

# WEST AFRICA CAPITALS COALITION HUB



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## Natural Capital and Business in the West African Region Webinar

April 23, 2021

Convener



natural eco capital

# Natural Capital and Business in the West African Region

## Finance and Natural Capital

- Opportunities for Nigerian FIs



more than banking

# Finance and Natural Capital

- Opportunities for Nigerian FIs

Omobolanle Victor-Laniyan- Head, Sustainability



more than banking

# Access Bank: Financing a Sustainable Future

# Access Bank's Global network and scale (1)

## Large customer base



40 Million+ customers

More than the population of 82% (47) of African countries

Superior service through four SBUs in 10 African countries, the UAE, UK, and 3 rep offices in China, India and Lebanon



Corporate



Commercial



Business



Retail

## Growing users on our digital channels



2,963 ATMs



9.8mn unique mobile app and internet banking users



49,417 POS



7.8mn USSD users



675 Branches



58k+ Agents

## Strong financial performance

₦764.7bn

Revenue

₦125.9bn

Profit before Tax

15.6%

ROE

20.6%

CAR ratio

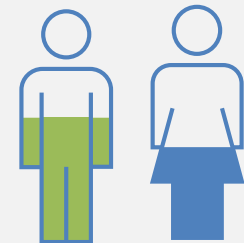
15.46%

Tier 1 ratio

## Significant gender diversity

6,897

Professional Staff

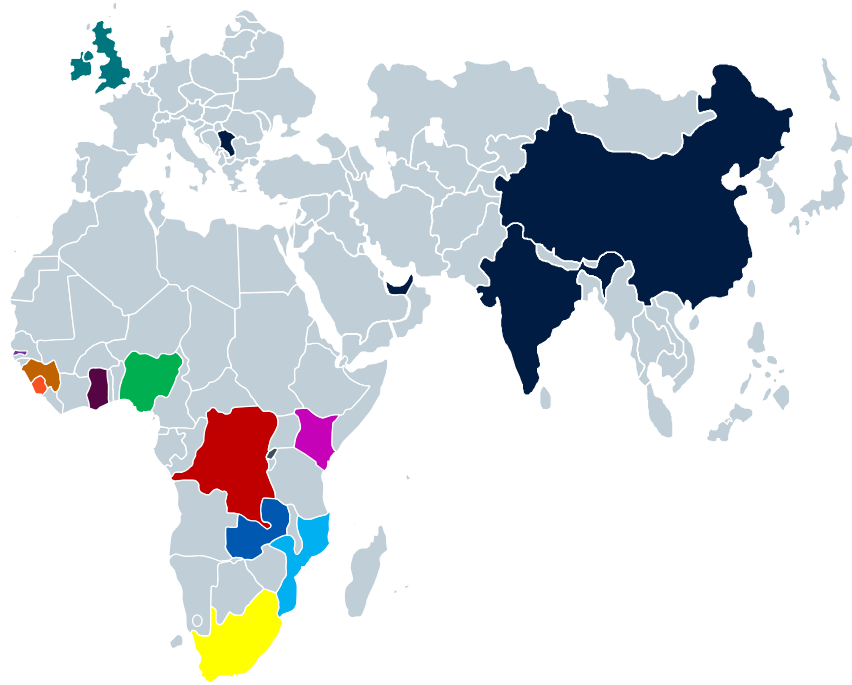


53%

47%



## Access Bank's Global network and scale (2)



**Nigeria**  
Branches(#) 556  
Employee(#) 5,515

**Zambia**  
Branches(#) 8  
Employee(#) 100

**Kenya**  
Branches(#) 28  
Employee(#) 105

**United Kingdom**  
Branches(#) 3  
Employee(#) 144

**Rwanda**  
Branches(#) 8  
Employee(#) 83

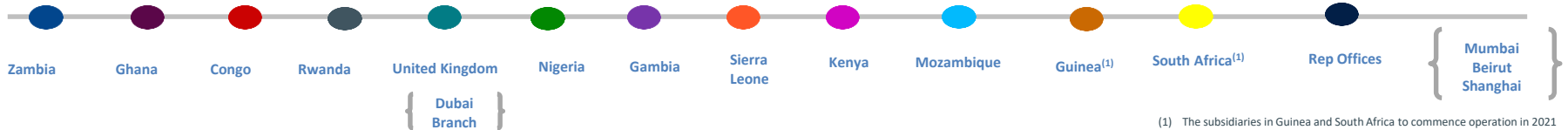
**Mozambique**  
Branches(#) 1  
Employee(#) 69

**Ghana**  
Branches(#) 52  
Employee(#) 698

**Congo**  
Branches(#) 9  
Employee(#) 89

**Sierra Leone**  
Branches(#) 4  
Employee(#) 54

**Gambia**  
Branches(#) 6  
Employee(#) 40

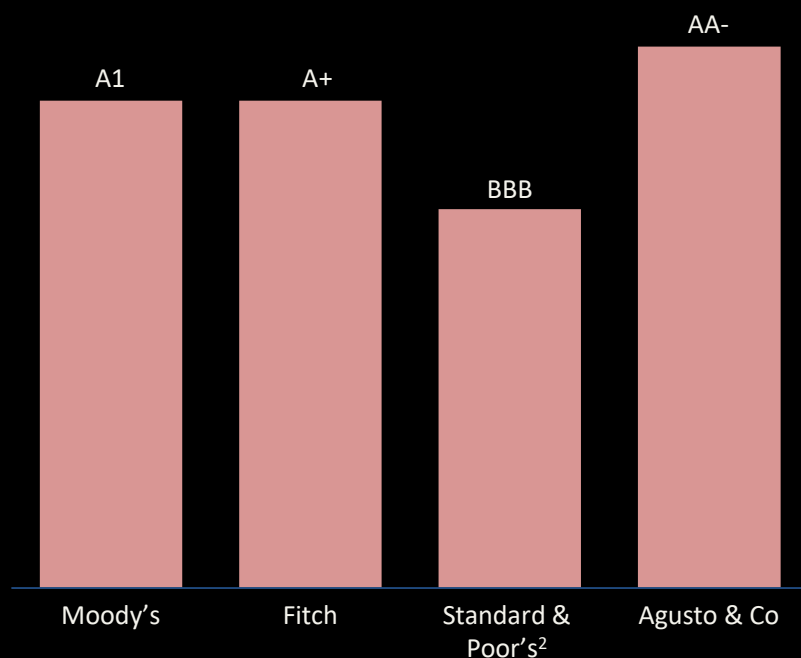


(1) The subsidiaries in Guinea and South Africa to commence operation in 2021



# Global recognition for continued strong business performance

## 2020 Credit rating



1. Sustainability Standards & Certification Initiative; European Organization for Sustainable Development  
 2. Downgrade as a result of S&P sovereign downgrade which affected the entire banking industry in Nigeria

