial Product Types. All financial product types undergo assessment according to the type of engagement.

5.2 Transactions with Known Use of Funds

For transactions that are project or asset-linked, the Bank will apply an assessment that is broadly consistent with an Equator Principles approach. This requires an assessment of transaction and client risk.

5.3 Project Finance (Equator Principles)

The Bank will apply the Equator Principles as the E&S due diligence framework for all Project Finance transactions in our Investment Bank and Commercial Bank. This requires categorization and assessment of the project and the client.

6. Policy governance

The Cement Policy shall be reviewed and approved by the MCC. The ESRM-CRM Unit has responsibility for compiling and presenting ESRM policies and procedures to the MCC for approval.

The Unit Head, Environmental and Social Risk Management has responsibility for proposing changes as needed to the Cement Policy or creating new level ESRM policies and presenting these for MCC approval.

Appendix 4: Access Bank Oil & Gas Policy

1. Introduction

The oil and gas industry is a diverse sector which underpins global economic growth and development. We understand the importance of this sector and its challenge in meeting

expanding global energy needs of both mature and emerging markets while raising human welfare and minimizing environmental impacts. In Gambia, oil and gas represents a key sector and plays a crucial role in the development of the Gambian economy.

The sector presents significant opportunities for the financial sector in The Gambia, but we also recognize the inherent risks. Our view is that if its activities are managed responsibly, the oil and gas sector can play an important role in Gambia's economic progress.

Access Bank will provide a range of financial services to the downstream and upstream oil and gas sector, primarily in Gambia. Our strategy is to develop professional value adding relationships with the key income generating aspects of the oil and gas sector while putting in place appropriate policy frameworks to ensure that our support is provided in an environmentally and socially responsible manner.

We recognize that the potential E&S impacts of oil and gas activities make this sector particularly sensitive if not managed appropriately. Access Bank is therefore committed to considering the E&S impacts associated with its clients' activities in its decision-making processes. We will work with clients to meet our sustainability standards and review our commitment to any client or transaction where such standards are no longer met.

The Oil and Gas Policy outlines Access Bank's standards for responsible engagement and provision of financial services to the oil and gas industry, in line with Access Bank's overall enterprise risk management philosophy and ESRM Policy. The Oil and Gas Policy is an appendix to the ESRM Policy.

2. Sector-specific E&S risks

The activities of the oil and gas sector present significant and growing E&S issues that can pose risks for clients and their financiers. The sector's management of E&S issues is increasingly expected and required in order to secure the long-term viability of operations. Key concerns impacting operators, service providers and financiers include:

- Projects or sites located in or near natural habitats and protected areas (including offshore/sub-sea habitats of significance);
- Projects / sites located in remote areas and whose development will increase access to these areas;
- Use of gas flaring in refining operations as a management strategy for associated gases (this is a significant source of greenhouse gas (GHG) emissions);
- Spills, leakage and accidents;
- Consumption of significant volumes of water for processing and cooling operations, thereby affecting water flows and/or quality;
- Lack of transparency and or/corruption and bribery;
- Social conflict and the use of armed forces to control security;
- Social tension and activism over oil/gas developments, including plant damage/closure or NGO campaigns;
- Violation of human rights of local communities, workers or protestors;
- Displacement of people (including relocation and loss of assets such as land, water, crops, homes);

- Material Impacts on indigenous peoples or lands used by indigenous peoples.

3. Sector-specific standards

Access Bank recognizes that the oil and gas industry is aware of and active in addressing the E&S impacts that result from its activities. Industry-led initiatives and associations raise awareness of and promote the management of E&S issues related to the sector's activities. Access Bank will be guided by the following industry standards when assessing a client's approach to managing the E&S impacts resulting from its business activities or a particular transaction:

- Extractive Industries Transparency Initiative (EITI)
- Voluntary Principles on Security and Human Rights
- Global Gas Flaring and Venting Reduction Voluntary Standard
- International Convention for the Prevention of Pollution from Ships (MARPOL)
- The Energy and Biodiversity Initiative and the Joint Nature Conservation Committee Guidelines for the offshore industry (for protecting marine animals)

Access Bank will also be guided by industry best practices promoted through the following industry bodies:

- The International Petroleum Industry Environmental Conservation Association (IPIECA)
- The International Association of Oil and Gas Producers (OGP)
- International Marine organization (IMO)

In addition to the above mentioned industry standards, Access Bank will apply the Equator Principles as the E&S due diligence framework for all Project Finance transactions.

Access Bank will not knowingly provide financial services to activities involving locations or products prohibited by local laws and international conventions such as:

- Site location in areas of protected of biodiversity resources and cultural heritage²³;
- Use of unbounded asbestos fibres and asbestos-containing products in the construction of new sites and facilities, excluding asbestos cement sheeting where asbestos content is less than 20 per cent;
- Use of chlorofluorocarbons (CFCs), halons and other ozone depleting substances subject to international phase-out.

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International conventions include the following:

- ☐ UNESCO World Heritage Sites (whc.unesco.org);
- ☐ UNESCO Biosphere Reserves (portal.unesco.org/science);
- ☐ Ramsar Sites (www.ramsar.org)
- ☐ IUCN/WDPA Protected Areas (I to IV) (www.wdpa.org);

4. Scope of application

4.1 Applicability

The Oil and Gas Policy applies to all financial services in Appendix 1 of Access Bank's ESRM Policy provided to the oil and gas sector.

Access Bank has relationships with clients in the oil and gas sector are involved in upstream and downstream operations, which involve exploration, drilling, production, refining, storage, distribution, bulk-breaking and sale of gasoline, naphtha, kerosene, fuel oils, lubricating oils, paraffin wax, asphalt, petrochemicals and a wide range of derivative products.

4.2 Exceptions

The Oil and Gas Policy does not apply to the following financial products:

- Asset management;
- E-business;
- Private banking;
- Retail banking.

