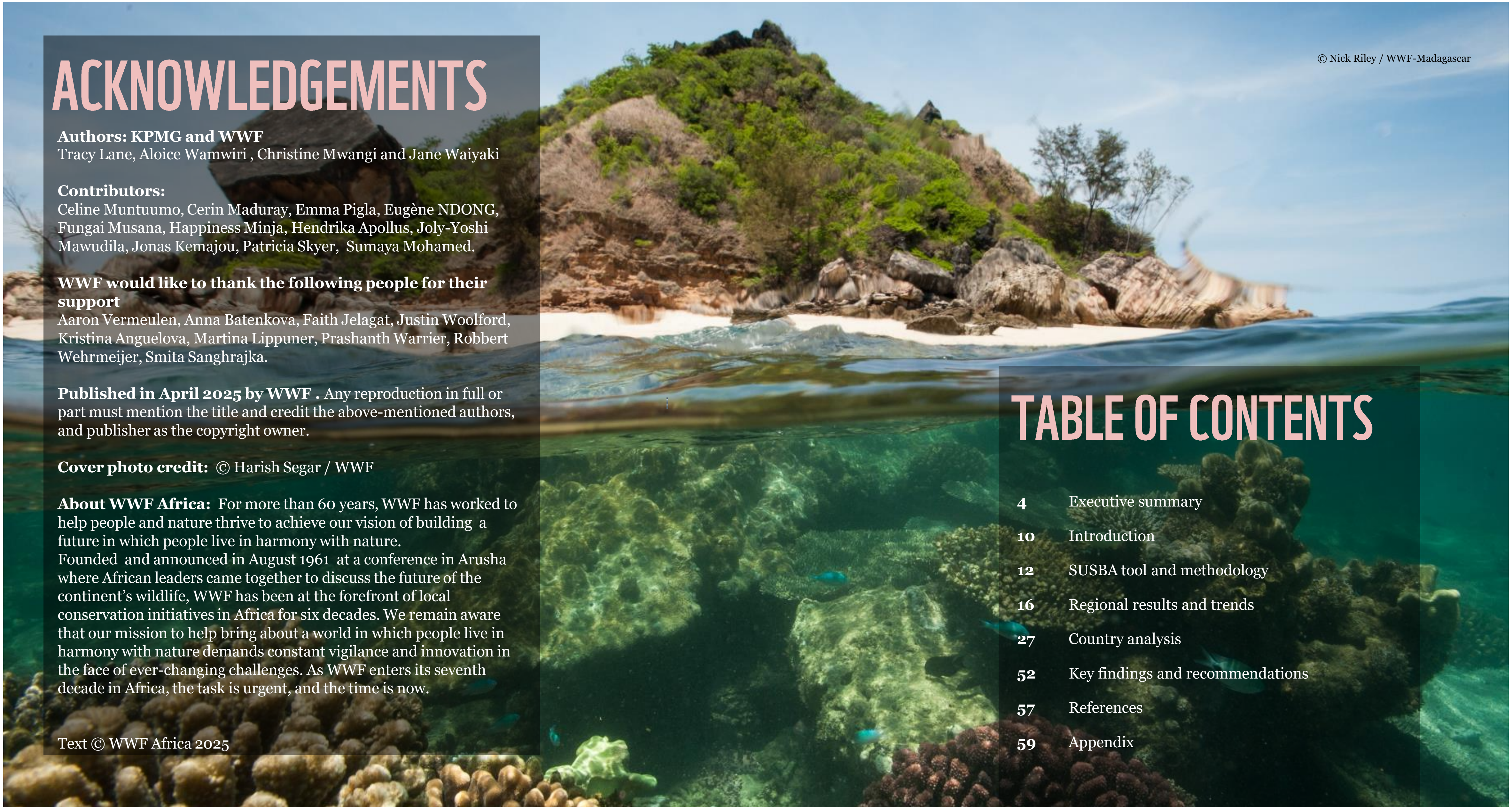
SUSTAINABLE BANKING ASSESSMENT (SUSBA)

AFRICA 2024



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About WWF Africa: For more than 60 years, WWF has worked to help people and nature thrive to achieve our vision of building a future in which people live in harmony with nature.
Founded and announced in August 1961 at a conference in Arusha where African leaders came together to discuss the future of the continent's wildlife, WWF has been at the forefront of local conservation initiatives in Africa for six decades. We remain aware that our mission to help bring about a world in which people live in harmony with nature demands constant vigilance and innovation in the face of ever-changing challenges. As WWF enters its seventh decade in Africa, the task is urgent, and the time is now.

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FOREWORD

It gives me immense pleasure to share Kenya's sustainable finance journey in WWF's inaugural Sustainable Banking Assessment Report (SUSBA). The report amplifies our continued appreciation of the role the financial services sector plays in ensuring that long-term value is created for the economy, society and the environment.

Indeed, we believe that for banks to have long-term business success, there is need to recognize their environmental and social responsibilities while simultaneously meeting their economic responsibilities and financial objectives. I am pleased to state that the banking industry in Kenya is steadily increasing its financial flows towards climate and biodiversity action. Banks are seizing sustainable windows of opportunity to be enablers of sustainable economic development. This new shift is catalyzed by the intensified effects of climate change and nature loss which have inevitably affected both communities and business.

We are pleased that our efforts in building the capacity of the industry have improved the quality of decisions made by banks in how they allocate capital. They are delivering value beyond their obligations to their shareholders and reaping the gains from providing enhanced benefits to People and the Planet. I am proud to state that we have trained more than 50 thousand bank employees across Kenya's banking industry through our e-learning platform on Sustainable Finance practices anchored on our SFI Guiding Principles. We have also improved banks disclosure capabilities with the support from WWF- Kenya. In 2023, we launched the first Climate-Related Financial Disclosures Template during the Africa Climate Week. This template, based on the Taskforce on Climate-Related Financial Disclosures (TCFD) framework, provides a comprehensive approach for banks to report their climate-related risks and opportunities. This not only enhances transparency but also strengthens the financial sector's resilience to climate change.

I wish to appreciate WWF-Kenya for being a partner that has greatly shaped our efforts in driving sustainable and inclusive practices within the financial services sector. I believe our collaboration will continue to make our ambition to green the financial services sector a reality.

Raimond Molenje
Chief Executive Officer
Kenya Bankers Association

LIST OF ABBREVIATIONS

AfDB	African Development Bank
Agri Bank	Agricultural Bank of Namibia
BEAC	Bank of Central African States
BGFI	Banque Gabonaise et Française Internationale
BICIG	Banque Internationale Pour Le Commerce Et L'industrie Du Gabon
CAFI	Central African Forest Initiative
CBC	Commercial Bank of Cameroon
CRDB	Cooperative Rural Development Bank
DTB	Diamond Trust Bank
E&S	Environmental and Social
ESG	Environmental, Social and Governance
FNB	First National Bank
GRI	Global Reporting Initiative
IFRS S1	International Financial Reporting Standards Sustainability Disclosure Standard 1 – General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	International Financial Reporting Standards Sustainability Disclosure Standard 2 – Climate-related Disclosures
KCB	Kenya Commercial Bank
NBC	National Bank of Commerce
NGFS	Network for Greening the Financial System
NMB	National Microfinance Bank
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SASB	Sustainability Accounting Standards Board
SBTi	Science-Based Targets Initiative
SDGs	Sustainable Development Goals
SUSBA	Sustainable Banking Assessment
TCFD	Task Force on Climate-Related Financial Disclosures
TMB	Trust Merchant Bank
TNFD	Taskforce on Nature-related Financial Disclosures
UNEP FI	United Nations Environment Programme Finance Initiative
UNGP	United Nations Guiding Principles on Business and Human Rights
ZANACO	Zambia National Commercial Bank
ZICB	Zambia Industrial Commercial Bank

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1. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This inaugural 2024 *Sustainable Banking Assessment* for Africa report highlights the critical role that financial institutions can play in supporting the continent's efforts to safeguard its biodiversity and to address the global climate crisis.

Africa faces significant challenges arising from unsustainable development patterns, which threaten socioeconomic growth and human well-being. Recognizing the urgent need for change, African nations are increasingly aligning with international frameworks such as the Paris Agreement on climate change, the Global Biodiversity Framework (GBF) and the Sustainable Development Goals (SDGs).

The finance sector drives the economy and is an extremely powerful lever for changing how it operates and impacts nature and people. Banks and financial institutions play a critical role in shifting investments away from environmentally harmful practices towards sustainable, climate-resilient and nature preservation options.

Initiatives like the Taskforce on Nature-related Financial Disclosures (TNFD), Task Force on Climate-related Financial Disclosures (TCFD),[1] and the United Nations Guiding Principles on Business and Human Rights (UNGP) emphasize the importance of transparency and accountability in addressing climate change, biodiversity and human rights in relation to risks arising from – and exposures to – financial activities.

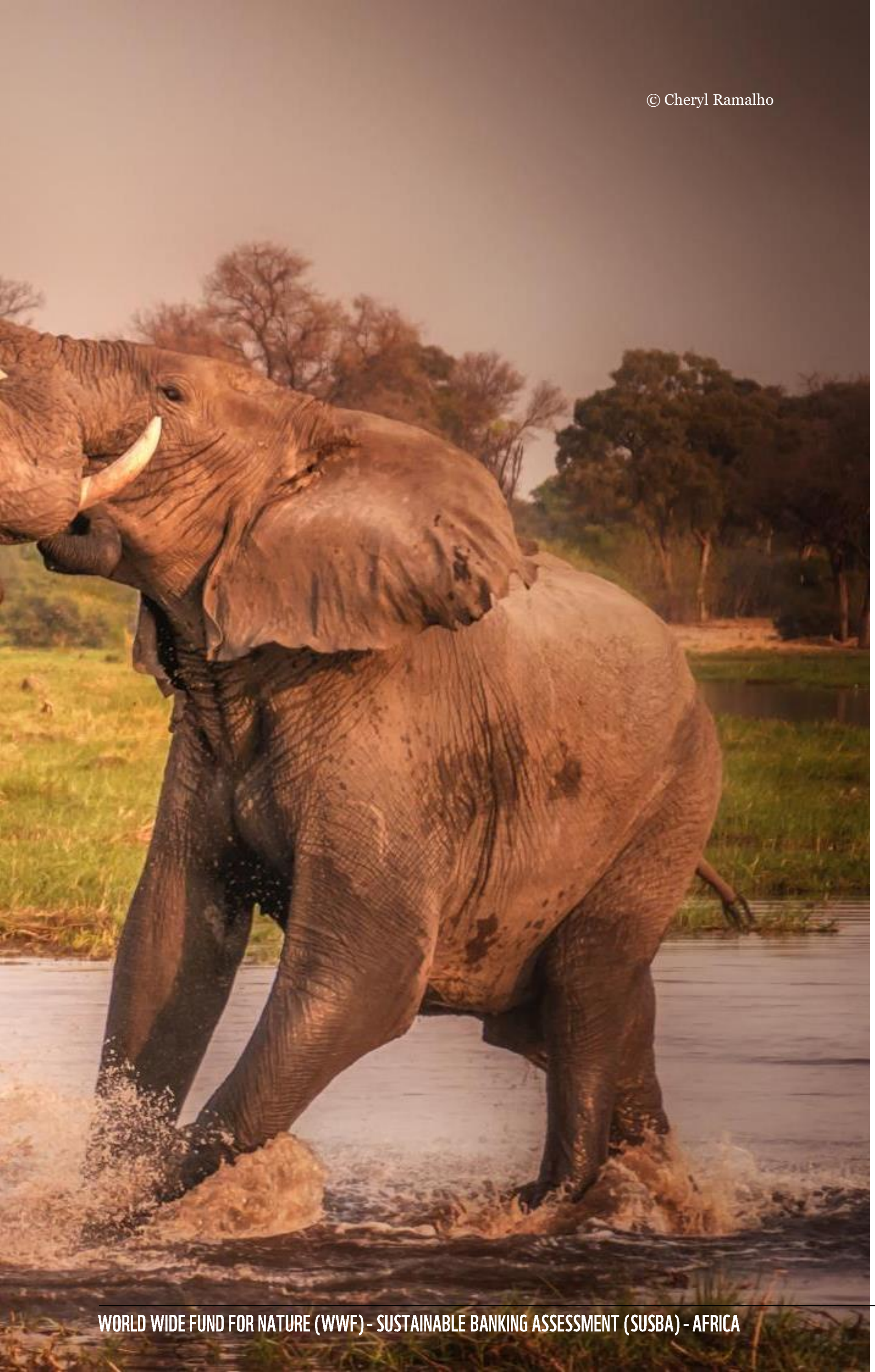
Africa's vulnerability to climate change and biodiversity loss drives adverse weather patterns, resource scarcity and regulatory shifts, which heighten credit risks in financial portfolios. In addition, nature loss, fuelled by ecosystem degradation and unsustainable practices, threatens livelihoods and natural ecosystems which serve as the first level of defence against climate and nature-related risks. Together, these challenges create opportunities for innovation, climate-smart investments, and nature-based solutions, emphasizing the need for significant capital in green financing to support sustainable development, resilience and growth.

To unlock this potential, Africa's banking sector must integrate sustainability into its commercial model. This will not only advance sustainable development but also enhance resilience to challenges in an increasingly volatile global environment.

However, while progress has been made in embedding sustainability within financial practices, the high cost of raising funds for climate and nature investments, coupled with a limited number of bankable projects, means that it remains a challenge for financial institutions in Africa to channel investments into impactful and scalable initiatives. According to the International Energy Agency (IEA, 2023), Africa accounts for around 20% of the world's population but attracts less than 2% of global spending on clean energy.

The IEA also notes that higher perceived and actual risks in African markets increase the cost of capital, making projects uncommercial or more expensive for end users. Similarly, the International Renewable Energy Agency (IRENA, 2024) highlights that only 10% of infrastructure projects in Africa progress from the concept stage to financing, indicating a scarcity of bankable projects.

[1]TCFD was disbanded in October 2023 and all TCFD recommendations incorporated into ISSB.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This report examines 25 banks across eight African countries: Cameroon, Gabon, Kenya, Namibia, South Africa, Tanzania, the Democratic Republic of Congo (DRC), and Zambia. Using a framework built on six pillars – purpose, policies, processes, people, products and portfolio – it evaluates the public disclosures of these banks based on 11 indicators and 78 sub-indicators aligned with international standards and guidelines.

The report reveals a range of sustainability practices across the continent's financial sector, with countries falling into distinct tiers based on the average score achieved by banks within each country. Among the eight countries assessed, South Africa and Kenya are emerging as leaders for sustainable finance practices, making strong advances in integration supported by regulations and guidance notes with aggregate average scores of 50.1% and 43.7%, respectively. Moderate performers include Tanzania, Namibia and Zambia, scoring 37.7%, 21.1% and 19.3%, respectively. In the third tier, Gabon, Cameroon and DRC are taking initial steps to understand concepts of sustainable finance and the integration of environmental and social (E&S) principles into banking practices, having achieved average scores of below 10%.

KEY TRENDS

ESG regulation and guidelines as catalysts for strategic integration

Regulatory frameworks and industry guidelines have emerged as vital drivers for embedding environmental, social and governance (ESG) principles into the core strategies of financial institutions. Governments, central banks, and global standard-setting bodies have introduced ESG-related regulations to steer the financial sector towards sustainability. These measures encompass requirements for ESG reporting, risk management, and climate-related financial disclosures, compelling banks to reassess their traditional practices. Consequently, compliance is increasingly recognized not as a regulatory burden but as an opportunity to future-proof operations and create long-term value. By proactively aligning with these evolving mandates, banks are setting the foundation for competitive differentiation and stakeholder trust.

The integration of ESG into banking frameworks extends beyond compliance, catalysing innovation and operational transformation. Financial institutions are not only aligning their portfolios with sustainability goals but also designing policies that anticipate market trends and stakeholder expectations. This shift is evident in the adoption of frameworks like the South African Green Finance Taxonomy or sustainable activities and the implementation of mandatory climate-related stress tests. In addition to enhancing risk management capabilities, these measures facilitate a shift in capital allocation towards sustainable assets, reinforcing banks' roles as enablers of a green transition. The emphasis on regulatory alignment coupled with voluntary initiatives showcases the growing ambition within the sector to significantly influence the sustainability agenda.

Talent acquisition and development to bridge ESG expertise gaps

The growing emphasis on sustainable finance has brought to light critical expertise gaps within the financial sector, prompting a strategic focus on talent acquisition and development. Recognizing that ESG expertise is essential for navigating complex regulatory landscapes and seizing emerging opportunities, banks are actively recruiting professionals with specialized skills in ESG, climate risk, and sustainable finance. These efforts are complemented by internal capacity-building programmes that equip existing teams with the knowledge and tools to integrate sustainability into their roles effectively. Workshops, certifications and collaborations with academic institutions are among the initiatives fostering a culture of continuous learning in ESG disciplines.

Additionally, financial institutions are embracing cross-sector partnerships to deepen their ESG competencies. By collaborating with organizations such as the United Nations Environment Programme Finance Initiative (UNEP FI), the Principles for Responsible Banking (PRB), the Global Reporting Initiative (GRI), and the Taskforce on Nature-related Financial Disclosures (TNFD), banks gain access to cutting-edge research, best practices and technical expertise. This dual focus on acquiring external talent and empowering internal teams is creating a resilient pipeline of professionals capable of driving innovative solutions and advancing sustainability objectives. Beyond filling current knowledge gaps, this strategic investment in human capital positions banks favourably in sustainable finance, fostering a competitive edge in a rapidly evolving market.

Scaling sustainable finance products with limited internal capacity

The rapid rise in demand for sustainable finance products has compelled banks to innovate despite facing internal capacity constraints. Products such as green bonds, renewable energy financing and social impact funds are being introduced at an unprecedented pace to meet the needs of environmentally and socially conscious investors. However, developing and managing these complex products requires technical expertise in areas like impact measurement, climate modelling, and environmental risk assessment – skills that are often in short supply within traditional banking teams.

To address these challenges, banks are leveraging partnerships with external experts and adopting technology-driven solutions. Collaborations with third-party ESG data providers, consulting firms and fintech companies enable financial institutions to bridge capability gaps while ensuring robust product development. Simultaneously, they are investing in technology platforms that streamline ESG data collection, enhance transparency, and facilitate compliance with reporting standards. While these measures provide immediate solutions, banks are increasingly recognizing the need to balance external support with internal capacity-building to ensure sustained innovation in sustainable finance.

Nature considerations at early stages compared to climate

The financial sector's integration of nature-related considerations lags behind its progress on climate strategies, underscoring the need for a more holistic approach to sustainability. While frameworks like the Task Force on Climate-Related Financial Disclosures (TCFD) have spurred significant advances in climate risk management, nature-related risks such as biodiversity loss, ecosystem degradation and water scarcity remain underexplored. Many banks are only beginning to assess their dependencies on natural capital, despite growing awareness of the critical role nature plays in economic stability and resilience.