## Select 2020 Accolades

### Africa's Best Bank for SMEs

Euromoney Awards for Excellence winner

### Best Digital Bank in Africa

Asian Banker Awards winner

### 1st African commercial bank to be granted Sustainability Certification

under the SSCI<sup>1</sup> by the E OSD<sup>2</sup>

### Best Trade Finance Provider, Nigeria

Global Finance Awards winner

### African Banker of the Year – Herbert Wigwe

Winner of the African Banker Awards

### Outstanding Business Sustainability

Karlsruhe Sustainable Finance Awards 2020

### Best Bank for Investor Relations, Nigeria

Winner of the Global Brand Awards

### Agric Deal of the Year – Olam Rice Farm

Winner of the African Banker Awards

### Best Bank in Nigeria

Winner of the EMEA Finance awards

### Best Issuing Bank Partner, Africa

IFC Global Trade Awards winner

### Most Innovative Bank in Africa

Winner of the EMEA Finance awards



# We have been globally recognized for our ESG contributions

## Social

**35%**

women on the board

**2,781,443**

staff volunteer hours

**25%**

women in leadership

**28,540,046**

lives impacted

**₦10.25bn invested** in Community initiatives

## Environment

**₦15bn**

raised in Green Finance. 1st Corporate to issue a Green Bond in SSA

**25%**

decrease in electricity consumption

**Launched the first corporate bond impact reporting, in Nigeria**  
**Only climate lending bank, in Africa**

## Economic

**5.8mn**

Financial inclusion customers acquired in 2020

**58,000+**

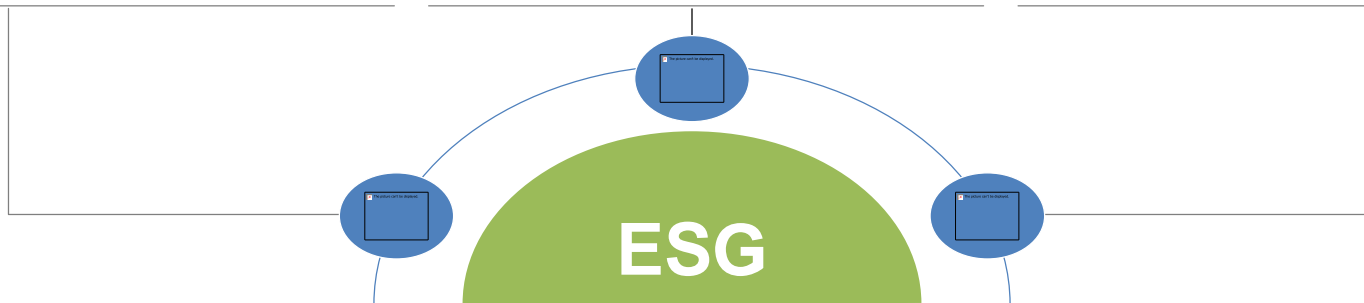
Financial inclusion agents

**273%**

y/y growth in financial inclusion transaction count

**1,806**

beneficiaries of Access9ijakids initiative on financial literacy & inclusion for children



## Thought Leadership

- ▶ Chair, Nigerian Sustainable Banking Principles Steering Committee
- ▶ UNEPFI Principles for Responsible Banking, founding signatory

- ▶ Vice Chair, Nigeria Humanitarian Fund Private Sector Initiative
- ▶ Co-Chair, Nigeria Business Coalition Against AIDS

- ▶ Africa Consultative lead, Global Principles for Responsible Banking
- ▶ Co-Chair, Corporate Alliance on Malaria in Africa





# Sustainability at Access Bank

## Our Leverage

We have been able to leverage our position and expertise to champion sustainability commitments and targets. This is exemplified by our facilitation and the adoption of the Nigerian Sustainable Banking Principles (NSBPs) and our commitment to the Global Principles for Responsible Banking, amongst other initiatives.

## Our Mission

Our mission is to have real impact on our employees, communities and customers by setting standards for sustainable business practices, as we have done for over 10 years of implementing our sustainability strategies.

## Our Commitment

Access Bank has demonstrated its commitment to sustainable development by prioritizing environmental, social and governance considerations in its overall key performance indicators (KPIs).

“At Access Bank, we view sustainable finance as a key opportunity to integrate sustainability into the Bank as well as keying into our core business areas and customers.”



# Our Approach

*At Access Bank, our sustainability footprints are grouped into the following four buckets:*

## Economic Development

Our strategy, together with a solid corporate governance structure, has enabled Access Bank to retain its leadership position, contributing significantly to the economic growth of Nigeria and the broader African continent.



## Environmental Responsibility

We recognize that a better and prosperous future is linked to the well-being and health of our planet. Thus, the protection of the environment is relevant to us. This encourages us to continue to invest in innovative technologies and techniques that promote the efficient use of resources and address sustainability issues when managing risk.