4.3 Retrospective application

Although the Oil and Gas Policy is not intended to be applied retrospectively, Access Bank will endeavor to address potentially material legacy issues relevant to a particular engagement as it becomes due for renewal or periodic review.

5. Policy approach

Access Bank has developed the Oil and Gas Policy to address the higher levels of risk posed to the bank based on the nature of the activities in the upstream and downstream oil and gas sector and consequent potential for negative E&S impacts.

Central to effective ESRM is developing an understanding of our oil and gas clients' approach to E&S risks relevant to the sector.

The Oil and Gas Policy is an appendix to and consistent with Access Bank's overarching ESRM Policy. The Bank will approach the engagement of oil and gas sector clients and transactions according to the guidance of the overall ESRM Policy.

Where we receive finance from DFI's, we will apply any E&S risk management requirements of the relevant DFI, including transaction and client assessment, and reporting requirements in addition to the Oil and Gas Policy.

For all transactions within the scope of this policy, we will review and evaluate the associated E&S impacts and identify potential mitigation measures where necessary. We will review all clients to whom this policy applies in order to evaluate their commitment, capacity and track record clients to manage the E&S impacts potentially associated with their activities. Access Bank's approach to E&S issues is to favor good international practice and avoid, or at least reduce, mitigate or compensate for, negative impacts where possible, and engage with local communities about matters that directly and materially affect them.

Access Bank will conduct additional E&S due diligence on transactions or clients:

- Located in an environmentally or socially sensitive area;
- With adverse material environmental and/or social impacts; or
- Where material external stakeholder or NGO issues have been identified.

Access Bank distinguishes its ESRM approach between different types of engagements:

5.1 Low Risk Financial Product Types

The Oil and Gas Policy applies to all financial product types listed in Appendix 1, including Low Risk Financial Product Types. All financial product types undergo assessment according to the type of engagement.

5.2 Transactions with Known Use of Funds

For transactions that are project or asset-linked, the Bank will apply an assessment that is broadly consistent with an Equator Principles approach. This requires an assessment of transaction and client risk.

5.3 Project Finance (Equator Principles)

The Bank will apply the Equator Principles as the E&S due diligence framework for all Project Finance transactions in our Investment Bank and Commercial Bank. This requires categorization and assessment of the project and the client.

We are committed to reporting on our activities in the oil and gas sector as per our Equator Principles obligations and the requirements of DFI's and other investors, and we will seek to incorporate such reporting into our annual external publications.

6. Policy governance

The Oil and Gas Policy has been reviewed and approved by the MCC. The ESRM-CRM Unit has responsibility for compiling and presenting ESRM policies and procedures to the MCC for approval.

The Unit Head, Environmental and Social Risk Management has responsibility for proposing changes as needed to the Oil and Gas Policy or creating new Group level ESRM policies and presenting these for MCC approval.

Appendix 5: Access Bank Power Sector Policy

1.0 Introduction

The environmental problems in power sector directly relates to energy production and consumption including air pollution, climate change, water pollution, thermal pollution, and solid waste disposal. This Guideline is designed to put in place principles whilst focusing on the Power Sector. The objectives of this Guideline are to:

- Assist Access Bank in the identification and management of E&S risks associated with the provision of financial products and services to the power sector;
- Ensure that Access Bank adopts relevant international standards and best practices in the management of their E&S risk exposures.

2.0. Scope & Applicability

This Guideline covers the provision of financial products and services for the Power sector which includes, but is not limited to:

- Power generation sources and associated facilities (i.e. oil, gas and hydropower), except nuclear;
- Electricity distribution and transmission infrastructure (e.g. upgrades or extensions); and
- Alternative sources of power generation and associated facilities (e.g. solar, clean coal, wind, biomass, etc.).

The Guideline applies to all corporate lending, project and structured finance, equity and debt capital market activities, and advisory services provided to clients in the Power sector. The extent to which the policy apply will depend on the level and nature of Power Sector Business Activities financed by Access Bank. The Guideline and its E&S requirements will, apply to all facilities that will be extended to our client's.

This Guideline does not cover the provision of financial products and services for the extraction, processing and transport of energy raw materials (e.g. the extraction of oil and gas, coal, and other fuel sources). For guidance on oil and gas activities, please refer to the Oil and Gas Sector Guideline.

This guideline may not be appropriate for application to some power sector financial services such as asset management, or insurance or in the cases where there may be limited opportunity for the Bank to influence a client's E&S performance. The Bank will clearly indicate which financial products or services have been excluded from the application of the Guideline in a sector-specific approach as part of the ESRM-CRM policy.

3.0. Power Sector E&S Issues

Gambia's total installed electricity generation capacity is approximately 1402 MW, 56.15% of which is from hydropower, 43.84% from fossil fuels (17.55% from natural gas and 26.29% from oil) and remaining from solar photovoltaic.

In recent decades, global warming has increased dramatically, as evidenced by the continuing deterioration of the environment due to economic growth based on traditional energy consumption. Energy is the building block of the development of economic activity and has increased its demand as a result of the overall modernization of the economy. One of the pillars of the fight against climate change is to reduce greenhouse gas (GHG) emissions through the use of sustainable energies, such as biofuels, biomass, hydroelectricity, solar energy, the wind.

The current energy situation in Gambia is characterized by power cuts, aging electrical installations, which has negative impacts on the daily lives of Gambians.