This early-stage focus on nature presents both a challenge and an opportunity. Financial institutions have the chance to pioneer efforts in developing comprehensive frameworks like the Taskforce on Nature-related Financial Disclosures (TNFD), enabling them to quantify and manage nature-related risks and impacts. By embedding these considerations into their policies, portfolios and risk assessments, banks can strengthen their value chains, enhance resilience and unlock new revenue streams tied to nature-based solutions. Accelerating the integration of nature into financial decision-making is crucial not only for achieving broader sustainability goals but also for positioning banks as key players in safeguarding the planet's natural capital for future generations.

KEY ASSESSMENT FINDINGS

- **ESG integration**: The report reveals a general misalignment between banks' strategic priorities and their leadership commitment to sustainability. While 72% of banks incorporate sustainability into their strategies, only 52% address responsible lending in leadership statements
- **Regulatory engagement**: A minority of banks (12%) are engaging with regulators on ESG integration or sustainable finance, even though they regularly engage with regulators on more traditional topics.
- **E&S due diligence**: Just 32% of banks have implemented standardized E&S due diligence frameworks, limiting their ability to mitigate associated risks.
- **Sector-specific policies**: Only 8% of banks have comprehensive policies tailored to environmentally or socially sensitive sectors, indicating a lack of specialized guidelines.
- **Transparency and accountability**: Less than 24% of banks disclose how E&S responsibilities are allocated within their organizations.
- **External assurance**: Only 20% of banks sought external assurance for their ESG-related reports, raising concerns about the reliability of their disclosures.
- **Portfolio emissions disclosure**: A massive 84% of banks fail to disclose the greenhouse gas emissions or carbon intensity of their portfolios in key carbon-intensive sectors.
- **Nature-related risks**: Only 12% of banks acknowledge nature-related risks in client activities, with only one bank reviewing these risks at portfolio level.
- **Climate priorities over nature:** Banks are making clear efforts related to addressing climate risks and opportunities; however, action on nature generally lags behind.
- **Development banks crucial**: Development banks play a key role in promoting economic growth, social protection, and more recently climate action and nature protection on the continent by financing long-term projects in agriculture, infrastructure and small-scale industries rather than focusing on maximizing profits in the short term through purely commercial activities. For example, Cooperative Rural Development Bank (CRDB) in Tanzania and Development Bank of Namibia (DBN) in Namibia are setting good examples in the adoption of sustainable practices for commercial banks to follow.

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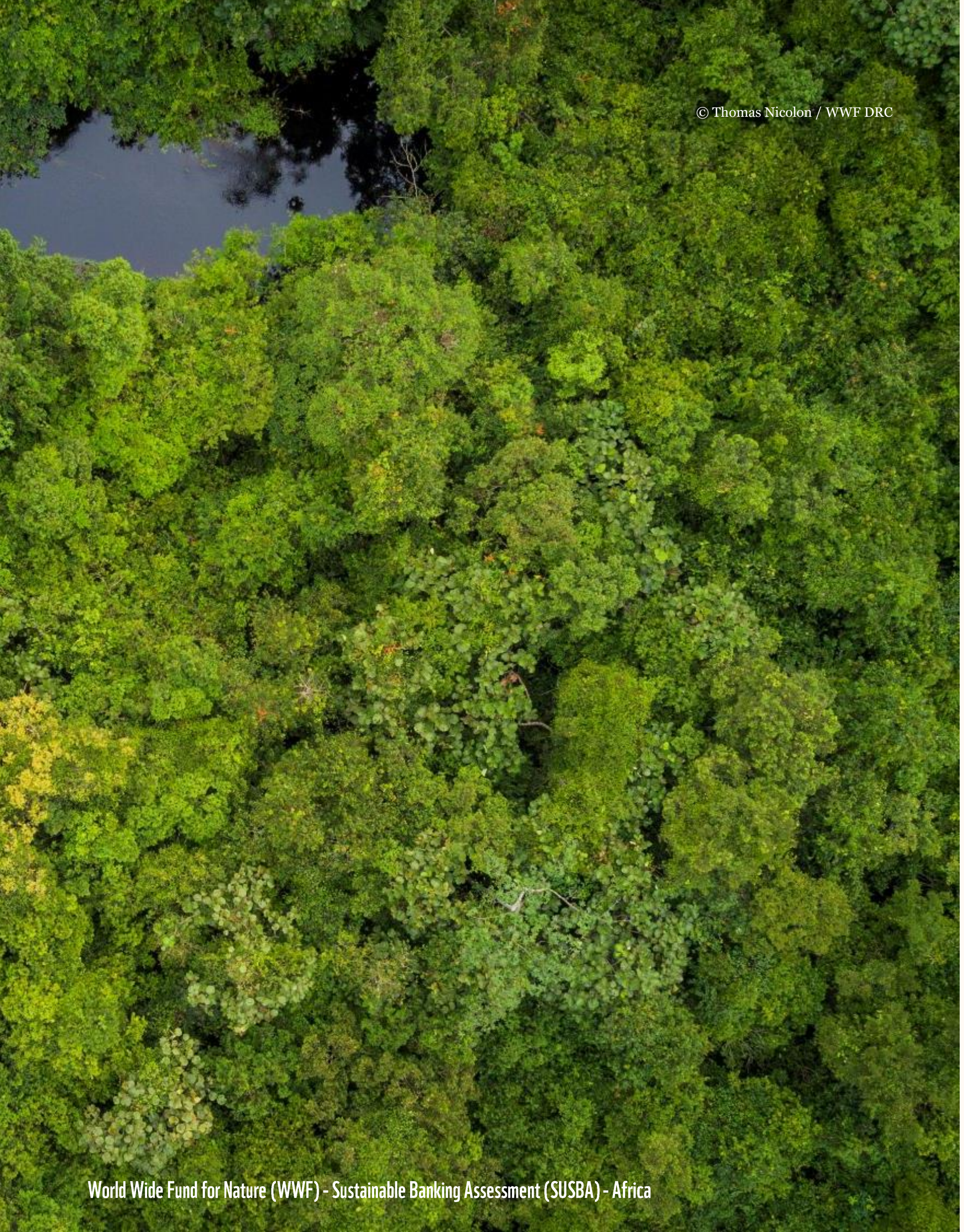
RECOMMENDATIONS

The report provides several recommendations for banks to enhance their sustainability practices:

- Develop a clear ESG roadmap and link ESG performance to compensation for senior management.
- Engage more actively with regulators and participate in industry working groups and initiatives on sustainable finance.
- Adopt globally accepted standardized due diligence methodologies and integrate ESG into credit risk management guided by globally available standards such as the IFC performance standards.
- Create tailored policies for E&S and nature-sensitive sectors.
- Publish a detailed ESG governance structure, disclosing functions, roles and responsibilities.
- Develop a comprehensive offering of sustainable finance products, including green bonds and loans, sustainability-linked loans, and targeted sector loans. Additionally, seek support in developing sustainable project pipelines through technical assistance programmes from development finance institutions, other development partners, or industry collaborations. Partnerships with multilateral institutions, research organizations and private sector players can further enhance capacity-building efforts and improve access to sustainable finance opportunities.
- Engage clients through capacity building and awareness forums on sustainable practices such as the use of renewable and efficient energy solutions or climate-smart agricultural practices, which will in turn push uptake of sustainable financial products.
- Implement graduated approaches for addressing non-compliance with E&S policies.
- Seek independent verification on ESG disclosures.
- Participate in initiatives to set science-based targets with interim milestones for aligning portfolios with the Paris Agreement and participate in commitment-based initiatives such as Principles of Responsible Banking (PRB) and Science-Based Targets Initiative (SBTi).
- Multinational banks operating in advanced markets should systematically transfer their knowledge and best practices to less regulated markets by tailoring proven frameworks to local contexts. This can include developing capacity-building programmes, enhancing governance structures, introducing advanced risk management tools, and fostering collaborations with local regulators to elevate standards and promote sustainable financial practices across all regions. Multinational banks operating in advanced markets should systematically transfer their knowledge and best practices to less regulated markets by tailoring proven frameworks to local contexts. This can include developing capacity-building programmes, enhancing governance structures, introducing advanced risk management tools, and fostering collaborations with local regulators to elevate standards and promote sustainable financial practices across all regions.
- Banks should proactively integrate nature into their business models to mitigate risks and drive sustainable growth. Begin by conducting a nature dependency assessment using frameworks like TNFD to identify key risks and opportunities. Develop a clear strategy aligned with global biodiversity goals, integrating nature into risk management, and offering nature-positive financial products such as green bonds or sustainability-linked loans. Enhance transparency through TNFD-aligned reporting and collaborate with stakeholders to build capacity and access expertise. Leverage technology for monitoring and advocate for supportive policies to create an enabling environment.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This Sustainable Banking Assessment (SUSBA) report highlights the critical and time-sensitive necessity for African banks to significantly enhance their sustainability practices and align their operations, risk management and investment strategies with globally recognized ESG standards. Given the increasing pressure from regulatory bodies, investors and international stakeholders, financial institutions across the continent must adopt comprehensive and forward-thinking sustainability frameworks to remain competitive and resilient in the evolving financial landscape.

A key aspect of this transformation is transition finance, which plays a pivotal role in supporting businesses and industries as they shift from traditional, high-carbon activities to more sustainable, low-carbon and nature-positive models. The report identifies gaps in current sustainability integration, particularly in how financial institutions approach this transition. To bridge these gaps, African banks must proactively implement the recommended strategic actions to facilitate this shift, ensuring that today's business activities evolve towards sustainability while maintaining financial stability. By committing to these transformations, banks will not only future-proof their institutions but also accelerate the transition to sustainable and nature-friendly business models.

Crucially, the financial sector must recognize that nature and financial stability are deeply interconnected. Mitigating nature-related risks to portfolios, and making investments in nature-based solutions such as wetland restoration, carbon sequestration projects and agroforestry, not only drive socioeconomic development but also protect critical ecosystems that support agriculture, water security and disaster resilience. By embedding nature-positive financing into their lending and investment strategies, banks can bridge the gap between economic progress and environmental responsibility, ensuring that Africa's natural capital is preserved for future generations.

Ultimately, by embedding sustainability, nature conservation and targeted transition finance at the core of banking operations, African financial institutions will be instrumental in shaping an equitable, low-carbon and climate-resilient economy – one that ensures enduring prosperity for businesses, communities and the planet.

2. INTRODUCTION

INTRODUCTION


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Africa's financial sector stands at a critical juncture in the fight against climate change and biodiversity loss, with the 1.5°C imperative presenting both a challenge and an opportunity for transformative action. As the continent most vulnerable to climate impacts despite contributing minimally to global emissions, Africa requires systemic change in financial flows to support green growth.

The alignment of banking portfolios with science-based targets and the scaling up of green finance can play a crucial role in addressing the continent's climate and nature-related risks while harnessing opportunities in renewable energy, sustainable agriculture, and nature-based solutions.

Additionally, the Kunming-Montreal Global Biodiversity Framework (GBF) underscores the need for urgent action to halt and reverse biodiversity loss, which is particularly critical for Africa's ecosystems, home to a quarter of the world's biodiversity. Targets 15 and 19 of the GBF, emphasizing biodiversity disclosures and resource mobilization, are directly relevant to African financial institutions as they grapple with the intertwined risks of biodiversity loss, deforestation and land degradation, which threaten economic stability and food security across the continent (Reuters, 2024).

An inclusive green economy in Africa requires a shift from resource-intensive financial models to a paradigm that prioritizes green, social and inclusive investments. Banks must adopt a triple-bottom-line approach, integrating environmental, social and governance (ESG) metrics into decision-making and leveraging innovative instruments such as green loans, green bonds, sustainability-linked loans, and impact funds. These instruments can channel resources into climate-resilient infrastructure, agroforestry, clean energy projects and microfinance solutions for underserved populations, including women-led enterprises and smallholder farmers.

Financial inclusion remains a critical priority, particularly for Africa's rural and vulnerable communities, who are disproportionately affected by climate change and biodiversity loss. To address systemic challenges, African banks must also embrace standards and frameworks such as the International Financial Reporting Standards (IFRS) S1 and S2[2] and the Taskforce on Nature-related Financial Disclosures (TNFD)[3] to align with global best practices and enhance accountability through disclosures: this would be to their advantage in mobilizing capital for climate-resilient and nature-positive projects.

With effective regulatory guidance, innovative financing models and a commitment to climate justice, Africa's financial institutions can play a transformative role in fostering sustainable development, preserving the continent's natural wealth and building a resilient future for all.

[2] IFRS S1 and S2 – Issued by the International Sustainability Standards Board (ISSB) under the IFRS Foundation, IFRS S1 sets general requirements for sustainability-related financial disclosures, while IFRS S2 focuses specifically on climate-related disclosures, aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) framework.
[3] Taskforce on Nature-related Financial Disclosures (TNFD) – A global initiative providing a framework for organizations to assess and disclose nature-related risks and opportunities, extending beyond climate to include biodiversity and ecosystem-related financial impacts.

3. SUSBA TOOL AND METHODOLOGIES

SUSBA TOOL AND METHODOLOGY

History and coverage

SUSBA was initiated by WWF in 2017, primarily focusing on banks within Asia and some international banks from maturely regulated markets which served as benchmarks. In 2024, the tool further extended its coverage to include more banks from emerging markets in Latin America, the Caribbean and Africa, assessing banks across eight African countries (Cameroon, Democratic Republic of Congo, Gabon, Kenya, Namibia, South Africa, Tanzania and Zambia). As of its latest iteration, SUSBA evaluates more than 100 banks across 27 countries, reflecting its growing influence and relevance in the global finance sector.

Objectives and goals

The primary objective of SUSBA is to promote E&S integration within the banking sector, thereby enabling banks to support sustainable development. The tool aims to:

- Highlight the potential of the financial sector to drive positive environmental, social and economic outcomes.
- Provide a diagnostic framework for assessing the alignment of banks' E&S performance with global best practices.
- Track and benchmark progress on E&S disclosures and integration across banks globally, identifying gaps and areas for improvement.
- Facilitate engagement with stakeholders including regulators, investors and industry associations to promote transparency and accountability in the banking sector.

User base and target audience

SUSBA is designed for a wide range of stakeholders:

- Banks use it to assess their own E&S integration and to identify areas for improvement, enhancing their resilience and competitiveness.
- Investors rely on it to evaluate the sustainability of banks in their portfolios, informing decisions and fostering dialogue around E&S risks.
- Regulators and policymakers utilize it to gauge the effectiveness of current policies and identify gaps in sustainable banking practices.
- Industry associations and E&S analysts benefit from the tool's comprehensive data for research and industry benchmarking.

Methodology

The assessment framework of SUSBA is built upon six key pillars of robust E&S integration, known as 'the 6 Ps':

- **Purpose** – The strategic commitment of banks towards sustainability.
- **Policies** – The existence and quality of policies related to E&S issues.
- **Processes** – The implementation of processes that manage E&S risks and opportunities.
- **People** – The capacity and governance structures for managing E&S responsibilities.
- **Products** – The development of sustainable financial products and services.
- **Portfolio** – The alignment of banks' portfolios with sustainability goals, such as net-zero commitments.

The tool uses a set of 78 standardized indicators aligned with international frameworks. The indicators focus on assessing public disclosures and are designed to be precise, objective and easily comparable across institutions. The analysis across the six pillars focuses on disclosures and performance related to financed emissions and does not focus on the banks' operational emissions. Hence, SUSBA focuses on a bank's indirect E&S footprint.

While there is broad consensus that the management of direct impacts (e.g. reducing paper use, water, or energy consumption) is important, SUSBA places greater emphasis on the impacts arising from the financing activities (including bilateral and syndicated lending) of their clients and other bank activities such as underwriting, advisory and capital markets.

By encouraging banks to evaluate and support the sustainability practices of the companies they finance, SUSBA helps address the root causes of environmental degradation and social issues, working towards systemic change in the financial industry. This focus should be the core of any bank's sustainability strategy.

The SUSBA framework and methodology is intended only for corporate banking. Private banking and asset management are captured in additional WWF frameworks and tools called SPRING and RESPOND and are not captured in SUSBA.

Alignment with global standards

SUSBA's framework is aligned with internationally recognized E&S standards and reporting frameworks, such as:

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD) – only partial alignment.
- UNEP FI Principles for Responsible Banking

SUSBA addresses double materiality in its assessment, evaluating disclosures for both financial and impact materiality.

SUSBA Scores & Maturity Model

Banks are awarded 1, 0.5 or 0 points depending on rigorous assessment and whether they fully, partially or do not meet the SUSBA criteria. Aggregate results are evaluated both using the mean to understand overall trends across all countries and the median to determine the typical performance and avoid distortion by outliers.

INTERACTIVE ONLINE PLATFORM

A significant feature of SUSBA is its interactive online tool, available at www.susba.org.

The platform allows users to:

- Access detailed assessment results for individual banks.
- Compare E&S performance across different banks and regions.
- Monitor year-on-year progress, enabling users to track improvements or declines in sustainability practices.
- Customize benchmarks, making it user-friendly for investors, regulators and banking professionals who need tailored insights.

Benefits for banks and the financial sector

SUSBA offers significant advantages for banks and the broader financial industry.

- **Benchmarking and competitive analysis:** Banks can compare their E&S performance against peers, both regionally and globally, identifying areas where they can improve to stay competitive and resilient in a resource-constrained future.
- **Regulatory compliance:** The tool helps banks align their disclosures and practices with international regulatory frameworks and guidelines, mitigating compliance risks.
- **Stakeholder engagement:** SUSBA provides insights for investors, regulators and other stakeholders, enabling them to assess the sustainability performance of banks and make informed decisions.
- **Enhanced risk management:** By focusing on E&S integration, banks can better manage risks related to climate change, biodiversity loss, human rights issues and social inequalities, reducing exposure to potential financial and reputational damage.
- **Promotion of sustainable finance:** The tool encourages banks to develop and promote sustainable financial products, driving investment towards projects and industries that support environmental protection and social equity.

Bankers can use the SUSBA framework to:	• Assess their own sustainable banking capabilities and performance on issues such as climate change, deforestation, water, human rights etc. as well as identify gaps and areas for improvement. • Assess TCFD, PRB and Net-Zero Banking Alliance (NZBA) readiness. • Demonstrate how their lending decisions and engagement activities can influence clients to adopt more sustainable operating practices and increase the resilience of their business models. • Assess and benchmark the bank's performance against its peers. • Improve sustainability disclosures, thereby improving accountability to stakeholders, including clients, shareholders, regulators and civil society.
Investors can use the SUSBA framework to:	• Assess if the environmental and social impacts related to the deployment of their capital align with their values and those of their beneficiaries. • Understand if banks are incorporating science-based criteria to maximize investment portfolio resilience to climate, nature and other E&S risks. • Enhance sustainability criteria and improve transparency around expectations. • Complement consultant assessments and benefit from a more complete perspective in their evaluations. • Form the basis for engaging with banks over performance on integration of sustainable banking.
Regulators can use the SUSBA framework to:	• Improve transparency on sustainability by encouraging banks to disclose according to the framework. • Identify ways to increase the credibility and competitiveness of their banking industries. • Ensure banks have robust risk management processes, thereby increasing finance sector resilience to climate, nature and other E&S risks, and improving stakeholder protection.