## Sustaining Societies

We continue to impact lives positively and responsibly in communities across Africa. Through this, we are able to continually contribute to the socio-economic development of these communities, and help to achieve the new Sustainable Development Goals (SDGs). Over the years, our areas of focus in community investment have included gender equality, women empowerment, entrepreneurship, leadership, education, health, arts, and sports.



## Collaborations & Partnerships

We understand that adherence, to the principles, values and shared commitments of our partnerships is much more important to ensure that our partnerships are effective and that the partnerships really make significant impact towards our sustainable development



# SDGs at the Core

This is the Decade of Action. We remain committed towards the achievement of the 2030 Sustainable Development Goals



# Finance and Natural Capital

# Introduction

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- ◆ **‘Natural Capital’** - a way of looking at the environment from an economic perspective, with living and non-living elements seen as a ‘stock’ or an ‘asset’ from which numerous benefits flow in the form of ecosystem services.
  - ◆ Natural Capital is usually invisible in business’ decision-making, yet the companies that financial institutions lend to, invest in and provide risk cover for, both depend and impact on it.
  - ◆ The realization of these impacts and dependencies is growing, and leading corporate organizations now carry out natural capital assessments to understand their risks, identify opportunities, and make better informed decisions.
  - ◆ The transition of all sectors to ones that regenerate or conserve natural capital will only be possible if the financial sector supports that transition.
  - ◆ For a financial institution, integrating natural capital in its core business translates to investing in companies whose activities safeguard the environment.
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## The mechanism behind an unsustainable system

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- ◆ The consequences of collective actions are often indirect and apparent further in time. Therefore, one organization cannot do this alone.
  - ◆ Since limits of most ecosystem services are not visible in the near future, they do not appear in financial institutions' risk assessment protocols.
  - ◆ For change to occur, a crisis or sudden realization is needed that in the near future, consequences will become apparent.
  - ◆ For example, water is running out in places like California and the effects of global warming are being felt.
  - ◆ These drastic wake-up calls help break the downward spiral and work towards preservation of natural capital by changing the incentives that drive the sector.
  - ◆ For transformation to occur, all key stakeholders need to work together.
  - ◆ Sustainable market transformation goes beyond individual company CSR practices.
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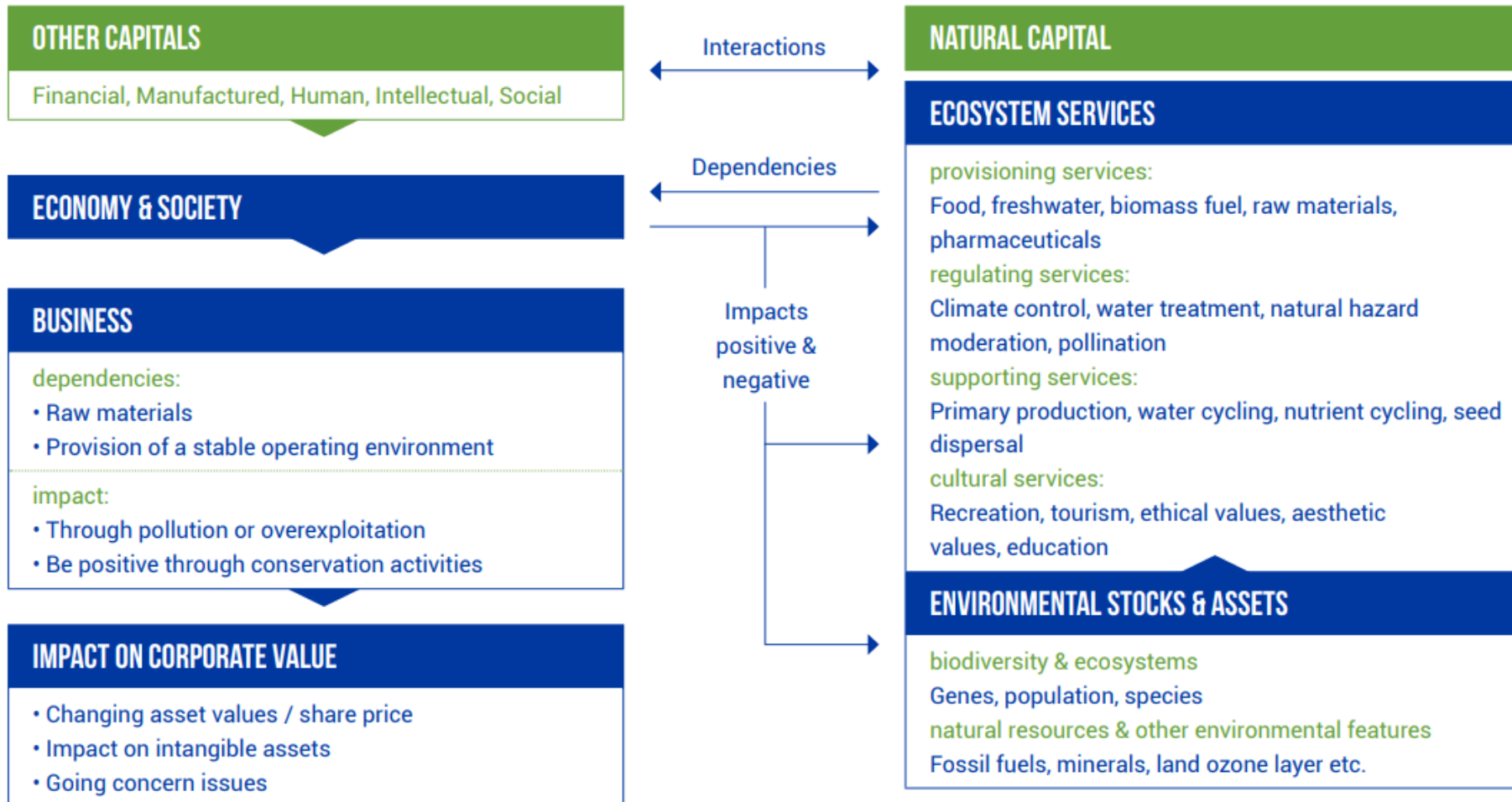