Table 1: Potential E&S risks associated with the power sector

Risk Type	Potential Risk Issue
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Environmental	<p>Increased GHG emissions; air pollutant emissions, or locations where existing air quality is already poor due to cumulative impacts from combined pollution sources.</p>
	<p>Not deploying best available control technologies for emissions and waste (e.g. hazardous pollutant deposits in water bodies and land).</p> <p>High water extraction for cooling operations and which will affect water flow and quality to other ecosystem services that require water.</p> <p>Habitat defragmentation with the construction of roads, transmission pylons and distribution lines, increasing access to previously remote areas and natural habitats.</p>
Social	<p>People and economic displacement (e.g. loss of assets such as land, crops, fisheries, agricultural land etc.).</p> <p>Conflict with local communities as a result of the siting of plant or storage facilities due to the real and perceived risk of explosion, plants and storage facilities that are situated near populated areas may be of particular concern to local stakeholders.</p> <p>Damaged cultural heritage including, objects of religious, archaeological, natural significance.</p> <p>Operations in areas subject to natural hazard (e.g. earthquake, extreme weather), which could affect the structural integrity of the plant (e.g. hydropower station/dam).</p> <p>Infringement of labor and human rights.</p>

The banking sector has a key role to play in driving the national vision of attaining a secure and sustainable energy supply pivotal for the success of the Gambian economy. Access Bank would support and finance current and future energy generation and distribution activities in a manner that takes into account due regard for the environment and society and is consistent with best practices.

4.0. Banking Requirements for Power Sector Financing

For all activities that fall within the scope of this Guideline Access Bank shall:

- Undertake appropriate E&S due diligence on power sector clients and activities to identify and assess potential E&S risks, as well as, determine a client's ability to effectively manage identified risks. For new power developments, Access Bank will require a client to provide a detailed E&S impact assessment and for existing developments require a recent E&S audit.
- Require power sector clients to comply with local laws governing E&S issues.
- Encourage power sector clients to meet the requirements of the IFC's Performance Standards and relevant Environmental, Health and Safety guidelines that represent the minimum internationally accepted good practice.

- Refer to key sustainability initiatives and good practices relevant for power projects during E&S due diligence. Where relevant, Access Bank will request clients to work toward enhanced performance consistent with such initiatives, standards, and good practice.
- Promote and encourage the uptake of opportunities relating to energy efficiency, clean technology, and renewable energy as appropriate.

5.0. E&S Risk Implementation for Power Sector Business Activities

To meet these commitments and successfully manage E&S issues associated with the provision of financial products and services to power generation, Access Bank would refer to local regulatory and international best practice standards.

6.0. E&S Risk Categorization of Power Sector Investments

The following information serves to illustrate and support the categorization of E&S risks for different power transactions. Typically, a transaction will be categorized as high, medium or low risk but in the power sector, most transactions carry either a high or medium level of risk. The purpose of categorizing the risk of a potential transaction is to guide the Bank on the degree of E&S due diligence required to inform credit risk approval or underwriting decision-making and the appropriate level of E&S risk management and monitoring oversight that should be applied to the transaction.

A high-risk transaction involves activities that carry potential significant adverse E&S risks and/or impacts that are diverse, irreversible, or unprecedented. Examples of the types of power transactions that would fall into this category of risk would include:

- Large thermal power stations and other combustion installations;
- Hydropower schemes involving large/medium scale dams;
- Hydropower schemes on international waterways, or small hydropower schemes on rivers or water bodies already significantly altered by other abstraction/power generation activities;
- Associated facilities such as pipelines, terminals, and associated facilities for large scale transport of gas and oil, activities involving surface or underground storage of combustible gases and fuels;
- Transmission lines in populated/urban areas;
- Biofuel projects involving large-scale plantations of biofuel crops; and Biomass projects involving hazardous wastes.

A medium-risk transaction involves activities which carry potential limited adverse E&S risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. Examples of the types of power investments that would fall into this category of risk would include:

- Small combustion facilities (3 – 50MWth);

- 10MW or 50MW run of the river hydropower plants without additional up or downstream power projects;
- Medium or small scale wind and solar power projects; and
- Some types of biomass (not involving hazardous materials).

7.0. Power Sector Client Engagement and Monitoring

Access Bank would engage with power sector clients to encourage good E&S risk management practices and promote energy efficiency, clean technology and renewable resources. Where some existing clients have not met certain standards due to a number of factors, including legacy assets, they would be expected to develop credible, documented time-bound “action

plan” to achieve the required standards over time. E&S conditions or covenants will be included in the transaction documentation where appropriate to ensure E&S risks are monitored and on-going compliance is addressed with the client.

8.0. Power Sector E&S Reporting

Access Bank will monitor and report on its activities consistent with this to demonstrate on-going commitment and progress. Access Bank shall seek to externally report on its progress in a meaningful way. In addition to general E&S risk reporting guidance provided, Access Bank would consider international best practices for reporting in the power sector. The Global Reporting Initiative Electric Utilities Guideline provides detailed reporting guidance on certain activities and E&S risk issues in the power sector.

9.0. Policy governance

The ESRM-CRM Unit has responsibility for compiling and presenting ESRM policies and procedures to the MCC for approval.

The Unit Head, Environmental and Social Risk Management has responsibility for proposing changes as needed to the Power Policy or creating new level ESRM policies and presenting these for MCC approval.

Appendix 6: Access Bank Agriculture Sector Policy

1.0. Introduction

This Guideline is designed to put in place principles whilst focusing on the agriculture sector.

The objectives of this Guideline are to:

- Assist Access Bank in the identification and management of complex E&S risks associated with the provision of financial products and services to the Gambian agriculture sector;
- Ensure that Access Bank adopt relevant international standards and best practices in the management of E&S risk; and

- Strategically position agriculture as an attractive, rewarding and sustainable business opportunity.

Access Bank will use its financial intermediation role and client relationships to influence the sustainable development of agriculture. It is intended that this guideline will establish the

minimum standards for Access Bank to ensure that financial products and services provided to the sector are both socially and environmentally sustainable.

Sustainable agriculture requires increased funding for land acquisition, good quality seeds and fertiliser, research and development, extension services, irrigation systems, storage facilities, processing machinery and infrastructure (roads and power). Channeling resources and funding for such activities and other transformational avenues are the means through which financial institutions can drive and sustain changes in the agricultural sector, whilst gradually reducing funding for activities that impact negatively on the environment and society.