RELEVANCE AND BROADER IMPACT

SUSBA is a diagnostic resource that provides clear, actionable recommendations for banks. For example, it identifies specific gaps in policies, processes or disclosures and offers concrete suggestions for improvement. This practical approach helps banks move beyond awareness and towards meaningful implementation of sustainable practices.

As the financial industry faces increasing pressure to align with sustainability goals and mitigate climate-related risks, tools like SUSBA have become essential. The rise of regulatory frameworks worldwide that mandate climate-risk disclosures and the growing investor demand for sustainable finance products make the insights provided by SUSBA highly relevant. The tool equips banks to better navigate these evolving expectations and to play a crucial role in advancing the transition to a sustainable global economy.

By providing a robust framework which is updated every two to three years to align with developments in sustainable finance, objective benchmarking and actionable insights, SUSBA empowers banks to become key enablers of a sustainable and resilient economy.

As the tool continues to expand its coverage, it holds significant potential for shaping the future of sustainable finance, particularly in emerging markets like Africa, Latin America and parts of Asia, where the need for responsible banking practices is becoming increasingly urgent.

SUSBA AFRICA ASSESSMENT – RESULTS AND LIMITATIONS

The results of the SUSBA Africa assessment are derived solely from publicly available information, including annual reports, sustainability disclosures, regulatory filings and official websites. The pilot analysis includes a select group of banks in Africa, chosen based on criteria such as bank size, significance within national and regional financial systems, and the availability of published sustainability reports.

It is important to highlight that this assessment represents an initial analysis and does not encompass all banks in each country. As a result, the findings may not fully reflect the overall national banking landscape. The trends, insights and conclusions presented are based on the limited sample of banks included in this pilot (a detailed list is available in the Appendix) and should not be considered representative of the entire E&S performance of banks at the country or regional level – but they can give a good indication of the same. In some instances, the findings may align with broader sector trends, but further comprehensive analysis is needed to draw definitive conclusions about the E&S performance of the entire banking sector in these countries.

Selection criteria

Country selection: For the pilot SUSBA Assessment, banks in eight African countries were selected. The countries of focus selected for this report align with WWF's priority landscapes across Africa, and include countries where WWF has a strong local presence and existing relationships with the financial sector.

Bank selection: Banks included in the SUSBA Africa study were chosen based on selection criteria designed to ensure a representative assessment. These criteria included:

1. Bank size

Larger banks were prioritized for their significant influence on national and regional economies, reflecting their ability to drive systemic change through sustainability practices.

2. Relevance in national and regional ecosystems

Banks that play a critical role in their domestic financial systems were selected to capture the diverse dynamics, as well as the alignment of the region's financial landscape. For multinational and regional banks, selected banks were assessed in one country only to avoid assessing the same bank more than once. Typically, such banks were chosen in the country where their headquarters are located.

3. Availability of sustainability reporting

Where possible, banks with publicly available sustainability disclosures were prioritized. Public disclosures on sustainability are the foundation of the SUSBA assessment.

4. Prior engagement with WWF

WWF engages with a number of banks across Africa to build understanding and capacity on sustainability initiatives and E&S integration. Banks with a history of collaboration or engagement with WWF were prioritized over banks with no prior engagement with WWF. This allowed the SUSBA team to leverage existing relationships to discuss the SUSBA initiative, findings, and recommendations.


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4. REGIONAL RESULTS AND TRENDS

REGIONAL RESULTS AND TRENDS

African landscapes, including the Congo Basin, Salonga National Park, Sangha Trinational, Virunga and the Southwest Indian Ocean, are integral to global climate stability and biodiversity. Protecting and conserving these ecosystems and others is not only vital for local communities but also for the health of the planet. African savannas, wetlands, tropical forests and coastal mangroves provide essential ecosystem services such as water filtration and soil fertility, underpinning the region's food security and livelihoods.

The assessment highlights that most of the banks in Africa are at an early stage of E&S integration. Despite a strong foundation in sustainability strategies across the region, the analysis reveals significant gaps in climate risk management, transparency, and addressing nature-related issues like deforestation.

While some banks are advancing on E&S performance, banks in countries like Cameroon and DRC are still in the initial stages, presenting clear opportunities for capacity building and improved practices.

A stronger focus on nature-related risk assessments, the development and enforcement of policies, evolving client expectations, and transparent disclosures is critical for advancing sustainable finance in Africa. These landscapes, home to vital biodiversity and providing essential ecosystem services, are intricately linked to livelihoods, climate adaptation and global conservation efforts. Incorporating these considerations into financial decision-making will not only protect these priority ecosystems but also enhance economic opportunities and regional stability.

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Performance tiers and regional disparities

The results show three distinct performance tiers among African countries based on aggregate average scores:

1st tier: South Africa and Kenya

These banks are the most advanced, with overall performance meeting 50% and 44%, respectively. Their stronger performance can be linked to the presence of regulation and guidelines on ESG and climate, but banks in these markets are also going beyond regulatory requirements and tapping into opportunities in sustainable finance.

2nd tier: Tanzania, Namibia and Zambia

The second cluster, meeting between 19% and 38%, indicates early to moderate progress behind South Africa and Kenya's integration journey. These banks have a stronger focus on sustainability strategy and stakeholder engagement, with other indicators of ESG integration being at early stages.

3rd tier: Gabon, Cameroon and DRC

The third cluster is below 10%, indicating an early integration stage with limited disclosures.

Trends

1. **ESG regulation and guidelines as performance drivers:**

Regulatory frameworks and industry guidelines are increasingly shaping the adoption of ESG principles within the banks. A clear trend has emerged where banks are prioritizing ESG strategy integration into their core business, establishing it as a foundational pillar for future growth and resilience. Initially, banks are embedding these strategies into business processes, and then progressively building ESG-specific capacity by either hiring in-house experts or engaging external consultants.

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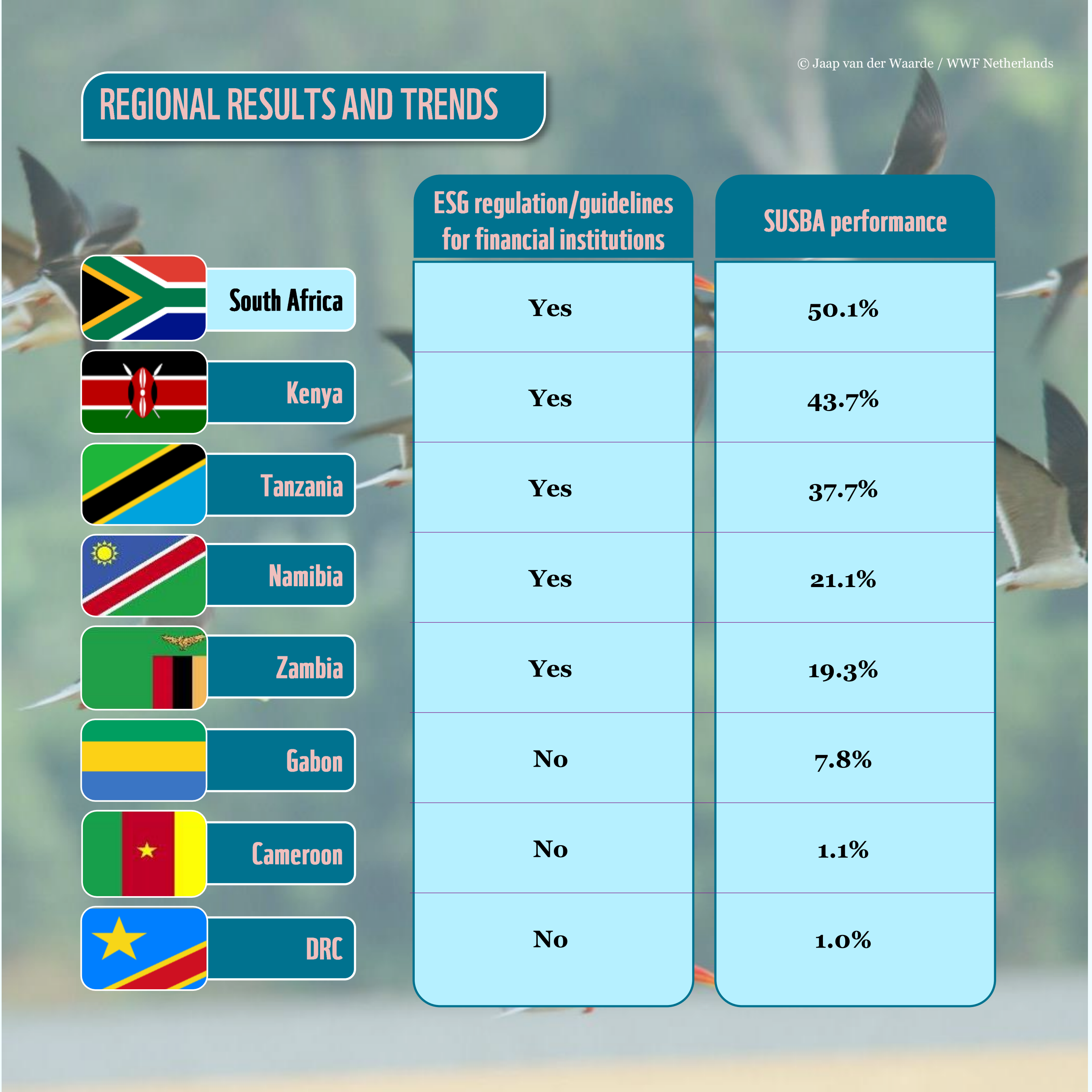
REGIONAL RESULTS AND TRENDS



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	ESG regulation/guidelines for financial institutions	SUSBA performance
South Africa	Yes	50.1%
Kenya	Yes	43.7%
Tanzania	Yes	37.7%
Namibia	Yes	21.1%
Zambia	Yes	19.3%
Gabon	No	7.8%
Cameroon	No	1.1%
DRC	No	1.0%

2. Investment in talent for bridging ESG skills gap:

Recognizing the imperative for specialized expertise in sustainable finance, banks are proactively addressing existing skills gaps within their teams. Following the incorporation of sustainability into their core business strategies, banks are investing in talent acquisition, targeted training programmes and partnerships to enhance their ESG capabilities. These include academic collaborations, industry consortia, consulting partnerships, NGO and nonprofit partnerships, professional certification programmes, peer-learning networks, and government and regulatory collaborations.

3. Advancing sustainable finance despite limited internal expertise:

Despite limited internal expertise, some banks are proactively launching sustainable finance products and services, such as green bonds, climate-focused loans, and social impact funds. This reflects a strong commitment to fostering economic growth that aligns with sustainability objectives. However, the challenge of capacity gaps highlights the need for continuous investment in ESG knowledge and technical proficiency to achieve sustained growth and meaningful outcomes in ESG initiatives.

SUSBA RESULTS - AFRICA

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		South Africa	Kenya	Tanzania	Namibia	Zambia	Gabon	Cameroon	DRC
PURPOSE	1) Sustainability strategy	86%	83%	71%	48%	43%	43%	4%	4%
	2) Stakeholder engagement and participation in sustainable finance initiatives	70%	62%	53%	17%	43%	30%	0%	0%
POLICIES	3) Public statements on specific E&S issues	36%	26%	9%	18%	7%	3%	0%	0%
	4) Public statements on specific sectors	43%	25%	29%	29%	13%	0%	0%	0%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	48%	34%	43%	27%	13%	0%	0%	0%
	6) Client monitoring and engagement	30%	38%	42%	33%	0%	0%	0%	0%
PEOPLE	7) Responsibilities for E&S	50%	61%	27%	4%	23%	6%	0%	3%
	8) Staff E&S training and performance evaluation	60%	46%	43%	13%	30%	0%	0%	0%
PRODUCTS	9) E&S integration in products and services	47%	38%	42%	22%	17%	4%	8%	4%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	47%	47%	33%	11%	11%	0%	0%	0%
	11) Disclosure of E&S risk exposure and targets	35%	21%	21%	11%	12%	0%	0%	0%

DISCUSSION: ESG INTEGRATION RESULTS (1/7)

Purpose

This pillar assesses how banks integrate sustainability in core business strategy, stakeholder engagement, and participation in sustainable finance initiatives.

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Misalignment between strategic priorities and leadership on sustainability:

- Research indicates that integrating sustainability into business strategy can help to foster long-term growth (World Economic Forum, 2024). While 72% of banks refer to sustainability in their core strategies, only 52% back this up with explicit commitments to providing sustainable finance.

Limited proactive engagement in shaping the regulatory framework for sustainable finance:

- Only a small minority of banks (12%) are engaging with regulators on ESG integration or sustainable finance, even though banks regularly engage with regulators on more traditional topics. This is a missed opportunity for regulators and banks in understanding and alignment to opportunities in sustainable finance.

Demonstrated sustainable finance leadership in South Africa and Kenya's banking sector:

- South African and Kenyan banks are actively engaged in sustainable finance initiatives, positioning them as significant contributors to advancing sustainable finance in their regions. Collectively, these banks account for over half of the total institutions reporting their involvement in initiatives dedicated to promoting sustainable finance, underscoring their leadership in this critical area.

- Two banks in Kenya are among Africa's few TNFD early adopters – Equity Bank Kenya Limited and KCB.

DISCUSSION: ESG INTEGRATION RESULTS (2/7)

Policies

This pillar assesses public statements on specific E&S issues and public statements on specific sectors.

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Banks are yet to set requirements for high-risk sector clients:

- None of the assessed banks has a hard requirement for clients highly exposed to climate-related risks to develop a mitigation plan and ultimately align their activities to the objectives of the Paris Agreement.
- None of the assessed banks require 'no deforestation' commitments from clients in sectors highly exposed to deforestation in both their own operations and their supply chains, in accordance with the High Conservation Value or High Carbon Stock approaches.
- None of the banks require 'no conversion' commitments from clients in sectors highly exposed to conversion of natural ecosystems in both their own operations and their supply chains, in accordance with the principles of the Accountability Framework Initiative.
- None of the banks require clients in marine-related industries to obtain certification from or otherwise support relevant multistakeholder sustainability standards (e.g. ASC, MSC, Sure) to ensure the sustainable use of oceans, seas and marine resources.
- None of the banks require clients to obtain FPIC from communities affected by their projects or to have a grievance mechanism to address any concerns.

Limited specific policies to identify and prevent involvement in illegal activities related to wildlife and the environment:

- Most banks (96%) do not have policies to detect involvement in illegal activities related to wildlife and the environment in financial transactions.

Environmental and social considerations are integrated primarily into lending activities:

- Only 8% of banks have explicitly extended E&S considerations beyond lending, specifically to capital markets and advisory services.

Limited specialized policies tailored to environmentally or socially sensitive sectors:

- The E&S policies of the banks are overly broad, lacking policies tailored to environmentally or socially sensitive sectors, such as agriculture, energy, oil and gas, mining, seafood and infrastructure. Only 8% of the banks have comprehensive policies for these specific industries.

DISCUSSION: ESG INTEGRATION RESULTS (3/7)

Processes

This pillar focuses on assessing E&S risks in client and transaction approvals, client monitoring, and engagement.

There is a significant gap in the adoption of globally applicable E&S due diligence standards:

- Only 32% of banks have adopted globally applicable E&S due diligence standards, indicating a general lack of robust practices to mitigate risks associated with E&S impacts. For instance, while frameworks such as the Equator Principles provide internationally recognized risk management standards for financial institutions financing large-scale projects, many banks, particularly in emerging markets, have yet to fully implement them. Similarly, global initiatives like the UNEP FI Principles for Responsible Banking (PRB) and the IFC Performance Standards set comprehensive E&S risk assessment guidelines, yet adoption remains uneven across financial institutions. This gap in implementation increases exposure to financial, reputational and regulatory risks related to environmental degradation, climate change, and social issues such as labour rights and community displacement.

- Among the eight banks with established frameworks, there is a notable deficiency in assessing clients' ability, dedication, and past performance in E&S matters. Only 25% of these banks have incorporated this crucial element into their due diligence processes. This suggests a potential oversight in evaluating the potential for E&S-related issues within client operations.

- Only 37.5% of banks with established frameworks have a clear escalation mechanism for complex or controversial E&S cases, which raises concerns about the adequacy of their risk management procedures. Without a defined process for addressing challenging situations, there is a risk of inadequate oversight and potential liabilities.

- Furthermore, just 25% of these banks disclosed the processes in place for addressing policies or pre-agreed E&S action plans in case of non-compliance by existing clients. This lack of transparency raises concerns about the consistency and effectiveness of these processes, potentially hindering the ability to mitigate environmental and social risks associated with client activities.

Inadequate client monitoring controls and review:

- A significant minority of banks (28%) are incorporating E&S-related provisions into their loan documentation requirements.

- A significant majority (76%) of banks do not enforce time-bound action plans as a mandatory requirement for clients falling short of their E&S standards. However, the remaining 24% demonstrate some effort through regular compliance monitoring with agreed E&S action plans.

- The assessment of the banks revealed that 76% of banks do not conduct periodic reviews of their clients' E&S profiles.

Limited adaptability to evolving regulatory standards, industry best practices, and internal risk profiles by most banks:

- While a substantial portion of assessed banks have put in place internal E&S procedures, markedly less (26%) have indicated a process for and plans for periodic review of those procedures to keep pace with evolving trends and best practices.

DISCUSSION: ESG INTEGRATION RESULTS (4/7)

Limited disclosure of board oversight in the implementation of the bank's ESG strategy:

- Less than half of the banks have allocated explicit responsibility for the implementation of the bank's ESG strategy to the board.

Limited transparency in allocation of E&S responsibility:

- Transparency regarding the distribution of ESG responsibilities across the organization is limited, with less than a quarter of banks (24%) disclosing how E&S duties are allocated among relevant functions, i.e. three lines of defence, that is, 1st line – Business teams, 2nd line - Risk and Compliance teams and 3rd line - Internal Audit teams.

- No bank disclosed the terms of reference of its nominating or audit committees. 8% of the banks disclosed the terms of reference of the remuneration committee, and also incorporated sustainability-related criteria in the assessment of performance and remuneration levels for senior management.

Limited incorporation of sustainability criteria in employee performance metrics:

- While one bank incorporated sustainability into senior management evaluations through KPIs, none of the banks assessed disclosed incorporation of sustainability criteria in performance appraisals of its general workforce or tied them to employee performance metrics.

Limited periodic audit of E&S policies and procedures by banks:

- Few (24%) banks disclosed undertaking periodic audits to assess implementation of E&S policies and procedures. This creates potential for claims greenwashing.

DISCUSSION: ESG INTEGRATION RESULTS (5/7)

Products

This pillar focuses on E&S integration in products and services.