2.0. Scope and Applicability

This Guideline covers the provision of financial products and services for the agriculture sector including, but not limited to, Business Activities relating to the agribusiness value chain.

This Guideline applies to all lending instruments, project and structured commodity finance, equity and debt capital market activities, retail banking and advisory services provided to clients in the agricultural sector. The extent to which the policy apply will depend on the level and nature of agriculture sector Business Activities financed by the Bank. The Guideline and its E&S requirements will apply to any facilities or services extended to clients.

This guideline may not be appropriate for application to some agriculture sector financial services such as asset management or non-agriculture related insurance or in the cases where there may be limited opportunity for the Bank to influence a client's E&S performance. Access Bank will clearly indicate which financial products or services have been excluded from the application of the Guideline in a sector-specific approach as part of its ESRM-CRM policy.

5.0. E&S Risk Implementation for Agriculture Business Activities

To meet these commitments and successfully manage E&S issues associated with the provision of financial products and services to Agriculture Sector, Access Bank would refer to best practice Sustainable Banking Principles guidance note.

6.0. E&S Risk Categorization of Agriculture Sector Investments

The following information serves to illustrate and support the categorization of E&S risks for different Agriculture Business Activities. Typically, a transaction will be categorised as high, medium or low risk based on the nature of E&S impacts associated with the client's Agriculture Business Activities and the client's ability to manage such impacts. The purpose of categorising the risk of a potential transaction is to guide the bank on the degree of E&S due diligence required to inform credit risk approval or underwriting decision-making and the appropriate level of E&S risk management and monitoring oversight that should be applied to the loan.

A high-risk transaction is one where activities carry potential significant adverse E&S risks and/or impacts that are diverse, irreversible, or unprecedented.

A medium-risk transaction is one where activities carry potential limited adverse E&S risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

7.0. Agriculture Sector Client Engagement and Monitoring

Access Bank will engage with its agriculture sector clients to encourage good E&S risk management practices and promote sustainable agriculture best practice. Where some existing clients have not met certain standards due to several factors, including legacy assets, they would be expected to develop credible, documented time-bound “action plan” to achieve the required standards over time. E&S conditions or covenants will be included in the transaction documentation, where appropriate, to ensure E&S risks are monitored and ongoing compliance is addressed with the client.

8.0. Agriculture Sector E&S Reporting

Access Bank would monitor and report on its activities consistent with this guideline to demonstrate on-going commitment and progress. Access Bank shall seek to externally report on its progress in a meaningful way. In addition to general E&S risk reporting guidance provided, Access Bank would consider international best practices for reporting in the agriculture sector. The Global Reporting Initiative provides detailed reporting guidance on certain activities and E&S risk issues in the agriculture sector.

9.0. Policy governance

The ESRM-CRM Unit has responsibility for compiling and presenting ESRM policies and procedures to the MCC for approval.

The Unit Head, Environmental and Social Risk Management has responsibility for proposing changes as needed to the Agriculture Policy or creating new level ESRM policies and presenting these for MCC approval.

Appendix 7: Access Bank Mining Sector Policy

1.0. Introduction

This Guideline has been designed to complement the local regulatory guidelines, IFC’s performance standards and relevant environmental, health and safety guidelines that represent the minimum internationally accepted good practice in the Mining sector.

The objectives of this Guideline are to:

- Assist Access Bank in the identification and management of complex E&S risks associated with the provision of financial products and services to the Mining sector across all locations including subsidiaries.
- Provide additional sector-specific guidance to supplement local regulatory and relevant EHS guidelines.
- Ensure that Access Bank adopt relevant international standards and best practices in the management of E&S risk; and
- Strategically position Mining as an attractive, rewarding, and sustainable business opportunity.

Mining operations are defined primarily by the type and method of the mining (e.g., hard rock mining, coal mining, solution mining, marine mining, underground, open pit). Conventional hard rock mine operations combine large scale ore and waste rock extraction, beneficiation [which involves comminution (e.g., Crushing / grinding ore) and mineral concentration], and large-scale waste storage and treatment facilities. Metallurgical processing involves geochemical changes to refine the metals and is typically conducted off-site from the mine.

The overall objective of a mining operation is to extract the valued ore, and complete preliminary processing (e.g., beneficiation), while at the same time manage the much larger volumes of mine waste (e.g., waste rock, tailings, wastewater, process, and hazardous wastes) in a manner that protects environment, human health and safety under a range of present and future conditions and timelines. Mining operations are generally classified into four principal categories based on commodity: precious metals, base metals, energy, and industrial minerals.

Mine operations are invariably located on or adjacent to the ore body to minimize operation and preliminary processing costs as well as potential for unwarranted land disturbance. Mine locations are diverse, including virtually all bio-geoclimatic zones (e.g., temperate, tropics, polar, desert, high altitude, coastal, surface and subsurface). Processed products are transported for further processing or to market as economic and logistical considerations dictate using a combination of truck, barge, rail, and slurry pipeline, among other methods. Typical surface

mine operations range from about 100 ha to 1,000 ha in size but can exceed 5,000 ha for exceptionally large developments.

The principle components of a typical mine include:

- Mine its and / or underground workings.
- Waste storage areas and tailings facilities.
- Rock and ore stockpiles; Plant and processing facilities (e.g., mills);
- Water management infrastructure (e.g. treatment ponds, dams, ditches, piping);
- Other infrastructure (e.g. roads, power lines, airstrips)

Mining consists of exploration (preliminary, detailed and advanced) and development, construction and decommissioning phases (operation, final closure and decommissioning, and post-closure care)¹²

2.0. Scope and Applicability

This Guideline covers the provision of financial products and services for the mining sector including, but not limited to business activities that serve as a catalyst for critical infrastructure development to support a broader investment relating to the value chain.

This Guideline applies to all lending instruments, project finance, equity and debt capital market activities, retail banking and advisory services provided to new and existing clients in the mining sector. The extent to which the policy apply will depend on the level and nature of business

²⁸ www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines.

activities financed by the Bank. The Guideline and its E&S requirements will apply to any additional facilities or services extended to clients.

This guideline may not be appropriate for application to some mining sector financial services such as asset management, insurance or in the cases where there may be limited opportunity for the Bank to influence a client's E&S performance. Access Bank will clearly indicate which financial products or services have been excluded from the application of the Guideline in a sector-specific approach as part of its ESRM-CRM policy.

3.0. Mining Sector E&S Issues

The activities of the Mining sector present significant and growing E&S issues that can pose risks for clients and their financiers. The following section provides a summary of EHS issues associated with mining activities (and including ore processing facilities) which may occur during the exploration, development and construction, operation, closure and decommissioning, and post-closure phases¹³.

3.1 Environmental Risks.

Potential environmental issues associated with mining activities may include:

- *Water use and quality:* Mines can use large quantities of water, mostly in processing plants and related activities including dust suppression. Potential contamination of water sources may occur early in the mine cycle during the exploration stage and many factors including indirect impacts (e.g. population in-migration) can result in negative impacts to
- *Water quality.* Reduction of surface and groundwater availability is also a concern at the local level and for communities in the vicinity of mining sites, particularly, in arid regions, or in regions of high agricultural potential.
- *Wastes:* Mines generate large volumes of waste. Solid wastes may be generated in any phase of the mine cycle. The most significant waste generating mining activities will likely occur during the operational phases, which require the movement of large amounts overburden and creation of rock waste and tailings. Other types of solid wastes, depending on the type of mining undertaken, may include leach pad waste, workshop scrap, household and non-process-related industrial waste, as well as waste oils, chemicals, and other potentially hazardous wastes.
- *Hazardous materials:* Accidental release of hazardous materials into soils, surface water, and groundwater resources during transportation or via leaks, accidental spills from storage tanks and pipelines (e.g. tailings pipelines)
- *Land use and biodiversity:* Habitat alteration is the most significant potential threats to biodiversity associated with mining. Habitat alteration may occur during any stage of the mine cycle with the greatest potential for temporary or permanent alteration of terrestrial and aquatic habitats occurring during construction and operational activities. Exploration activities often require the development of access routes, transportation corridors, and several infrastructure constructions, which may all result in varying degrees of land clearing and population in-migration.
- *Air quality:* Airborne emissions may occur during each stage of the mine cycle, although in particular during exploration, development, construction, and operational activities. The principal sources include fugitive dust from blasting, exposed surfaces such as tailings

²⁹ www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines.

facilities, stockpiles, waste dumps, haul roads and infrastructure, and extent, gases from combustion of fuels in stationary and mobile equipment.

- *Noise and vibrations:* Sources of noise emissions associated with mining may include noise from vehicle engines, loading and unloading of rock into steel dumpers, chutes, power generation, construction and mining activities, shoveling, ripping, drilling, blasting, transport (including corridors for rail, road, and conveyor belts), crushing, grinding, and stockpiling.
- *Energy Use:* significant energy is consumed in activities such as transport, exploration activities, drilling, excavation, extraction, grinding, crushing, milling, pumping, and ventilation processes.
- *Visual Impacts:* Mining operations particularly surface mining activities, may result in negative visual impacts to resources associated with other landscape uses such as recreation or tourism. Potential contributors to visual impacts include high walls, erosion, discolored water, haul roads, waste dumps, slurry ponds, abandoned mining equipment and structures, garbage and refuse dumps, open pits, and deforestation.

3.2 Social Risks

Potential social issues associated with mining include Occupational and Community Health and Safety risks.

3.2.1 *Occupational Health and Safety risks:* Occupational health and safety issues occur during all phases of the mine cycle. They include: General workplace health and safety; Hazardous substances; Use of explosives; Electrical safety and isolation; Physical hazards; Ionizing radiation; Fitness for work; Travel and remote site health;

Thermal stress; Noise and vibration; and Specific hazards in underground mining (Fires, explosions, confined spaces and oxygen deficient atmospheres).

3.2.2 *Community Health and Safety risks:* Community health and safety issues associated with mining activities include transport safety along access corridor, transport and handling of dangerous goods, impacts to water quality and quantity, inadvertent development of new vector breeding sites and potential for transmission of communicable diseases. Large mining developments can result to numerous social vices associated due to the rapid influx of project labor (during construction and operational phases)

4.0. Climate-Smart Mining and Climate-Smart Mining Initiative¹⁴

This is the responsible extraction and processing of minerals and metals to secure supply for clean energy technologies by minimizing the social, environmental, and climate footprints throughout the value chain of those materials by scaling up technical assistance and investments in resource-rich developing countries.

³⁰ <http://pubdocs.worldbank.org/en/961711588875536384/Minerals-for-Climate-Action-The-Mineral-Intensity-of-the-Clean-EnergyTransition.pdf>

The Climate-Smart Mining Initiative has been developed to align with the Sustainable

Development Goals and the Paris Agreement to ensure that the decarbonization of the mining and electricity industries also benefits the resource-rich countries that host these strategic minerals and the communities directly impacted by their extraction, as well as the developing countries that are projected to deploy renewable energy technologies to reach their climate ambitions.

While the growing demand for minerals and metals provides economic opportunities for resource-rich developing countries and the industry alike, significant challenges will likely emerge if the climate-driven clean energy transition is not managed responsibly and sustainably. Without climate-smart mining practices, negative impacts from mining activities will increase, affecting already vulnerable communities in developing countries, as well as the environment in which they operate.

The Climate-Smart Mining Initiative will help resource-rich developing countries benefit from the increasing demand for minerals and metals, while ensuring the mining sector is managed in a way that minimizes its environmental and climate footprints.

Access Bank will have to partner with the public sector and other key stakeholders for the implementation of climate-smart mining so as to contribute to the low-carbon future.