Lack of bank-wide sustainability initiatives for SMEs:

- While there is evidence of new product development across some banks, overall, they currently lack a comprehensive suite of product offerings or programmes specifically designed to assist small and medium-sized enterprises (SMEs), including retail clients, in transitioning to more sustainable business practices. Additionally, there are limited tailored financial solutions to support entrepreneurs in setting up new sustainable businesses, such as green startups, circular economy ventures, and renewable energy enterprises. This gap highlights the need for targeted financial products, including green loans, sustainability-linked credit lines, and capacity-building programmes, to drive a more inclusive and sustainable transition for SMEs.

Passive E&S sensitive sector client identification and support services:

- A significant majority of banks (72%) demonstrated a passive approach to identifying and supporting clients operating in environmentally or socially sensitive sectors. Instead of proactively reviewing existing client profiles to assess their sustainability risks and opportunities, these banks primarily respond to clients who seek services at a given moment. This approach presents both a potential risk in terms of effective risk management and a missed opportunity to provide tailored financial solutions that support clients in adopting more sustainable practices.

A gap in sustainable finance offerings:

- Only 33% of banks had a sustainable finance product portfolio backed by consistent project pipelines. Another 16% offered one-time products in previous years, supported through partnerships, while 52% did not offer sustainable finance products at all. Expanding sustainable finance offerings can unlock significant business opportunities for banks, including access to new markets, innovative financing solutions, and long-term partnerships. For instance, banks that partner with funds such as the Green Climate Fund (GCF) can access concessional financing to de-risk climate-related investments, while those engaged with blended finance mechanisms – such as the IFC's Managed Co-Lending Portfolio Program (MCPP) for climate – can scale their green finance portfolios. These initiatives not only enhance financial resilience but also position banks as key drivers of the global sustainability transition.

Qualitative or vague capital allocation plans:

- More than a third of the banks (40%) lack specific plans or use vague terms describing how they will allocate capital to specific pools or increase their financing share in activities with a positive E&S impact.

Limited adoption of comprehensive sustainable finance frameworks:

- Slightly more than a third of banks (36%) have published sustainable financial products frameworks. However, only a minority (24%) of the banks have established formal frameworks that cover all sustainable financial products and adhere to recognized international standards.

DISCUSSION: ESG INTEGRATION RESULTS (6/7)

Portfolio

This pillar focuses on E&S risk assessment, mitigation at portfolio level, and disclosure of E&S risk exposure and targets.

Limited nature-related risk portfolio exposure review:

- Only one bank out of 25 assessed periodically reviews its portfolio exposure to nature-related risks.

Limited end-to-end climate-related risk portfolio exposure review disclosure:

- Kenya, South Africa and Tanzania lead in sustainable finance, with their banks representing over half of those disclosing participation. Nearly half (48%) of banks in these countries have conducted climate risk portfolio reviews, though only 12% disclosed methodologies and results.

Regulators play a key role:

- Kenya's CBK mandates banks to integrate and disclose climate-related risks.
- South Africa's SARB requires climate risk assessment and disclosure under its prudential framework.
- Tanzania's BOT encourages, but does not mandate, E&S risk integration.

These regulatory efforts foster an enabling environment, making the three nations regional leaders in sustainable finance.

Climate-related risk portfolio level vulnerability:

- Close to half of the banks (48%) lack comprehensive climate risk management strategies and processes, which may indicate inadequate preparedness in managing and mitigating climate-related risk exposures in key sectors of their lending portfolios.

Banks' fossil fuel transparency: a significant gap:

- Eighty percent of banks did not provide fossil fuel portfolio disclosure, limiting stakeholders' ability to assess the portfolio's greenhouse gas emissions impact, associated mitigation efforts, and potential transition plans. Disclosing fossil fuel portfolios provides an indication of transition risk exposure, enabling investors, regulators and other stakeholders to assess a bank's alignment with climate goals, resilience to policy shifts, and preparedness for a low-carbon economy. Transparent reporting also enhances credibility, supports risk management, and positions banks to access sustainable investment opportunities.

Limited disclosure of portfolio level sector-specific emissions:

- A massive 84% of banks did not disclose the greenhouse gas (GHG) emissions or carbon intensity of their portfolios within key carbon-intensive sectors, such as agriculture, mining and metals, and energy.

Lack of Transparency in E&S Policy Implementation:

- None of the banks disclosed granular data regarding the practical application of their (E&S) policies. This includes the number of transactions assessed, escalated, approved, declined, or approved with conditions.

Banks silent on soft commodities clients' full certification plans:

- None of the banks disclosed information on the proportion of their soft commodities clients committed to achieve full certification of their operations against credible, multi-stakeholder sustainability standards within a defined timeframe.

DISCUSSION: ESG INTEGRATION RESULTS (7/7)

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Limited transparency on credit exposure or clients covered by E&S policies in sensitive sectors:

- A significant majority (76%) of banks did not publicly disclose the proportion of their clientele or overall credit exposure that is covered by their E&S policies in sensitive sectors.

Lack of science-based targets adoption for portfolio alignment with Paris Agreement goals:

- Banks lack science-based targets to reduce nature-related negative impacts or increase positive impacts associated with their business activities, beyond direct impacts from their own operations.

- No bank has set science-based targets to align its portfolio with the objectives of the Paris Agreement. Only Kenya Commercial Bank, as a member of the NZBA, has made a pledge to establish such targets.

Banks lag on net-zero lending:

- While no targets have been set, 20% of banks have pledged to reduce their lending portfolios' greenhouse gas emissions to net zero by 2050, with clear interim goals and transparent progress reporting.

Lack of external assurance dominates bank ESG disclosures:

- Despite the growing importance of external assurance of ESG disclosures in combating greenwashing, only 20% of banks sought external assurance for their ESG-related reports. Most banks relied solely on internal processes, with a small percentage opting for limited assurance that often focused on specific, internally-driven metrics rather than providing a comprehensive assessment of management practices.

Bias in external impact disclosure

- Only 8% of the banks fully disclosed both the positive and negative external impacts of their business activities, beyond their direct operations. A significant portion (36%) only highlighted positive impacts, while the majority either focused solely on internal operational impacts or did not disclose any external impacts.

5. COUNTRY ANALYSIS

SOUTH AFRICA

South Africa is endowed with a wealth of environmental and social assets, yet it faces significant challenges in both domains. It is home to diverse ecosystems, including the iconic Table Mountain, the Kruger National Park with its Big Five wildlife, and the unique Cape Floral Kingdom, recognized as a biodiversity hotspot. The country also boasts a rich cultural heritage, with 11 official languages and a mosaic of communities that contribute diverse traditions, arts and lifestyles. However, South Africa faces increasing climate challenges such as severe droughts, unpredictable rainfall and rising temperatures, which impact agriculture, water resources and energy security.

In recent years, the country has witnessed devastating climate-induced events, including prolonged droughts in regions like the Western Cape, which have threatened water supplies and agricultural productivity. These challenges are compounded by socioeconomic disparities, with poverty and inequality deeply entrenched, affecting access to basic services such as education, healthcare and housing. Additionally, South Africa's high unemployment rate and reliance on fossil fuels pose challenges to sustainable development and economic transformation.

Finance and banking sector

The integration of E&S practices in South Africa's financial sector has gained momentum, reflecting the country's commitment to sustainable development. South Africa is a pioneer in Africa in adopting sustainable finance practices, supported by frameworks such as the South African Sustainable Finance Initiative (SFI) and the implementation of the Green Finance Taxonomy by the National Treasury.

These efforts aim to align financial activities with global sustainability standards and promote responsible investment.

The South African Reserve Bank (SARB) has undertaken several initiatives to integrate ESG considerations and address climate-related risks within the financial sector:

- Guidance notes: The Prudential Authority of SARB has issued guidance notes for banks and insurers on climate-related risk practices and disclosures. These notes outline expectations for integrating climate-related risks into governance frameworks, risk management processes and disclosure practices. They emphasize the importance of treating climate risk as a financial risk and provide detailed recommendations on governance, strategy, risk management and metrics.
- Climate risk benchmark scenarios: In 2020, SARB's Prudential Authority chaired the Benchmark Scenario Working Group under the Climate Risk Forum. This group developed benchmark climate risk scenarios to assist financial institutions in stress testing and risk management. The updated report, released in May 2023, provides tools for banks and insurers to analyse and disclose climate-related risks.
- Green bond investment: SARB has incorporated ESG factors into its investment strategy by investing €150 million in a green bond as part of its reserve management framework. This move supports sustainable finance and promotes environmental responsibility within the financial sector.
- Regional collaboration: SARB collaborates with central banks in the Common Monetary Area and the Southern African Development Community to enhance resilience against climate risks. By instructing banks to improve their capacity to withstand climate-related challenges, SARB fosters a more robust and sustainable financial system.

These efforts by SARB demonstrate a commitment to integrating ESG considerations and addressing climate risks, aligning South Africa's financial sector with global sustainability standards.

Furthermore, South Africa has made strides in green finance, with institutions actively participating in climate resilience projects and issuing green bonds. For instance, the City of Cape Town issued the first municipal green bond in South Africa, raising ZAR 1 billion (approximately €50 million) to fund climate change mitigation projects, including renewable energy and water management initiatives. Additionally, commercial banks have developed products that finance renewable energy and sustainable infrastructure, supporting the country's transition to a low-carbon economy.

However, challenges persist. While regulatory frameworks are evolving, the financial sector requires clearer guidelines for E&S risk management, particularly in addressing the transition risks associated with the country's heavy reliance on coal. Access to affordable green financing remains limited for small enterprises and underprivileged communities, hindering the widespread adoption of sustainable practices. The Green Finance Taxonomy is expected to bring clarity and drive standardization, facilitating cross-border investments and aligning South Africa's financial sector with global ESG objectives.

The South African government has demonstrated increasing interest in sustainable finance through its partnerships with international organizations such as UNEP FI and the Network for Greening the Financial System (NGFS). Strengthening regulatory oversight and providing incentives for financial institutions to integrate E&S principles will be critical to achieving the country's sustainable development goals and addressing climate vulnerabilities.

SUSBA RESULTS -SOUTH AFRICA

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		Standard Bank	FirstRand Bank	ABSA Bank	Ned Bank	Capitec Bank
PURPOSE	1) Sustainability strategy	86%	79%	93%	86%	86%
	2) Stakeholder engagement and participation in sustainable finance initiatives	90%	60%	70%	80%	50%
POLICIES	3) Public statements on specific E&S issues	42%	42%	36%	44%	14%
	4) Public statements on specific sectors	38%	38%	50%	88%	0%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	80%	100%	50%	10%	0%
	6) Client monitoring and engagement	67%	42%	25%	17%	0%
PEOPLE	7) Responsibilities for E&S	63%	44%	69%	38%	38%
	8) Staff E&S training and performance evaluation	50%	70%	80%	60%	40%
PRODUCTS	9) E&S integration in products and services	83%	58%	42%	50%	0%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	50%	67%	50%	33%	33%
	11) Disclosure of E&S risk exposure and targets	27%	41%	41%	64%	5%

KEY FINDINGS

Integration of sustainability strategies:
Banks have advanced significantly in embedding sustainability strategies within their core business frameworks. All five institutions explicitly incorporate sustainability in their strategic planning and long-term visions, demonstrating a robust commitment to aligning their operations with sustainability principles.

Stakeholder engagement and leadership:
There is active stakeholder engagement, with banks showcasing leadership by participating in commitment-based sustainable finance initiatives. This reflects a proactive stance in collaborating with external partners and aligning with global sustainability efforts.

Implementation of E&S processes:
Banks are at varying stages of implementing E&S processes. While progress is evident, the disparity in maturity levels indicates room for improvement and standardization across the sector.

FirstRand's E&S risk assessment:
FirstRand has established strong practices in assessing E&S risks during client and transaction approval stages. However, it lacks comprehensive monitoring mechanisms to track and manage these risks post-approval, leaving a critical gap in its risk management framework.

E&S training and performance evaluation:
Notable efforts have been made in training staff on E&S matters and in integrating E&S considerations into performance evaluations. This fosters a culture of accountability and ensures that sustainability is prioritized at individual and organizational levels.

Standard Bank's leadership in E&S integration:
Standard Bank emerges as a leader in the sector by integrating E&S considerations into its products and services. This positions the bank as a benchmark for others striving to embed sustainability into their offerings.

Disclosure of portfolio E&S risks:
Despite these advancements, banks are lagging in the disclosure of portfolio-level E&S risk exposures and targets. This lack of transparency hinders stakeholders' ability to assess the E&S impact of the banks' operations and portfolios, emphasizing the need for improved reporting practices.

Recommendations

Establishing continuous monitoring for E&S risks:
Develop and implement robust monitoring frameworks to track E&S risks continuously throughout the lifecycle of transactions.

Enhancing transparency through global disclosure standards:
Adopt comprehensive disclosure frameworks, such as the TCFD and GRI standards.

Driving standardization with industry collaboration:
Collaborate with industry associations and regulators to create standardized guidelines for E&S integration across the banking sector.


Judith van de Griendt / WWF

KENYA

Kenya is endowed with rich environmental and social assets, yet it faces significant challenges in both domains. It is home to diverse ecosystems, including the Great Rift Valley, vast savannahs like the Maasai Mara, and highland regions such as the Aberdare Range, which host an array of unique flora and fauna. The country also boasts a rich cultural heritage with more than 40 Indigenous communities, each contributing unique traditions, languages and lifestyles. However, Kenya faces increasing climate challenges such as prolonged droughts, unpredictable rainfall patterns, and rising temperatures, all of which impact agriculture, water resources and food security.

In recent years, the country has experienced devastating effects from climate-induced disasters, including severe droughts in the northern and eastern regions, which have led to displacement of communities, loss of livelihoods, and a decline in biodiversity. Despite its natural wealth, Kenya grapples with poverty and inequality, which affect access to education, healthcare, and economic opportunities. Additionally, rising public debt and fiscal constraints pose challenges to sustainable development efforts and economic stability

Finance and banking sector

Kenya is recognized as a leader in Africa for its advancements in sustainable finance, driven by the development of policies such as the Kenya Green Bond Programme and the Sustainable Finance Initiative (SFI) by the Kenya Bankers Association (KBA). These initiatives aim to promote the adoption of sustainable finance principles among financial institutions and align with global standards.

The Central Bank of Kenya (CBK) has proactively addressed climate-related financial risks by issuing several key documents:

- Guidance on Climate-Related Risk Management (2021): This guidance assists banks in integrating climate-related risks into their governance structures, strategies and risk management frameworks. It emphasizes the importance of disclosing climate-related information to stakeholders, aligning with global best practices such as the TCFD recommendations.
- Draft Kenya Green Finance Taxonomy (2024): The CBK released this draft to classify economic activities as 'green' or environmentally sustainable. The taxonomy aims to guide financial institutions and market participants in making informed investment decisions, promoting green finance flows, and aligning with international standards.
- Draft Climate Risk Disclosure Framework for the Banking Sector (2024): This draft framework provides a tool for commercial banks to consistently and comparably gather and disclose climate-related information. It aims to offer investors insights into financial impacts and identify investments aligned with a low-carbon transition, thereby enhancing transparency and accountability.

These initiatives underscore CBK's commitment to integrating climate considerations into Kenya's financial system, aligning with international standards, supported by its participation in initiatives such as the Network for Greening the Financial System (NGFS) and UNEP FI, ensuring resilience against climate-related risks, and promoting sustainable economic growth.

The banking sector has demonstrated increasing commitment to embedding sustainability principles, with several banks offering green financing products.

However, challenges remain. While regulatory frameworks are evolving, there is still a need for comprehensive guidelines and supervisory expectations specific to E&S risk management. Additionally, access to affordable green financing is limited for small-scale businesses and local communities, hindering broader adoption of sustainable practices. The adoption of a structured taxonomy is expected to provide clarity and standardization, fostering cross-border investments and aligning Kenya's financial sector with global sustainability goals.

Kenya's government has shown increasing interest in promoting sustainable finance, evidenced by its policies and partnerships with international organizations to mitigate climate risks and enhance resilience. Strengthening the regulatory environment and supporting financial institutions in E&S integration will be key to achieving the country's sustainable development objectives and addressing both financial and environmental material risks.

Justin Woods / Rewild Africa / WWF-UK

SUSBA RESULTS - KENYA

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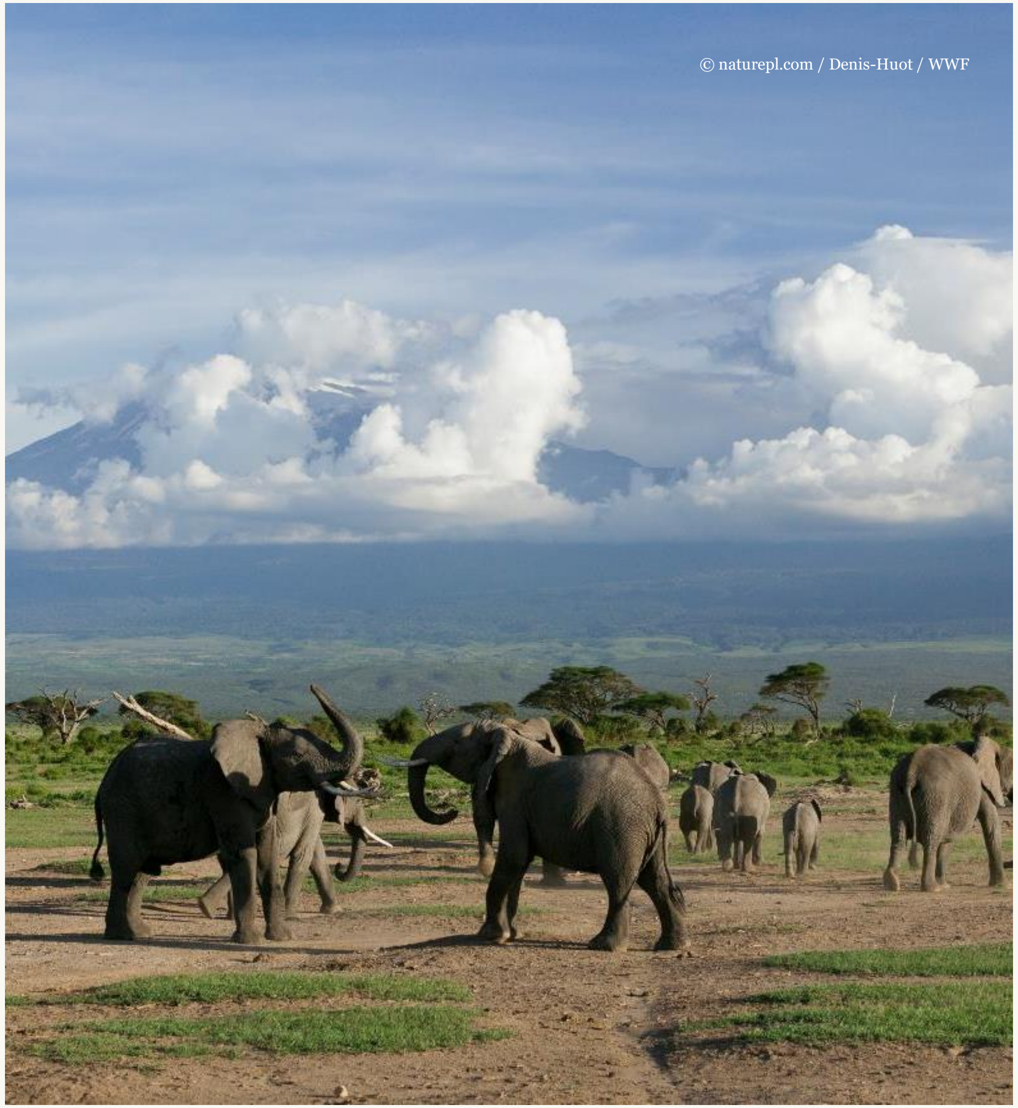
		STANBIC	KCB	EQUITY	DTB	NCBA
PURPOSE	1) Sustainability strategy	100%	86%	86%	79%	64%
	2) Stakeholder engagement and participation in sustainable finance initiatives	80%	70%	70%	70%	20%
POLICIES	3) Public statements on specific E&S issues	44%	42%	25%	11%	6%
	4) Public statements on specific sectors	50%	38%	25%	13%	0%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	20%	70%	40%	40%	0%
	6) Client monitoring and engagement	33%	75%	42%	42%	0%
PEOPLE	7) Responsibilities for E&S	63%	50%	75%	75%	44%
	8) Staff E&S training and performance evaluation	60%	40%	50%	40%	40%
PRODUCTS	9) E&S integration in products and services	67%	33%	42%	25%	25%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	33%	17%	83%	50%	50%
	11) Disclosure of E&S risk exposure and targets	14%	41%	14%	27%	9%

KEY FINDINGS



Enhancing E&S disclosure alignment: Banks are largely at par in E&S integration disclosure, with a single outlier. This underscores the pivotal role of regulations in shaping disclosure practices. Advancing uniformity in E&S integration could position banks as leaders in sustainable financial practices while enhancing transparency and accountability.