4.1 Climate-Smart Mining Building Blocks

There are four building blocks for climate-smart mining namely, climate mitigation, climate adaptation, reducing material impacts and creating market opportunities. These building blocks will help mining companies and downstream users of minerals contribute to the sustainable development goals.

4.1.1 Climate mitigation: includes the integration of *renewable energy* in the mining sector, *innovation* in extractive practices and *energy efficiency* in mineral value.

4.1.2 Climate adaptation: includes *forest-smart mining* with landscape management, *resource efficiency* in mineral value chain and *innovation waste* solutions.

4.1.3 Reducing material Impacts: includes adoption of a *circular economy* for low-carbon minerals, *reuse/recycling* of low-carbon minerals and low-carbon *mineral supply chain* management

4.1.4 Creating market opportunities: includes *de-risking investments* for low-carbon minerals, leverage *carbon finance instruments* and robust *geological data management*.

5.0. Banking Requirements for Mining Sector Financing

For all activities that fall within the scope of this Guideline Access Bank shall:

- Require mining sector clients to comply with National laws governing E&S issues.

- Encourage mining sector clients to meet the requirements of the IFC's performance standards and relevant environmental, health and safety guidelines that represent the minimum internationally accepted good practice.
- Refer to key sustainability initiatives and good practices relevant for mining projects during E&S due diligence. Where relevant, Access Bank will request clients to work toward enhanced performance consistent with such initiatives, standards, and good practice.
- Promote and encourage the uptake of opportunities relating to climate-smart mining building blocks as appropriate.

6.0. E&S Risk Implementation for Mining Sector Business

To meet these commitments and successfully manage E&S issues associated with the provision of financial products and services to the mining Sector, Access Bank would refer to relevant environmental, health and safety guidelines that represent the minimum internationally accepted good practice.

7.0. E&S Risk Categorization of Mining Sector Investments

The following information serves to illustrate and support the categorization of E&S risks for different Mining Business Activities. Typically, a transaction will be categorized as high, medium, or low risk based on the nature of E&S impacts associated with the client's Mining Business Activities and the client's ability to manage such impacts. The purpose of categorizing the risk of a potential transaction is to guide the bank on the degree of E&S due diligence required to inform credit risk approval or underwriting decision-making and the appropriate level of E&S risk management and monitoring oversight that should be applied to the loan.

A high-risk transaction is one where activities carry potential significant adverse E&S risks and/or impacts that are diverse, irreversible, or unprecedented. These may include the upstream aspect of the value chain (exploration and production) e.g. Underground Mining, Open-Cast or Pit mining, Alluvial mining and Artisanal Mining.

A medium-risk transaction is one where activities carry potential limited adverse E&S risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. These may include Solution mining and Marine dredging/Deep-sea mining.

The risk of a mine is at the lowest during the first quarter, moderate at the second quarter, high risk at the third quarter and extreme towards the end of the mine's life.

8.0. Mining Sector E&S Reporting

Access Bank would monitor and report on its activities consistent with this guideline and the relevant environmental, health and safety guidelines that represent the minimum internationally accepted good practice to demonstrate on-going commitment and progress. Access Bank shall seek to externally report on its progress in a meaningful way. In addition to general E&S risk

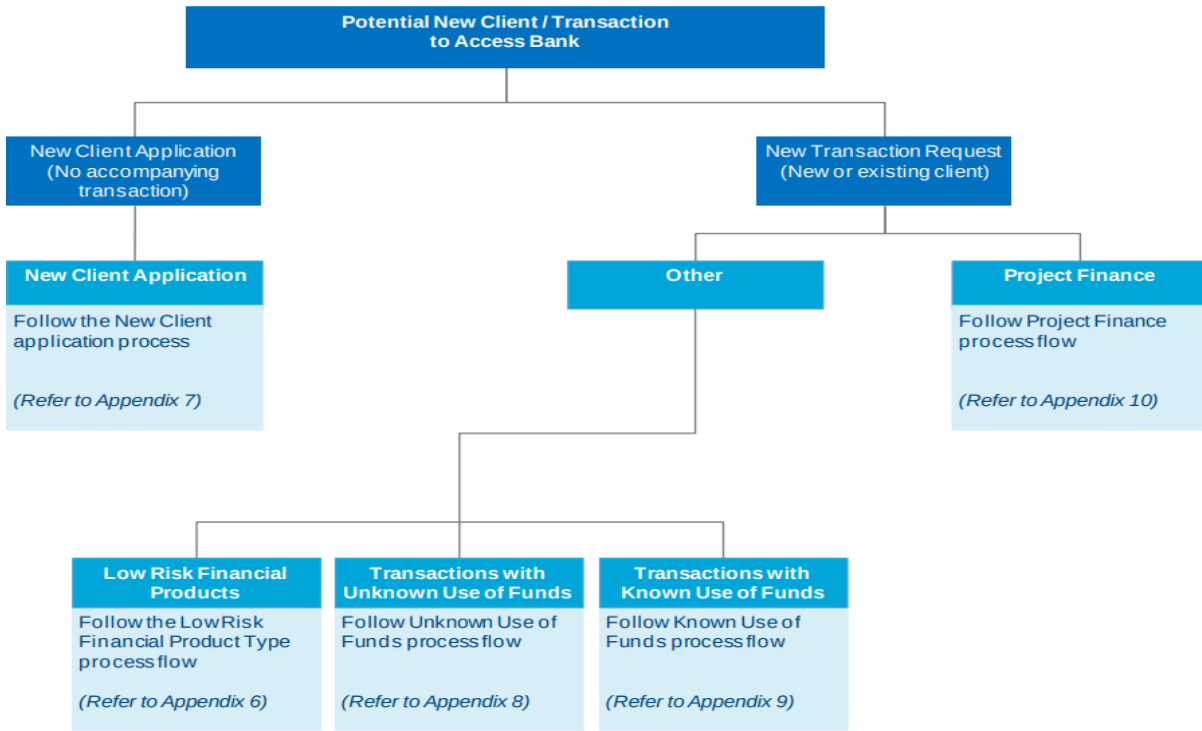
reporting guidance provided, Access Bank would consider international best practices for reporting in the Mining sector. The Global Reporting Initiative provides detailed reporting guidance on certain activities and E&S risk issues in the Mining sector.

9.0. Policy governance

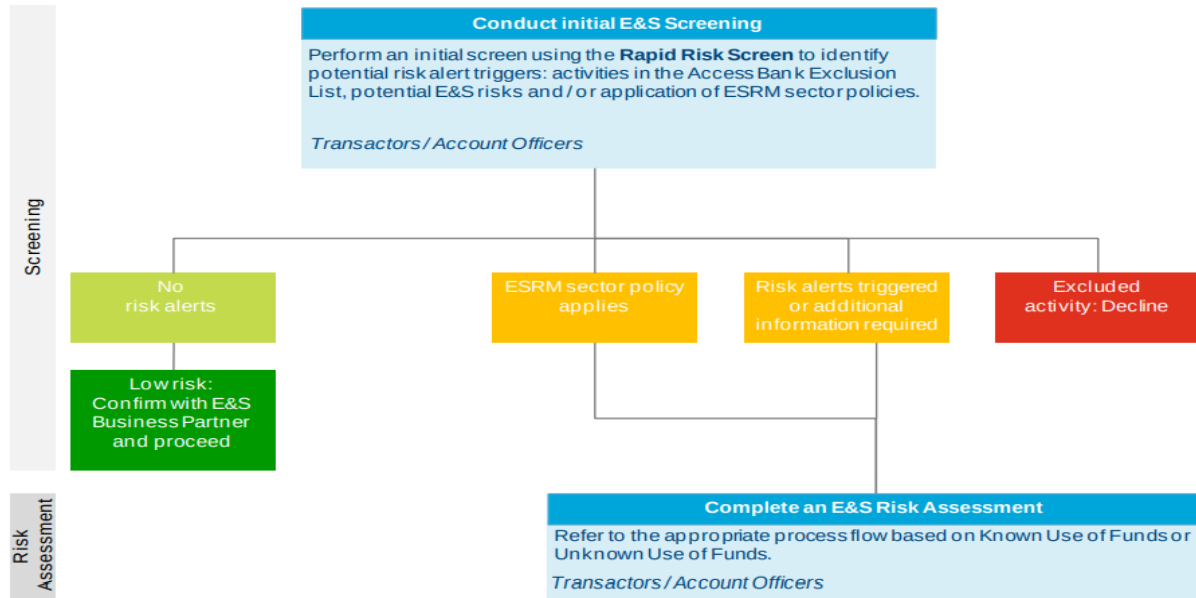
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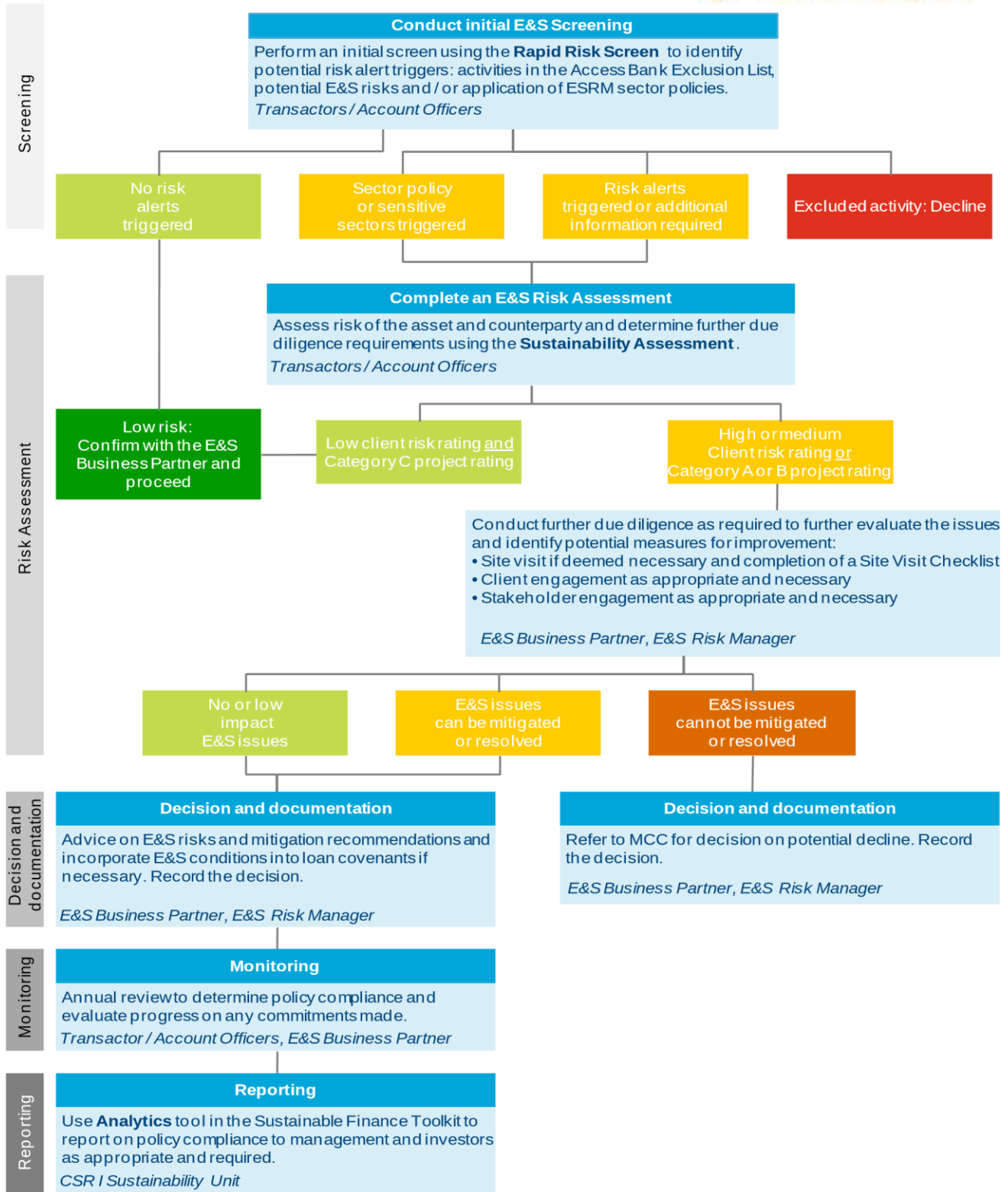
Appendix 8: ESRM procedures overview (subject to review)