Embedding sustainability strategies: All five banks exhibit substantial progress in incorporating sustainability into their core business strategies, reflecting a long-term vision for sustainable growth, with Stanbic Bank fully integrating sustainability in its core business. Notable efforts in stakeholder engagement and participation in sustainable finance initiatives demonstrate their commitment to aligning with global sustainability trends.

However, the lack of disclosure on sector-specific policies presents an opportunity for improvement, enabling banks to better manage risks and drive targeted positive impact.

Leadership and accountability in ESG implementation: Leadership in E&S responsibility is evident, with senior management actively overseeing the implementation of ESG strategies. This highlights the importance of integrating sustainability governance at the highest levels.

However, disclosure gaps remain, particularly regarding portfolio-level E&S risk exposure and target setting, signalling the need for enhanced transparency to support stakeholders and investors.

Excellence in E&S process disclosure: KCB stands out for its superior disclosure of E&S processes and procedures, setting a benchmark for other financial institutions.

By prioritizing detailed and transparent disclosures, KCB demonstrates a proactive approach to managing sustainability risks and opportunities.

Early adoption of TNFD frameworks: Equity and KCB lead as early adopters of the TNFD, showcasing their commitment to advancing nature-related risk management.

By setting the pace for the industry, these banks provide a model for others to follow, fostering innovation and leadership in addressing nature-related financial risks.

Recommendations

Banking sector stakeholder collaboration: To enhance E&S disclosure alignment, banks should collaborate with regulatory bodies and industry associations to establish standardized guidelines that promote consistency in reporting.

Develop and disclose sector-specific sustainability policies: The banks should develop and disclose sector-specific sustainability policies, focusing on high-impact areas to inform targeted and impactful strategies to manage risk and drive positive impact.

TANZANIA

Tanzania is endowed with a wealth of environmental and social assets, yet it faces significant challenges in both domains. It is home to diverse ecosystems, including the Serengeti National Park, known for the Great Migration, Mount Kilimanjaro, the highest peak in Africa, and the Selous Game Reserve, a UNESCO World Heritage site. Tanzania also boasts a rich cultural heritage, with more than 120 ethnic groups contributing diverse traditions, arts and languages, including Swahili, the country's official language and a unifying national identity. However, Tanzania faces increasing climate challenges such as severe droughts, erratic rainfall and rising temperatures, which impact agriculture, water resources and energy security.

In recent years, the country has witnessed devastating climate-induced events, including prolonged droughts in the central and northern zones, which have threatened food security and livelihoods. These challenges are compounded by socioeconomic disparities, with poverty and inequality affecting access to basic services such as education, healthcare and housing. Additionally, the country's high reliance on agriculture and limited industrial diversification pose challenges to sustainable development and economic transformation.

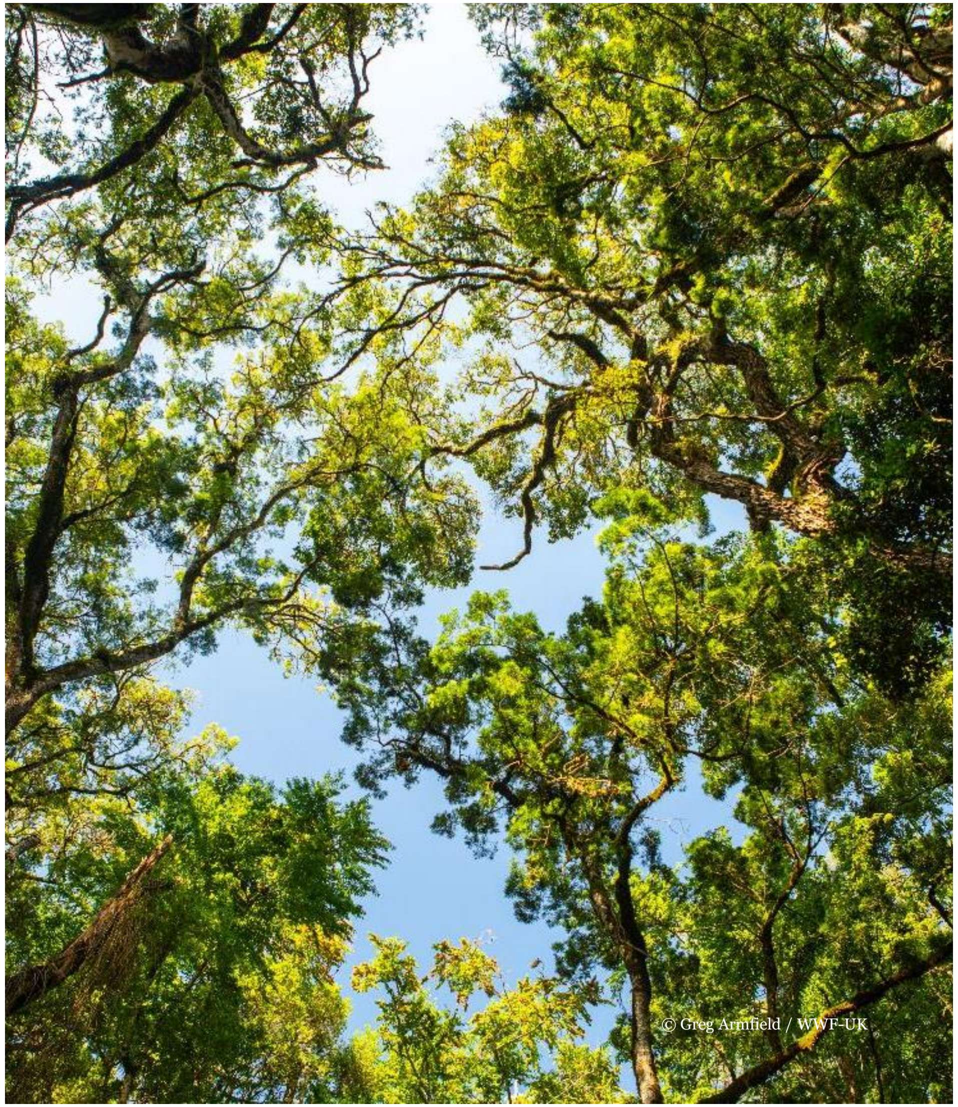
Finance and banking sector

The integration of E&S practices in Tanzania's financial sector has gained momentum, reflecting the country's commitment to sustainable development. Tanzania has started adopting sustainable finance practices, supported by regional frameworks such as the EAC Climate Change Policy Framework and the guidance of international institutions like UNEP FI. These efforts aim to align financial activities with global sustainability standards and promote responsible investment.

Tanzania has made strides in green finance, with institutions beginning to participate in climate resilience projects and exploring the potential of green bonds, one example being NMB Bank's US $400 million green bond programme. Additionally, commercial banks are exploring opportunities to fund sustainable agriculture and infrastructure projects to support the country's transition to a more sustainable economy.

However, challenges persist. While regulatory frameworks are emerging, the financial sector requires clearer guidelines for E&S risk management, particularly in addressing the transition risks associated with Tanzania's reliance on traditional energy sources. Access to affordable green financing remains limited for small enterprises and underprivileged communities, hindering the widespread adoption of sustainable practices. Strengthening regulatory oversight and providing incentives for financial institutions to integrate E&S principles will be critical to achieving the country's sustainable development goals and addressing climate vulnerabilities.

The Tanzanian government has demonstrated increasing interest in sustainable finance through its partnerships with regional and international organizations. Strengthening policies and providing technical and financial support to local financial institutions will be crucial for advancing Tanzania's sustainable finance agenda and building resilience to climate impacts.



SUSBA RESULTS - TANZANIA

		CRDB	NMB	NBC
PURPOSE	1) Sustainability strategy	79%	86%	50%
	2) Stakeholder engagement and participation in sustainable finance initiatives	60%	50%	50%
POLICIES	3) Public statements on specific E&S issues	25%	3%	0%
	4) Public statements on specific sectors	63%	13%	13%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	70%	60%	0%
	6) Client monitoring and engagement	83%	42%	0%
PEOPLE	7) Responsibilities for E&S	25%	38%	19%
	8) Staff E&S training and performance evaluation	50%	70%	10%
PRODUCTS	9) E&S integration in products and services	58%	58%	8%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	50%	50%	0%
	11) Disclosure of E&S risk exposure and targets	18%	23%	23%

KEY FINDINGS

Tanzania leading in E&S integration in products and services:
Tanzania stands out as a regional leader in integrating E&S considerations into its banking products and services among the eight assessed countries. All three Tanzanian banks reviewed incorporated clear references to sustainability within their strategies, demonstrating a strategic commitment to sustainable development.

Notably, NMB distinguished itself by fully recognizing the E&S footprint arising from its operations and activities, while the other two banks only partially acknowledged their E&S impacts.

Alignment with the Sustainable Development Goals (SDGs):
NMB and CRDB have shown a progressive approach by fully aligning their strategies with the SDGs, explicitly referring to them as guiding frameworks for their operations. In contrast, the third bank did not demonstrate similar alignment, highlighting a gap in leveraging SDGs for strategic direction.

However, a critical observation is that none of the banks explicitly acknowledged the societal and economic risks linked to environmental degradation, indicating an area for further strategic refinement.

Stakeholder engagement and participation in sustainable finance initiatives:
CRDB and NMB exhibited leadership in stakeholder engagement, disclosing the parties they consult on E&S issues. This reflects a commitment to fostering transparency and collaboration in addressing sustainability challenges.

Additionally, CRDB actively participates in relevant commitment-based sustainable finance initiatives, while the other two banks have shown limited engagement in such efforts. This disparity underscores varying levels of commitment to driving sustainable finance within the banking sector.

Advancing E&S process implementation:
The banks assessed are at varying stages of implementing E&S processes, with CRDB demonstrating the most advanced efforts. This progress positions CRDB as a leader in embedding sustainability into operational processes.

However, none of the banks have adopted an internal control system based on a three lines of defence framework that is, 1st line – Business teams, 2nd line - Risk and Compliance teams and 3rd line - Internal Audit teams for managing E&S issues. Similarly, sustainability criteria remain absent in their governance committee structures, revealing critical governance gaps that hinder robust management of E&S risks.

Disclosure and transparency on E&S impacts:
All three banks disclose their credit exposure by industry sector and the broader impacts of their business activities. However, significant gaps in transparency persist. The banks fail to disclose information about their fossil fuel portfolios and greenhouse gas emissions, and their reporting on E&S policy implementation and net-zero commitments is inconsistent.

Furthermore, none of the banks conduct external assurance of their ESG disclosures, raising questions about the credibility and reliability of their sustainability reporting practices. These shortcomings highlight the need for improved disclosure standards and external validation mechanisms.

RECOMMENDATIONS

Strengthening strategic alignment and acknowledgment of E&S risks:
Broaden the scope of E&S acknowledgment: encourage all banks to fully recognize the E&S footprint of their operations and activities, aligning with best practices.

Explicit integration of societal and economic risks:
Incorporate acknowledgment of the societal and economic risks associated with environmental degradation into strategic frameworks. This will strengthen the alignment of banking strategies with long-term sustainability objectives.

Comprehensive application of SDGs:
Expand the integration of SDG considerations to include all dimensions of ESG impacts, ensuring alignment across the board.

Expand stakeholder engagement efforts:
Encourage all banks to engage with a broader range of stakeholders on E&S issues, fostering collaboration and transparency in sustainability initiatives.

Increase participation in sustainable finance initiatives:
Motivate banks with limited involvement to actively participate in sustainable finance initiatives to demonstrate commitment and leadership in driving sector-wide sustainability.

Advancing E&S process implementation:
Develop and implement an internal control system based on the three-lines-of-defence model for managing E&S issues, enhancing risk management practices.

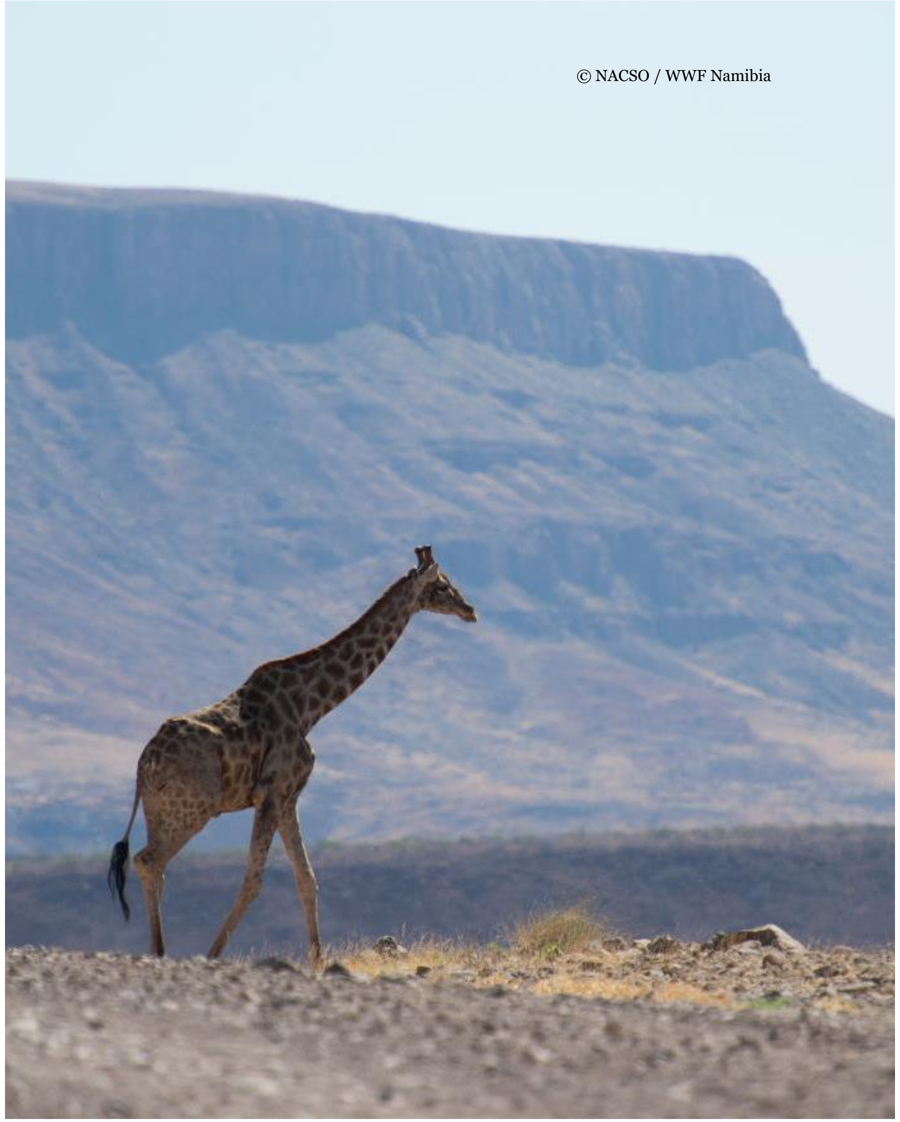
Integrate sustainability into governance structures:
Embed sustainability criteria into governance committee structures to ensure robust oversight and management of E&S risks.

Enhance disclosure on E&S policies and net-zero commitments:
Develop consistent and detailed reporting on E&S policy implementation, progress toward net-zero commitments, and industry-specific sustainability impacts.

Disclose fossil fuel and greenhouse gas emissions portfolios:
Require banks to disclose detailed information about their fossil fuel portfolios and greenhouse gas emissions, addressing significant transparency gaps.

Conduct external assurance of ESG disclosures:
Implement third-party assurance mechanisms to validate the credibility and reliability of sustainability reporting practices.

NAMIBIA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Namibia, with its rich environmental and social resources, is a country of stark contrasts and significant challenges. Its diverse ecosystems, such as the Namib Desert, Etosha National Park, and the Skeleton Coast, are global treasures that offer unique landscapes and biodiversity. Furthermore, Namibia's vibrant cultural heritage, shaped by ethnic groups like the Himba, Herero and San, enriches its global cultural footprint. Despite these assets, the country faces daunting environmental and social challenges that threaten its sustainability and well-being.

Namibia has been hit hard by climate change, experiencing severe droughts, erratic rainfall, and rising temperatures. These changes have dire implications for water resources, agriculture and overall food security, particularly affecting rural communities. The Namib Desert, one of the oldest deserts in the world, and areas around Etosha National Park are especially vulnerable to these changing climatic conditions.

Socioeconomic disparities exacerbate these environmental challenges, adding complexity to Namibia's ability to sustainably manage and leverage its natural resources. Despite its rich natural asset base, the dependence on natural resource exports and a relatively high unemployment rate are barriers to sustainable development and economic diversification.

Finance and banking sector

Namibia's finance and banking sector is a key pillar of the country's economy, providing critical support for trade, financial inclusion, and development. Governed by the Bank of Namibia, the sector is well regulated, aligning with international standards like Basel III and the Financial Institutions and Markets Act (FIMA). It is characterized by a mix of commercial banks, such as First National Bank, Standard Bank, Nedbank and Bank Windhoek, alongside development finance institutions like the Development Bank of Namibia and Agribank.

These institutions drive economic growth through diverse services ranging from retail and corporate banking to targeted SME financing. Financial inclusion is a significant focus, with over 78% of adults accessing formal financial services, aided by innovations like mobile money and agency banking.

The Namibia Stock Exchange, one of Africa's largest by market capitalization, anchors the capital markets, facilitating corporate and government capital-raising. Digital transformation is reshaping the sector, with widespread adoption of fintech and mobile banking solutions enhancing accessibility and efficiency.

Sustainability is increasingly prioritized, as banks integrate ESG considerations and promote green financing for renewable energy and climate resilience projects. Despite challenges like high household indebtedness and limited credit access for SMEs, the sector has substantial opportunities, including leveraging the African Continental Free Trade Area to boost trade finance and expanding digital inclusion. Namibia is also well positioned for investment in new renewable energy initiatives, such as offshore wind and green hydrogen.

Positioned for growth, Namibia's financial system is evolving as a driver of sustainable development and economic resilience.

SUSBA RESULTS - NAMIBIA

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		DBN	AGRIBANK	BANK WINDHOEK
PURPOSE	1) Sustainability strategy	86%	50%	7%
	2) Stakeholder engagement and participation in sustainable finance initiatives	40%	10%	0%
POLICIES	3) Public statements on specific E&S issues	50%	0%	3%
	4) Public statements on specific sectors	88%	0%	0%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	80%	0%	0%
	6) Client monitoring and engagement	100%	0%	0%
PEOPLE	7) Responsibilities for E&S	13%	0%	0%
	8) Staff E&S training and performance evaluation	40%	0%	0%
PRODUCTS	9) E&S integration in products and services	33%	8%	25%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	17%	17%	0%
	11) Disclosure of E&S risk exposure and targets	18%	0%	14%

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KEY FINDINGS

Outstanding client monitoring and engagement:

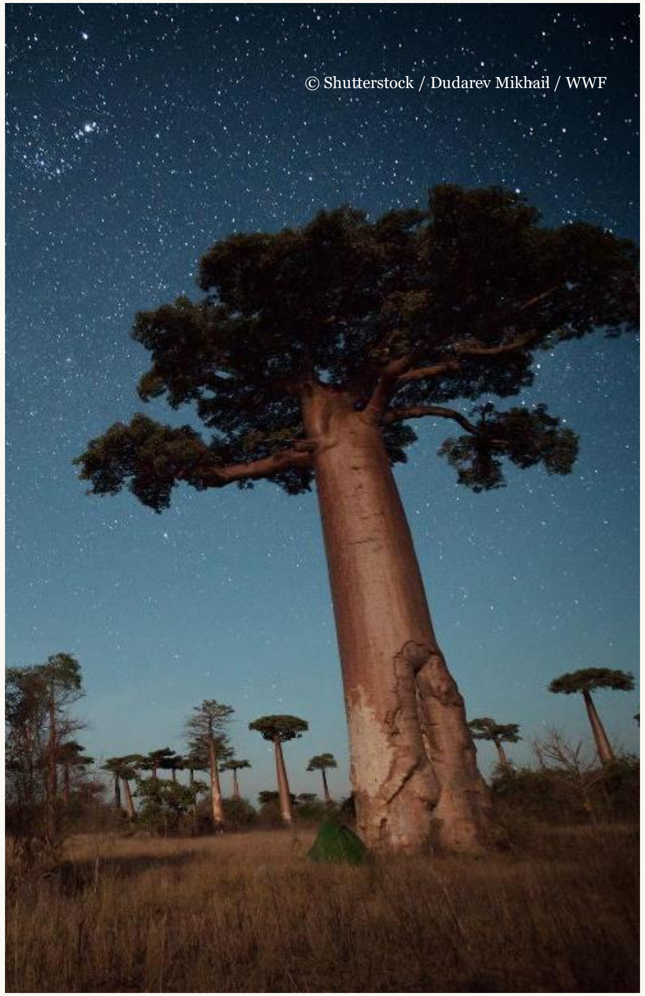
The Development Bank of Namibia has emerged as a frontrunner in the country, demonstrating excellence in client monitoring and engagement processes. This leadership underscores its commitment to fostering robust client relationships and ensuring high-quality project oversight.

Sector-specific transparency:

The bank is setting benchmarks in transparency by consistently publishing public statements that highlight its focus on specific sectors. This initiative enhances accountability and provides stakeholders with critical insights into its operations and priorities.

Pioneering sustainability in a nascent regulatory landscape:

A notable gap exists between the Development Bank of Namibia and other financial institutions in the country regarding sustainability practices. This disparity reflects the early stages of regulatory frameworks and guidelines in the region, with the Development Bank paving the way for others to follow.



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RECOMMENDATIONS

Strengthen sector-specific transparency:
Include detailed impact assessments and performance metrics in public reports to provide stakeholders with comprehensive sectoral insights.

Advocate for regulatory development:

Engage with policymakers and industry bodies to design and implement robust sustainability frameworks.

ZAMBIA

Zambia is rich in environmental and social assets, with vast natural resources and cultural diversity. The country is home to iconic ecosystems, including the Victoria Falls – one of the Seven Natural Wonders of the World – and numerous national parks like South Luangwa and Kafue, renowned for their wildlife and biodiversity. Zambia also boasts significant forest reserves, such as the Miombo Woodlands, which play a critical role in carbon sequestration.

Despite its abundant natural wealth, Zambia faces pressing environmental challenges. The country is increasingly vulnerable to climate risks, including prolonged droughts, erratic rainfall and rising temperatures, which have had profound impacts on agriculture, water availability and energy production. The reliance on hydroelectric power makes Zambia particularly sensitive to changes in water levels, as has been seen in periods of reduced electricity generation caused by droughts.

Socioeconomic disparities further compound these challenges. While the country has made progress in economic development, poverty and inequality remain significant issues, with many rural communities lacking access to adequate healthcare, education and infrastructure. These vulnerabilities hinder resilience to climate change and limit opportunities for sustainable development.

Finance and banking sector

The adoption of E&S practices in Zambia's financial sector is gaining traction, driven by a growing recognition of the need for sustainable development. While Zambia is at an earlier stage compared to some other African countries, the government and financial institutions are increasingly aligning with global sustainability goals.

Zambia has started to explore green finance opportunities, with financial institutions supporting renewable energy projects and climate-resilient infrastructure. For example, Zambia's engagement in solar energy development has been notable, with initiatives like Scaling Solar attracting investment in renewable energy. However, the issuance of green bonds and the development of other innovative financial instruments are still in their infancy compared to countries like South Africa.

The financial sector faces several challenges in embedding E&S principles. Regulatory frameworks for sustainable finance are still evolving, and there is a need for clearer guidelines to address E&S risks, particularly in sectors like mining, which dominate the Zambian economy. Access to affordable green financing is another hurdle, especially for small and medium-sized enterprises (SMEs) and rural communities, which limits the broader adoption of sustainable practices.

Despite these challenges, there are opportunities for progress. The Zambian government has shown interest in advancing sustainable finance through partnerships with organizations such as the United Nations Development Programme (UNDP) and the African Development Bank (AfDB). Strengthening the regulatory environment, incentivizing green investments, and building capacity within financial institutions will be critical to driving Zambia's transition to a low-carbon, resilient economy.

By integrating E&S principles into its financial sector, Zambia can leverage its natural and cultural assets to achieve sustainable development, address climate vulnerabilities, and foster inclusive economic growth.

SUSBA RESULTS -ZAMBIA

		ACCESS BANK	ZANACO	ZICB
PURPOSE	1) Sustainability strategy	71%	57%	0%
	2) Stakeholder engagement and participation in sustainable finance initiatives	60%	70%	0%
POLICIES	3) Public statements on specific E&S issues	14%	8%	0%
	4) Public statements on specific sectors	38%	0%	0%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	0%	40%	0%
	6) Client monitoring and engagement	0%	0%	0%
PEOPLE	7) Responsibilities for E&S	44%	25%	0%
	8) Staff E&S training and performance evaluation	60%	30%	0%
PRODUCTS	9) E&S integration in products and services	50%	0%	0%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	33%	0%	0%
	11) Disclosure of E&S risk exposure and targets	32%	5%	0%

KEY FINDINGS

Strong commitment to sustainability and SDG alignment:

The banks assessed demonstrated a notable commitment to sustainability, with explicit references to the SDGs and acknowledgement of climate change risks.

Two of the three banks disclosed the stakeholders they engage with on E&S issues, reflecting a proactive approach to collaboration in sustainability.

Notably, Access Bank goes further by actively participating in commitment-based sustainable finance initiatives.

Gaps in commitments to key E&S issues:

Despite the above efforts, none of banks disclosed formal commitments to addressing specific E&S issues. This includes a lack of disclosure regarding sensitive sector policies and the absence of publicly available exclusion lists.

These gaps highlight the need for a more transparent and structured approach to managing critical E&S risks.

Lack of integration of E&S criteria in approval processes:

The integration of E&S criteria into client and transaction approval processes remains a significant shortcoming.

None of the banks have fully embedded such criteria, which are crucial for aligning financial decisions with sustainability goals.

ESG oversight and resource allocation:

Some of the banks have shown progress by allocating senior management oversight to ESG issues, signalling the importance placed on sustainability at a leadership level. Access Bank stands out with a fully dedicated team responsible for implementing E&S policies, procedures and staff training.

However, a key deficiency across all banks is the absence of sustainability criteria in their governance committees, which could impede the incorporation of ESG considerations into decision-making processes.

Industry-specific disclosure and net-zero commitment:

Access Bank demonstrated leadership by disclosing its credit exposure by industry sector, the impacts of its business activities, and its commitment to achieving net-zero greenhouse gas emissions by 2050.

However, there remains a significant lack of transparency regarding fossil fuel portfolios, greenhouse gas emissions, and external assurance of ESG disclosures across all banks.

These omissions indicate a need for enhanced disclosure practices to meet stakeholder expectations and global sustainability standards.

RECOMMENDATIONS

Strengthen commitments to specific environmental and social issues:

Develop and publicly disclose formal commitments to key E&S issues, including sensitive sector policies and exclusion lists. These measures will provide stakeholders with a clear understanding of the bank's priorities and boundaries in managing E&S risks.

Integrate E&S criteria into client and transaction approval processes:

Embed E&S criteria into client onboarding and transaction approval workflows. This ensures financial decisions are aligned with the bank's sustainability goals and reduces exposure to E&S risks.

Enhance ESG oversight and governance:

Incorporate sustainability criteria into the mandates of governance committees to ensure ESG considerations are integrated into strategic and operational decision-making processes.

Allocate adequate resources to establish dedicated ESG teams or expand the responsibilities of existing ones, focusing on implementing E&S policies, monitoring progress, and conducting regular staff training.

Improve disclosure practices:

Increase transparency by disclosing sensitive sector policies, fossil fuel portfolio exposure, and total greenhouse gas emissions. This can help build stakeholder trust and align with global sustainability reporting standards. Commit to obtaining external assurance for ESG disclosures to enhance credibility and demonstrate accountability.

Adopt commitment-based sustainable finance initiatives:

Actively participate in industry-wide sustainability initiatives to stay abreast of best practices and demonstrate leadership in sustainable finance. Collaborating with peers and stakeholders will also foster innovation and shared solutions to pressing E&S challenges.

Set clear industry benchmarks and net-zero pathways:

Establish interim targets for achieving net-zero greenhouse gas emissions, with milestones that align with global frameworks such as the Science-Based Targets initiative (SBTi). Share industry-specific disclosures, such as sectoral credit exposures and climate impact assessments, to meet rising stakeholder expectations and enhance accountability.

Develop capacity building programmes:

Invest in training programmes to enhance staff understanding of ESG risks and opportunities. This will empower teams to make informed decisions and champion sustainability initiatives.

GABON

Gabon is richly endowed with environmental and social assets, which positions it as a critical player in the global effort to preserve biodiversity and combat climate change. The country is home to extensive tropical rainforests, which form part of the Congo Basin, the world's second-largest rainforest, and act as a significant carbon sink. Gabon's ecosystems host diverse flora and fauna, including gorillas, elephants and critically endangered leatherback turtles. Its commitment to conservation is evident, with approximately 13% of its land designated as national parks, including the renowned Loango National Park, often referred to as 'Africa's Last Eden.' Gabon also has a rich cultural heritage, with more than 40 ethnic groups contributing to a vibrant mosaic of traditions, music and art.

However, Gabon faces pressing climate challenges. Rising temperatures, shifting rainfall patterns and more frequent extreme weather events threaten its agricultural productivity and coastal infrastructure. The country's heavy reliance on extractive industries, particularly oil, poses significant risks to both its environment and long-term economic stability. Additionally, despite its relatively small population, socioeconomic disparities persist, with access to education, healthcare and other basic services unevenly distributed across urban and rural areas.

Finance and banking sector

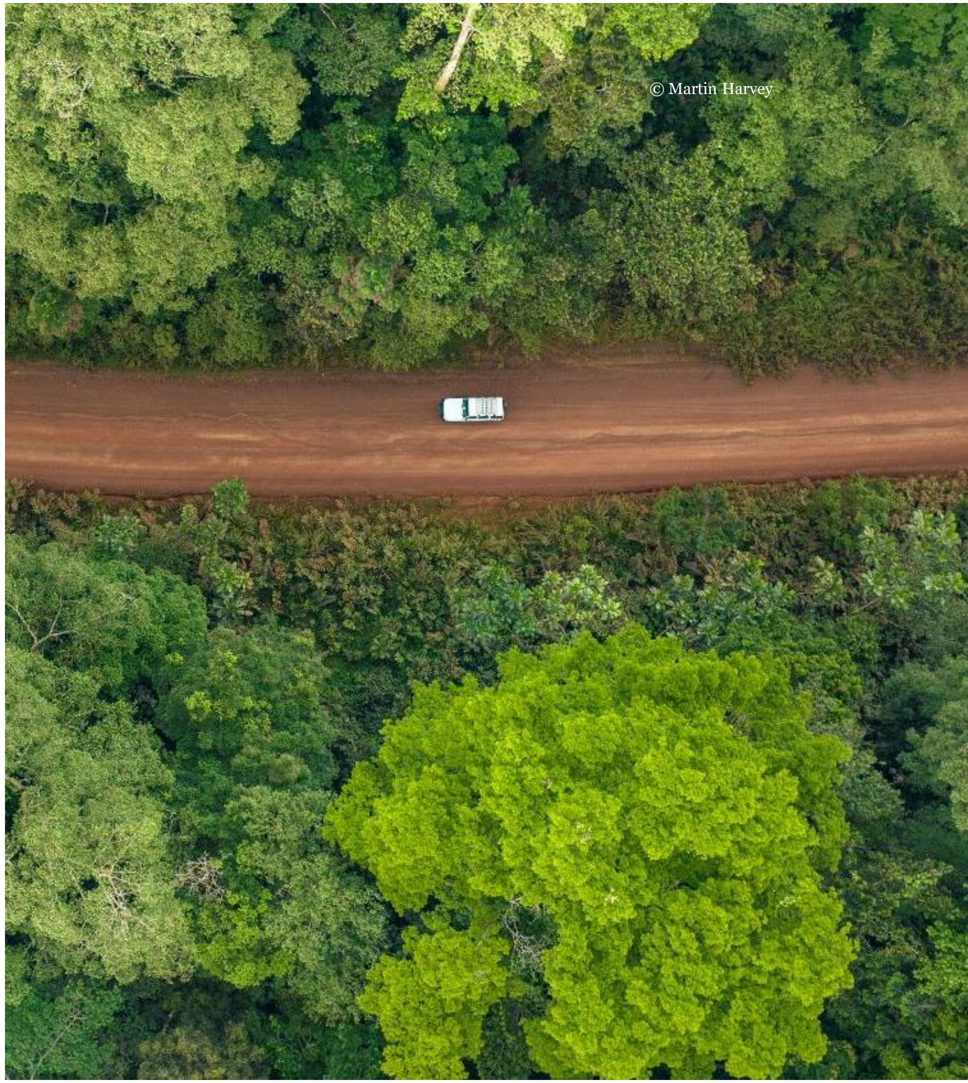
In Gabon, the financial sector is increasingly recognizing the importance of integrating E&S practices to support sustainable development. The government has actively promoted sustainable finance initiatives, aligning with the African Union's Agenda 2063 and global frameworks like the Paris Agreement. Gabon's membership in the Central African Economic and Monetary Community (CEMAC) offers an opportunity to harmonize regional efforts in green finance, particularly as the CEMAC Green Finance Framework gains traction.

Efforts to promote sustainable finance in Gabon have included initiatives to encourage investment in renewable energy, sustainable forestry and climate-resilient agriculture. For example, the Gabonese Strategic Investment Fund (FGIS) has explored green bond issuance to fund conservation and sustainable infrastructure projects. In addition, the country's participation in the Central African Forest Initiative (CAFI) reflects its dedication to leveraging international funding to protect its forests and promote low-carbon development.

However, challenges remain. The financial sector in Gabon requires stronger regulatory frameworks to guide E&S risk management and facilitate green financing. Access to affordable sustainable financing is limited, particularly for SMEs and rural communities. Moreover, transitioning from oil dependency to a more diversified and low-carbon economy demands significant investment, innovation and policy support.

The Gabonese government's growing commitment to sustainable finance is reflected in its partnerships with global organizations like the United Nations Environment Programme Finance Initiative (UNEP FI) and the African Development Bank (AfDB). Strengthening partnerships, improving regulatory clarity and incentivizing private sector participation will be essential to advancing Gabon's sustainable development goals.

By fostering a robust green finance ecosystem, Gabon can capitalize on its natural capital while addressing climate vulnerabilities and socioeconomic inequalities.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SUSBA RESULTS -GABON

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		BGFI BANK	BICIG BANK
PURPOSE	1) Sustainability strategy	86%	0%
	2) Stakeholder engagement and participation in sustainable finance initiatives	60%	0%
POLICIES	3) Public statements on specific E&S issues	6%	0%
	4) Public statements on specific sectors	0%	0%
PROCESSES	5) Assessing E&S risks in client & transaction approvals	0%	0%
	6) Client monitoring and engagement	0%	0%
PEOPLE	7) Responsibilities for E&S	13%	0%
	8) Staff E&S training and performance evaluation	0%	0%
PRODUCTS	9) E&S integration in products and services	8%	0%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	0%	0%
	11) Disclosure of E&S risk exposure and targets	0%	0%


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KEY FINDINGS

Integration of sustainability into strategic frameworks:

BGFI has demonstrated leadership in embedding sustainability within its strategies. The bank has explicitly incorporated references to the SDGs and acknowledged the critical risks posed by climate change. This approach aligns its business priorities with global sustainability objectives, showcasing a robust commitment to addressing E&S challenges.

Stakeholder engagement on E&S issues:

BGFI stands out in its efforts to engage stakeholders on E&S matters. By actively participating in commitment-based sustainable finance initiatives, the bank ensures that its operations and investments align with broader sustainability goals. This proactive approach fosters collaboration and enhances transparency, enabling BGFI to drive meaningful impact through partnerships and stakeholder involvement.