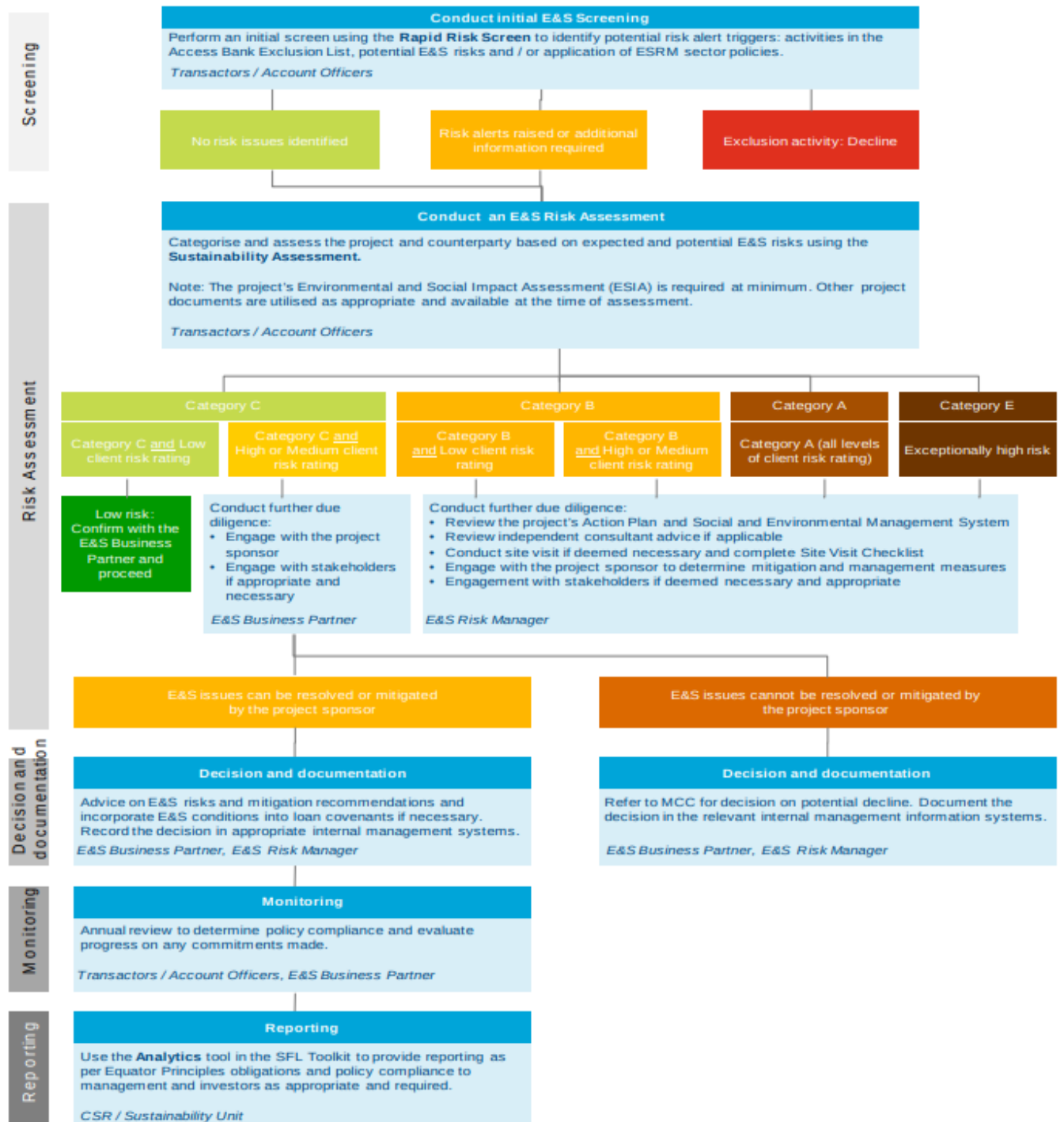
Appendix 9: Low Risk Financial Product Types (subject to review)



Appendix 10: Transactions with Known Use of Funds (subject to review)



Appendix 11: Project Finance (Equator principles)



Acronyms

BBD	Business Banking Division
CBD	Commercial Banking Division
CFCs	chlorofluorocarbons
CIBD	Corporate and Investment Banking Division
CPG	Credit Risk Management Policy Guide
CRA	Client Risk Assessment
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
E&S	Environmental and Social
EITI	Extractive Industries Transparency Initiative
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESRM	Environmental and Social Risk Management
GDP	Gross Domestic Product
GHG	Green-House Gas
GRI	Global Reporting Initiative
IFC	International Finance Corporation
IMO	International Marine Organization
IPIECA	International Petroleum Industry Environmental Conservation Association
IUCN	International Union for the Conservation of Nature
MARPOL	International Convention for Prevention of Marine Pollution for Ships
MCC	Management Credit Committee
NGO	Non-Governmental Organisation
OGP	International Association of Oil and Gas Producers
PCAF	Partnerships for Carbon Accounting Financials
SBU	Strategic Business Unit
TCFD	Taskforce on climate-related financial disclosure
UNEP-FI	United Nations Environment Programme – Finance Initiative