Commitment to human rights in client relationships:

In a notable step, BGFI has partially disclosed requirements for its clients to commit to respecting human rights. This measure reflects the bank's dedication to ethical practices and adherence to international standards. Expanding and fully disclosing such requirements would further strengthen its position as a socially responsible financial institution and set a benchmark for industry peers.

RECOMMENDATIONS

Transparency through sustainability disclosures:
Publish sustainability disclosures for stakeholders to gauge actions and policies on sustainable practices.

Due to limited disclosure and data availability, the following recommendations are general in nature and intended to support the bank in strengthening its approach to ESG and nature-related risks over time

1. Strengthen Internal Regulatory Engagement:

Actively contribute to the development of stronger ESG and nature-related regulatory frameworks through engagement with relevant authorities and industry platforms.

2. Invest in Capacity Building:

Develop internal capabilities through staff training and awareness programs, leveraging both sector-wide initiatives and tailored in-house support.

3. Promote Knowledge Sharing:

Participate in peer learning initiatives, drawing on best practices from more advanced markets to guide internal improvements.

4. Align with Parent Bank Standards:

Where applicable, align local practices with the ESG policies and frameworks of the parent or headquarter bank to strengthen overall performance
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CAMEROON

Cameroon is endowed with a wealth of environmental and social assets, yet it faces significant challenges in both domains. It is home to diverse ecosystems, including the dense tropical rainforests of the Congo Basin, the biodiversity-rich Waza National Park, and Mount Cameroon, an active volcano that serves as a prominent landmark and ecological treasure. However, Cameroon faces increasing climate challenges such as deforestation, unpredictable rainfall, desertification in the north, and rising temperatures, which impact agriculture, water resources and biodiversity conservation.

In recent years, Cameroon has experienced devastating climate-induced events, including extreme floods in the northern regions and prolonged droughts that threaten agricultural productivity and food security. These challenges are compounded by socioeconomic disparities, with poverty and inequality limiting access to basic services such as education, healthcare and infrastructure. Additionally, Cameroon's reliance on traditional energy sources poses challenges to sustainable development and its transition to a greener economy.

Finance and banking sector

The integration of E&S practices in Cameroon's financial sector is gaining traction, reflecting the country's growing commitment to sustainable development. While progress has been slower compared to some African peers, initiatives such as the Bank of Central African States' (BEAC) regulatory guidelines and collaborations with international partners are setting the foundation for sustainable finance practices. Efforts to implement frameworks like the Green Finance Taxonomy in other regions aim to align financial activities with global sustainability standards and promote responsible investment.

Cameroon is beginning to explore green finance opportunities, with institutions starting to invest in renewable energy projects and sustainable agriculture. For instance, microfinance institutions and development banks have supported small-scale solar energy projects and climate-resilient agricultural practices, helping rural communities adapt to changing climate conditions. However, larger-scale investments such as green bonds are still underdeveloped, reflecting the need for stronger policy frameworks and institutional capacity.

Challenges persist. The financial sector requires clearer guidelines for E&S risk management, particularly regarding transition risks associated with Cameroon's reliance on oil exports and unsustainable agricultural practices. Access to affordable green financing remains limited, especially for SMEs and underprivileged communities, which hinders the widespread adoption of sustainable practices. The development of a standardized framework for green finance could drive investments, promote cross-border collaboration, and align Cameroon's financial sector with global ESG objectives.

The Cameroonian government has shown increasing interest in sustainable finance through partnerships with international organizations. Initiatives like the national adaptation plan for climate resilience and participation in programmes like REDD+ signal a commitment to integrating sustainability into development strategies. Strengthening regulatory oversight and providing incentives for financial institutions to integrate E&S principles will be critical to addressing climate vulnerabilities, promoting inclusive economic growth, and achieving Cameroon's sustainable development goals.

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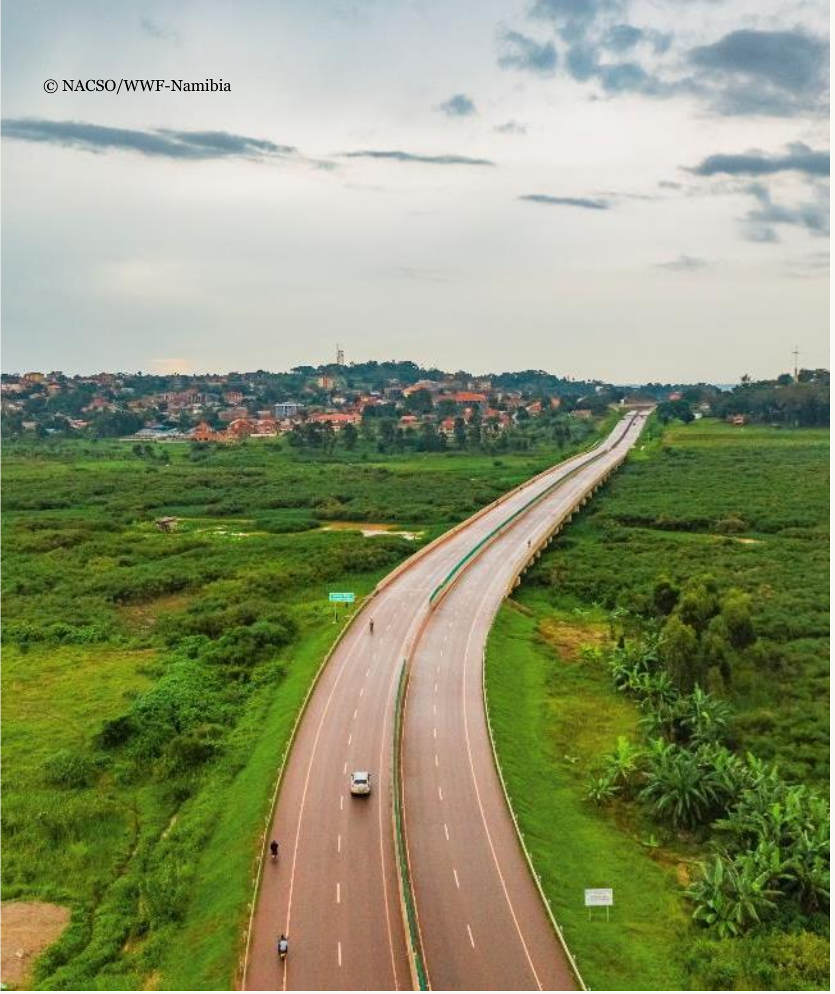
SUSBA RESULTS -CAMEROON

		AFRILAND FIRST BANK	CBC
PURPOSE	1) Sustainability strategy	7%	0%
	2) Stakeholder engagement and participation in sustainable finance initiatives	0%	0%
POLICIES	3) Public statements on specific E&S issues	0%	0%
	4) Public statements on specific sectors	0%	0%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	0%	0%
	6) Client monitoring and engagement	0%	0%
PEOPLE	7) Responsibilities for E&S	0%	0%
	8) Staff E&S training and performance evaluation	0%	0%
PRODUCTS	9) E&S integration in products and services	8%	8%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	0%	0%
	11) Disclosure of E&S risk exposure and targets	0%	0%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KEY FINDINGS

Limited disclosures:
Among the reviewed institutions in Cameroon, only AFB demonstrated a partial commitment to sustainability by explicitly referencing it in its strategic frameworks. It outlined the allocation of distinct pools of capital specifically dedicated to activities that deliver measurable E&S benefits.

RECOMMENDATIONS

Transparency through sustainability disclosures:
Publish sustainability disclosures for stakeholders to gauge actions and policies on sustainable practices.

Due to limited disclosure and data availability, the following recommendations are general in nature and intended to support the bank in strengthening its approach to ESG and nature-related risks over time

1. Strengthen Internal Regulatory Engagement:

Actively contribute to the development of stronger ESG and nature-related regulatory frameworks through engagement with relevant authorities and industry platforms.

2. Invest in Capacity Building:

Develop internal capabilities through staff training and awareness programs, leveraging both sector-wide initiatives and tailored in-house support.

3. Promote Knowledge Sharing:

Participate in peer learning initiatives, drawing on best practices from more advanced markets to guide internal improvements.

4. Align with Parent Bank Standards:

Where applicable, align local practices with the ESG policies and frameworks of the parent or headquarter bank to strengthen overall performance

DEMOCRATIC REPUBLIC OF CONGO

The Democratic Republic of Congo (DRC) is richly endowed with environmental and social assets but faces profound challenges in managing both. The country is home to some of the most biologically diverse ecosystems in the world, including the Congo Basin, the second-largest rainforest on the planet, which serves as a critical carbon sink and habitat for iconic species such as gorillas, forest elephants and bonobos. The DRC also possesses significant freshwater resources, with the Congo River being Africa's most powerful river system. The country's rich cultural heritage reflects a mosaic of more than 200 ethnic groups, each contributing unique languages, traditions and artistic expressions.

However, the DRC faces escalating climate challenges, such as deforestation, biodiversity loss and the impacts of changing rainfall patterns, which threaten agriculture, water security and energy access. Climate-induced disasters, including flooding and prolonged droughts, have become increasingly frequent, devastating local livelihoods and undermining food security. These environmental challenges are compounded by socioeconomic issues including widespread poverty, limited access to basic services like healthcare, education, and housing, and political instability that hinders coordinated responses to these crises.

Finance and Banking Sector

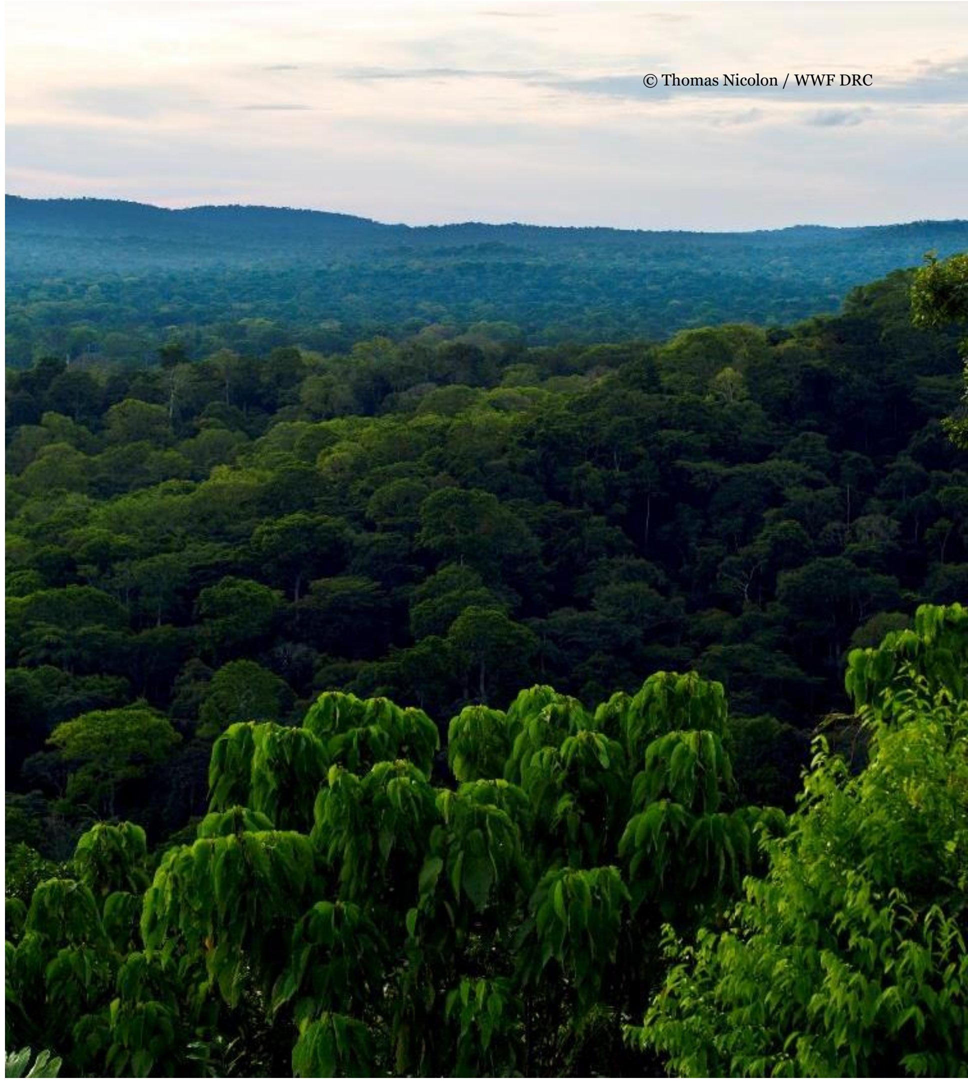
The integration of E&S practices in the DRC's financial sector remains in its nascent stages, though momentum is building as the country aligns with global trends in sustainable development. Given its vast natural resources and critical role in global climate systems, the DRC has significant potential to leverage sustainable finance for addressing climate challenges and driving inclusive growth.

Efforts are emerging to support green finance in the DRC, particularly through international partnerships and donor-driven initiatives. Development finance institutions (DFIs) and international organizations, such as the World Bank and UNEP FI, have been instrumental in initiating projects aimed at climate resilience, renewable energy and forest conservation. For example, the REDD+ programme has supported efforts to combat deforestation while promoting sustainable livelihoods for forest-dependent communities.

The DRC's financial sector, however, faces significant challenges in adopting E&S practices. The lack of robust regulatory frameworks for sustainable finance, limited institutional capacity, and the underdeveloped financial market constrain the ability to mobilize green investments. Furthermore, access to affordable green financing remains particularly scarce for rural communities and small enterprises, which are essential to the country's economic fabric.

Despite these hurdles, there is growing recognition of the importance of sustainable finance in the DRC's transition to a low-carbon, climate-resilient economy.

The DRC government has started collaborating with international partners to strengthen regulatory oversight and incentivize the adoption of E&S principles by financial institutions. These efforts, coupled with increased participation from private sector stakeholders, hold the potential to drive sustainable development and address the country's vulnerabilities to climate change and environmental degradation.



SUSBA RESULTS - DEMOCRATIC REPUBLIC OF THE CONGO

		TMB BANK	FIRST BANK
PURPOSE	1) Sustainability strategy	7%	0%
	2) Stakeholder engagement and participation in sustainable finance initiatives	0%	0%
POLICIES	3) Public statements on specific E&S issues	0%	0%
	4) Public statements on specific sectors	0%	0%
PROCESSES	5) Assessing E&S risks in client and transaction approvals	0%	0%
	6) Client monitoring and engagement	0%	0%
PEOPLE	7) Responsibilities for E&S	0%	6%
	8) Staff E&S training and performance evaluation	0%	0%
PRODUCTS	9) E&S integration in products and services	8%	0%
PORTFOLIO	10) E&S risk assessment and mitigation at portfolio level	0%	0%
	11) Disclosure of E&S risk exposure and targets	0%	0%

KEY FINDINGS

Limited disclosures:
TMB's and First Bank sustainability commitments remain largely undisclosed, with only partial references to sustainability in its strategies. While TMB it has adopted a three lines of defence framework, that is, 1st line – Business teams, 2nd line - Risk and Compliance teams and 3rd line - Internal Audit teams, for internal controls, the extent to which E&S issues are integrated into this framework remains unclear.

RECOMMENDATIONS

Transparency through sustainability disclosures:
Publish sustainability disclosures for stakeholders to gauge actions and policies on sustainable practices.

Due to limited disclosure and data availability, the following recommendations are general in nature and intended to support the bank in strengthening its approach to ESG and nature-related risks over time

1. Strengthen Internal Regulatory Engagement:

Actively contribute to the development of stronger ESG and nature-related regulatory frameworks through engagement with relevant authorities and industry platforms.

2. Invest in Capacity Building:

Develop internal capabilities through staff training and awareness programs, leveraging both sector-wide initiatives and tailored in-house support.

3. Promote Knowledge Sharing:

Participate in peer learning initiatives, drawing on best practices from more advanced markets to guide internal improvements.

4. Align with Parent Bank Standards:

Where applicable, align local practices with the ESG policies and frameworks of the parent or headquarter bank to strengthen overall performance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6. KEY FINDINGS & RECOMMENDATIONS

KEY FINDINGS AND RECOMMENDATIONS

1. Misalignment between strategy and leadership

Finding:

Research indicates that integrating sustainability into business strategy can help to foster long-term growth. While 72% of banks surveyed refer to sustainability in their core strategies, only 52% back this up with explicit leadership commitments to providing sustainable finance.

Recommendations:

I. Create a clear ESG roadmap: Develop a detailed plan outlining the bank's ESG goals, targets and timelines.

II. Mandate ESG capacity-building: Ensure all leadership and staff receive regular training on ESG principles, risks and opportunities.

III. Link ESG performance to compensation: Tie executive and employee compensation to ESG performance metrics.

IV. Engage with external organizations and development partners for technical assistance support and building internal capacity.

2. Limited engagement with regulators

Finding:

Only 12% of banks engage with regulators on ESG topics, focusing primarily on corporate social responsibility rather than sustainable finance.

Recommendations:

I. Assign dedicated staff to monitor and engage with regulators on ESG matters.

II. Participate in industry working groups: Collaborate with other financial institutions, associations and regulators to shape industry standards.

III. Leverage ESG advisory services: Seek guidance from external experts to navigate regulatory landscapes.

3. Inadequate E&S due diligence frameworks

Finding:

- Only 32% of banks have implemented standardized E&S due diligence frameworks, which limits their ability to mitigate E&S risks.

Recommendations:

I. Adopt a standardized due diligence methodology: Use a recognized framework such as IFC performance standards.

II. Conduct third-party assessments: Banks can either develop internal capacity to conduct these assessments or hire external experts to evaluate high-risk sector clients' E&S performance and risks.

III. Integrate ESG into credit risk management: Factor E&S risks into credit scoring and underwriting processes.

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KEY FINDINGS AND RECOMMENDATIONS

4. Lack of specialized policies for sensitive sectors

Finding:

- Only 8% of banks have disclosed comprehensive policies tailored to environmentally or socially sensitive sectors, such as agriculture and energy.

Recommendations:

I. Develop sector-specific guidelines: Create tailored policies for industries with significant environmental or social impacts.

II. Collaborate with industry associations: Work with industry groups to establish best practices and standards.

5. Limited transparency in E&S responsibilities

Finding:

- Less than 24% of banks disclose how E&S responsibilities are allocated within their organizations.

Recommendations:

I. Publish a detailed ESG governance structure: Clearly outline the roles and responsibilities of governance committees (e.g., nomination committee, remuneration committee, audit committee).

6. Insufficient action plans for non-compliance

Finding:

- 76% of banks do not enforce time-bound action plans for clients that fall short of E&S standards.

Recommendations:

I. Implement a graduated approach: Establish tiered consequences for non-compliance, ranging from warnings to loan restrictions.

II. Provide technical assistance/capacity building: Offer support to clients to help them improve their E&S practices.

III. Publicly disclose non-compliance: Report significant instances of non-compliance to relevant authorities and stakeholders.

7. Lack of external assurance for ESG disclosures

Finding:

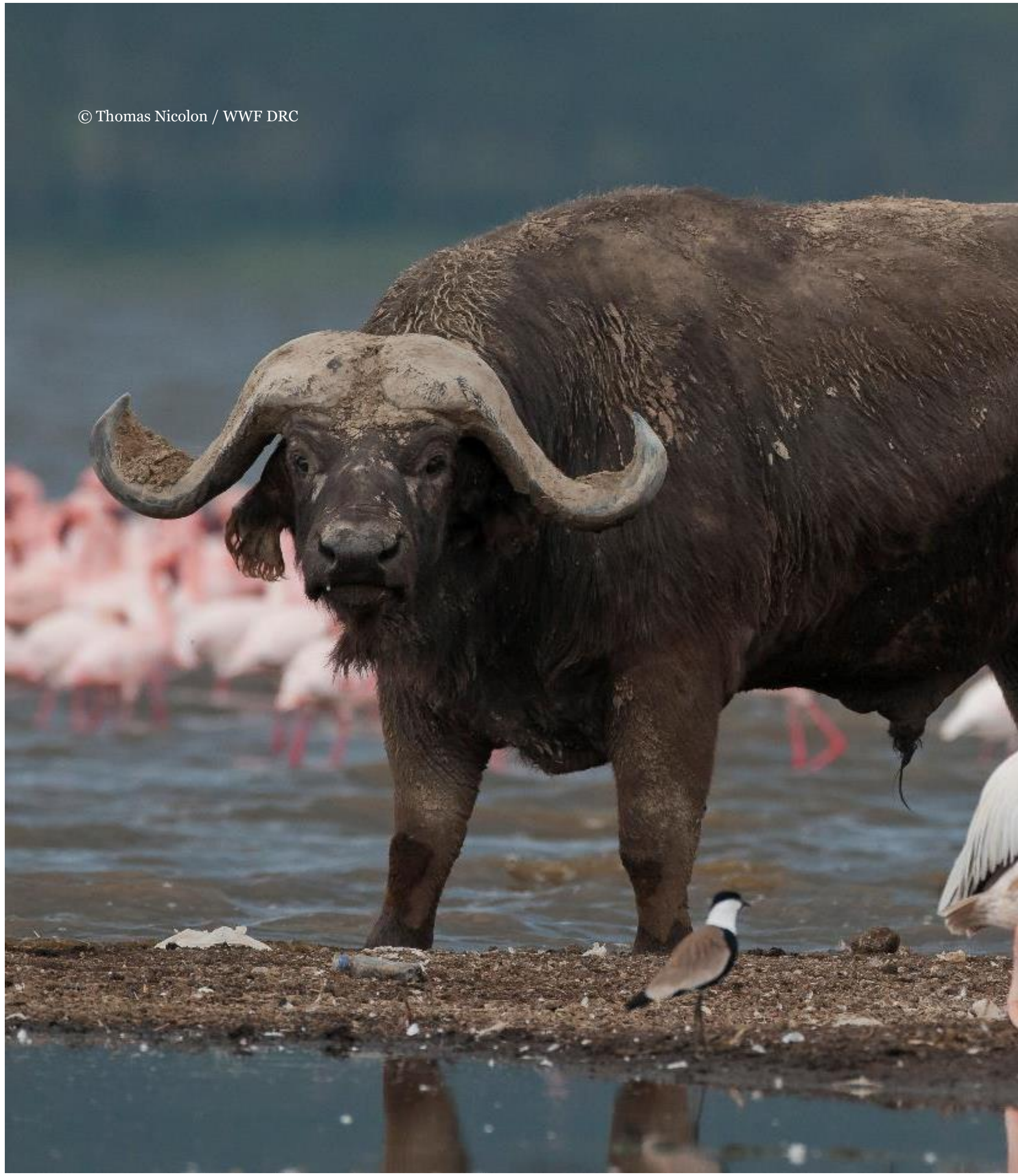
- Only 20% of banks sought external assurance for their ESG-related reports, relying mainly on internal processes (board assurance). Only one bank (Standard Bank) had an external limited assurance/review on all ESG disclosures.

Recommendations:

I. Seek independent verification: Engage a reputable third-party auditor to validate ESG claims for all ESG disclosures.

II. Align with recognized standards: Ensure ESG disclosures comply with frameworks like the TNFD, GRI or TCFD.

III. Publish assurance reports: Make the auditor's findings publicly available.



KEY FINDINGS AND RECOMMENDATIONS

8. Limited disclosure of portfolio emissions

Finding:

- 84% of banks fail to disclose the greenhouse gas emissions or carbon intensity of their portfolios in key carbon-intensive sectors.

Recommendations:

9. Utilize carbon footprinting tools: Employ software to calculate the emissions associated with the bank's portfolio.

I. Set emissions reduction targets: Establish ambitious goals for reducing the carbon intensity of the portfolio.

II. Engage with clients on emissions reduction: Encourage clients to adopt sustainable practices and set their own emissions targets.

9. Passive approach to client support in sensitive sectors

Finding:

- 72% of banks demonstrate a passive approach to identifying and supporting clients in environmentally or socially sensitive sectors.

Recommendations:

I. Develop advisory service offerings to clients: Assist clients in identifying and implementing sustainable solutions.

II. Incentivize sustainable practices: Offer preferential rates or terms to clients that demonstrate strong ESG performance.

10. Limited adoption of science-based targets

Finding:

- Banks lack science-based targets for aligning portfolios with the Paris Agreement, with only 20% pledging to achieve net-zero emissions by 2050.

Recommendations:

I. Join industry initiatives: Participate in coalitions like the SBTi to set ambitious climate goals.

11. Limited nature-related risks integration

Finding:

- Only 12% of banks explicitly acknowledge nature-related risks in clients' activities, with only one bank (Equity Bank) reviewing nature-related risks at portfolio level.
- While banks have demonstrated action on climate across many countries, action and disclosure on nature is at an earlier stage.

Recommendations:

I. Undertake a nature-related risk assessment extending beyond individual transactions to a portfolio level. This would provide a more holistic understanding of potential exposures and allow for proactive risk management.

II. Consider adoption of global guidelines related to nature such as TNFD.

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12. Gaps in requirements for high-risk sector clients

Finding:

- None of the banks has a strict requirement for clients highly exposed to climate-related risks to develop climate risk mitigation plans aligned with the Paris Agreement. None of the banks requires ‘no deforestation’ or ’no conversion’ commitments from clients in highly exposed sectors. Additionally, none of the banks require clients in marine-related industries to obtain certification from or otherwise support relevant multistakeholder sustainability standards to ensure the sustainable use of oceans, seas and marine resources. None of the banks require clients to obtain FPIC from communities affected by their projects or to have a grievance mechanism to address any concerns.

Recommendation:

I. Set requirements for high-risk sector clients to implement climate risk mitigation plans, commit to no deforestation and no conversion, obtain relevant marine certification, and secure FPIC from affected communities.


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8. APPENDICES

APPENDIX 1 – LIST OF BANKS ASSESSED

Kenya	Tanzania	Zambia	South Africa	Namibia	DRC	Gabon	Cameroon
▪ Equity Bank	▪ Cooperative Rural Development Bank (CRDB)	▪ Zambia National Commercial Bank (ZANACO)	▪ Standard Bank	▪ Bank of Windhoek	▪ First Bank DRC	▪ Banque Gabonaise et Française Internationale (BGFI)	▪ Afriland First Bank
▪ NCBA	▪ National Microfinance Bank (NMB)	▪ Zambia Industrial Commercial Bank (ZICB)	▪ Capitec Bank	▪ Agricultural Bank of Namibia (Agribank)	▪ Trust Merchant Bank (TMB)	▪ AFG Bank Gabon[1]	▪ Commercial Bank of Cameroon (CBC)
▪ Stanbic Bank	▪ National Bank of Commerce (NBC)	▪ Access Bank	▪ Absa Bank	▪ Development Bank of Namibia			
▪ Diamond Trust Bank (DTB)			▪ Ned Bank				
▪ Kenya Commercial Bank (KCB)			▪ First National Bank (FNB)				

[1]Formerly Banque Internationale pour le Commerce et l'Industrie du Gabon (BICIG)

APPENDIX 2

SUSBA FRAMEWORK SUB-INDICATORS

Purpose

SUSTAINABILITY STRATEGY	
1.1.1.1	Is there a clear reference to sustainability in the bank's strategy and long-term vision?
1.1.1.2	Does the bank clearly recognize that its E&S footprint includes the indirect effects arising from its business activities (e.g. financing, underwriting, advising) and portfolio?
1.1.1.3	Does the leadership statement make reference to the integration of E&S factors in the bank's business strategy?
1.1.1.4	Is there a clear reference to the UN Sustainable Development Goals (SDGs) in the bank's strategy or vision?
1.1.1.5	Does the bank explicitly acknowledge the societal and economic risks associated with climate change?
1.1.1.6	Does the bank explicitly acknowledge the societal and economic risks associated with environmental degradation?
1.1.1.7	Has the bank identified responsible financing/lending and/or other key E&S issues as material?

STAKEHOLDER ENGAGEMENT AND PARTICIPATION IN SUSTAINABLE FINANCE INITIATIVES	
1.1.2.1	Does the bank disclose the types of stakeholders it engages with on E&S issues?
1.1.2.2	Does the bank engage with civil society and/or non-governmental organizations to understand the E&S impacts of its business activities?
1.1.2.3	Does the bank disclose the frequency and mode of communication with stakeholders engaged on E&S issues?
1.1.2.4	Does the bank engage with regulators and policymakers on E&S integration and/or sustainable finance topics?
1.1.2.5	Does the bank participate in relevant commitment-based sustainable finance initiatives such as RSPO, PRB, EP, SBTi, or SBEFP?

Policies

PUBLIC STATEMENTS ON SPECIFIC E&S ISSUES	
1.2.1.1	Does the bank have exclusionary principles covering activities the bank will not support, taking into account E&S considerations?
1.2.1.2	Does the bank require clients highly exposed to climate-related risks to develop a mitigation plan and ultimately align their activities to the objectives of the Paris Agreement?
1.2.1.3	Does the bank prohibit the financing of new coal-fired power plant projects?
1.2.1.4	Does the bank acknowledge nature-related financial risks such as biodiversity loss and/or deforestation risks in its clients' activities?
1.2.1.5	Does the bank require clients in sectors highly exposed to deforestation (e.g. soft commodities, infrastructure, extractive industries) to adopt 'no deforestation' commitments in both their own operations and their supply chains, in accordance with the High Conservation Value or High Carbon Stock approaches?
1.2.1.6	Does the bank require clients in sectors highly exposed to conversion of natural ecosystems (e.g. soft commodities, infrastructure, extractive industries) to adopt 'no conversion' commitments in both their own operations and their supply chains, in accordance with the principles of the Accountability Framework Initiative?
1.2.1.7	Does the bank recognize negative impacts on the marine environment as risks in clients' activities?
1.2.1.8	Does the bank require clients in marine-related industries to obtain certification from or otherwise support relevant multi-stakeholder sustainability standards (e.g. ASC, MSC, SuRe) to ensure the sustainable use of oceans, seas and marine resources?
1.2.1.9	Does the bank have a commitment not to provide financial products and services to projects or companies located in, or having negative impacts on, key biodiversity and protected areas, including UNESCO World Heritage sites, IUCN Category I-IV Protected Areas, and Wetlands of International Importance designated under the Ramsar Convention on Wetlands?
1.2.1.10	Does the bank recognize water risks (flooding, scarcity and pollution) as risks in its clients' activities?
1.2.1.11	Does the bank require clients in high-risk sectors and geographies to perform water risk assessments and commit to water stewardship?
1.2.1.12	Does the bank recognize human rights risks, including those related to local communities, in its clients' activities?
1.2.1.13	Does the bank require clients to commit to respecting human rights, in line with the UN Guiding Principles on Business and Human Rights?
1.2.1.14	Does the bank recognize labour rights violations as a risk across all sectors?
1.2.1.15	Does the bank require clients to adhere to international labour standards equivalent to the ILO Fundamental Conventions?
1.2.1.16	Does the bank have policies and procedures in place in order to seek to identify exposure to illicit activity involving wildlife and environmental crimes?
1.2.1.17	Are the bank's E&S requirements applicable to financial products and services beyond lending (e.g. capital markets, advisory)?
1.2.1.18	Does the bank require clients to obtain FPIC from communities affected by its projects and have a grievance mechanism to address any concerns?

APPENDIX 2 - CONTINUED

PUBLIC STATEMENTS ON SPECIFIC SECTORS	
1.2.2.1	Does the bank have sector policies for environmentally or socially sensitive industries, e.g., agri commodities, energy, oil & gas, mining, seafood, infrastructure?
1.2.2.2	Does the bank disclose its policies for environmentally or socially sensitive sectors?
1.2.2.3	Do the bank's sector-specific E&S policies include minimum requirements or recommendations based on internationally recognized standards for best E&S practices (e.g. IFC Performance Standards, RSPO, FSC)?
1.2.2.4	Does the bank periodically review its E&S policies or state that the last date of review was within the past two years?

Processes

ASSESSING E&S RISKS IN CLIENT AND TRANSACTION APPROVALS	
1.3.1.1	Does the bank use standardized frameworks for E&S due diligence (e.g. tools, checklists, questionnaires, external data providers) when reviewing clients or transactions subject to its policies?
1.3.1.2	Does the bank assess its clients' capacity, commitment and track record as part of its E&S due diligence process?
1.3.1.3	As part of the approval process, does the bank classify its clients and transactions based on an E&S risk assessment?
1.3.1.4	Is there an escalation mechanism for more complex or controversial cases?
1.3.1.5	Do the E&S risk assessment outcomes influence transaction and client acceptance decisions?

CLIENT MONITORING AND ENGAGEMENT	
1.3.2.1	Does the bank seek the inclusion of clauses (e.g. covenants, representations, warranties) related to E&S issues in the loan documentation for bilateral and syndicated credit facilities?
1.3.2.2	Does the bank require clients that are not fully compliant with its E&S policies to develop and implement time-bound action plans?
1.3.2.3	Does the bank monitor its clients' compliance with the agreed E&S action plans?
1.3.2.4	Does the bank perform periodic reviews or state how frequently it reviews its clients' profiles on E&S?
1.3.2.5	Does the bank disclose the process to address non-compliance of existing clients with the bank's policies or with pre-agreed E&S action plans?
1.3.2.6	Does the bank periodically review its internal E&S procedures or state that the last date of review was within the past two years?

People

RESPONSIBILITIES FOR E&S	
1.4.1.1	Is senior management responsible for the implementation of the bank's ESG strategy?
1.4.1.2	Do senior management's responsibilities include management of climate change risks and opportunities relevant to the bank's activities?
1.4.1.3	Does the bank describe the roles and responsibilities of the various departments, committees or teams involved in developing and implementing its E&S policies?
1.4.1.4	Has the bank put in place an internal control system with three lines of defence to manage E&S issues?
1.4.1.5	Do the terms of reference of the nominating committee include sustainability-related criteria for the appointment of new board members?
1.4.1.6	Do the terms of reference of the remuneration committee include sustainability-related criteria for the assessment of performance and remuneration levels for senior management?
1.4.1.7	Do the terms of reference of the audit committee require sustainability-related matters to be included in internal control and audit processes?
1.4.1.8	Does the bank implement periodic audits to assess the implementation of E&S policies and procedures?

STAFF E&S TRAINING AND PERFORMANCE EVALUATION	
1.4.2.1	Does the bank have a dedicated ESG team to implement E&S policies and procedures?
1.4.2.2	Does the bank train its staff on E&S policies and implementation processes?
1.4.2.3	Does the bank provide specific training for its senior management, covering sustainability issues?
1.4.2.4	Are sustainability-related criteria part of the staff appraisal process and/or integrated into their KPIs?
1.4.2.5	Are sustainability-related criteria part of the senior management appraisal process and/or integrated into their KPIs?

APPENDIX 2 - CONTINUED

Products

E&S INTEGRATION IN PRODUCTS AND SERVICES	
1.5.1.1	Does the bank proactively identify clients in environmentally or socially sensitive sectors to support them in reducing negative or enhancing positive impacts?
1.5.1.2	Does the bank offer specific financial products and services (e.g. green bonds, sustainability-linked loans, impact financing) that support the mitigation of E&S issues, e.g. climate change, water scarcity and pollution, deforestation?
1.5.1.3	Has the bank allocated specific pools of capital or increased the share of its financing that supports activities with a positive E&S impact?
1.5.1.4	Does the bank hold client outreach activities to raise awareness of and share good E&S practices (e.g. through workshops, seminars)?
1.5.1.5	Has the bank published frameworks for its sustainable financial products and services, e.g. a green bond framework, which are aligned with credible international standards?
1.5.1.6	Does the bank provide solutions and capacity-building programmes for SMEs to help transition to more sustainable practices, including retail clients?

Portfolio

E&S RISK ASSESSMENT AND MITIGATION AT PORTFOLIO LEVEL	
1.6.1.1	Does the bank periodically review its portfolio exposure to nature-related risks (e.g. deforestation, water scarcity)?
1.6.1.2	Does the bank periodically review its portfolio exposure to climate-related physical and/or transition risks, using scenario analysis, and disclose the results and methodology used?
1.6.1.3	Does the bank have a strategy to manage and mitigate climate-related risks across its portfolio?

DISCLOSURE OF E&S RISK EXPOSURE AND TARGETS	
1.6.2.1	Does the bank disclose its credit exposure by industry sector?
1.6.2.2	Does the bank disclose its fossil fuel portfolio at a level of transparency that aids stakeholders' understanding of the greenhouse gas impact of the portfolio and the steps being taken to reduce emissions? (Examples include details of fossil fuel assets held by technology type, current levels of annual capex financed, extent of fossil fuel physical assets held.)
1.6.2.3	Does the bank disclose the greenhouse gas emissions or carbon intensity of the main carbon-intensive sectors in its portfolio (e.g. agriculture, mining and metals, energy)?
1.6.2.4	Does the bank disclose statistics on the implementation of its E&S policies (e.g. number of transactions assessed, escalated, approved, declined, approved with conditions)?
1.6.2.5	Does the bank disclose the percentage of its soft commodities clients that have time-bound plans to achieve full certification of their operations against credible, multi-stakeholder sustainability standards?
1.6.2.6	Does the bank disclose the percentage of clients or total credit exposure covered by its E&S policies on sensitive sectors?
1.6.2.7	Does the bank have science-based targets in place to reduce nature-related negative impacts or increase positive impacts associated with its business activities, beyond direct impacts from its own operations, and disclose progress of achieving these targets?
1.6.2.8	Has the bank set science-based targets to align its portfolio with the objectives of the Paris Agreement, and disclosed progress toward achieving these targets?
1.6.2.9	Has the bank committed to achieve net-zero greenhouse gas emissions in its lending portfolio by 2050, with defined interim milestones, and disclosed progress towards achieving these targets?
1.6.2.10	Does the bank conduct external assurance of its ESG-related disclosures?
1.6.2.11	Does the bank disclose the positive and negative impacts associated with its business activities, beyond direct impacts from its own operations?

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