Figure 7: Relationship between natural capital, business and corporate value. Source: VBDO and CREM, 2015 (adapted from Acca, FFI and KPMG, 2012).

# Natural Capital Concept

## Natural capital stock



Ecosystem Service Flows

Inputs from other capital

## Natural capital benefits





# Tools of Engagement for FIs



Tools	Description
<b>TOOL 1: Debt-for-nature swaps</b>	The first green-finance concept – they allow public and private interests to purchase debt from a developing country in exchange for local investments in conservation.
<b>TOOL 2: Banking to fix or avoid environmental problems</b>	Mitigation banking gave birth to conservation banking, which operates on the same principles. In mitigation banking, credits are established to compensate for unavoidable environmental losses such as wetlands. In conservation banking, credits are linked to endangered species on protected sites or to a whole ecosystem.
<b>TOOL 3: Investments with an impact</b>	Impact investments seek to minimise the negative social and environmental impacts of business activities and promote more sustainable and socially responsible investments.
<b>TOOL 4: Brushing problems under the forest carpet</b>	Biodiversity offsets such as forest credits are a relatively mature financial mechanism intended to steward the biosphere.
<b>TOOL 5: Bonds of the future, for the future</b>	<p>Climate bonds are perceived by investors as safer long-term mechanisms to invest money, as they are designed to guarantee profit. Buyers of the bonds are helping companies or governments to raise money in return for a specified rate of interest, while at the same time supporting adaptation to climate change and mitigation strategies and projects. These debt instruments can redirect finance to serve the environment, and back initiatives such as water and renewable power projects aimed at reducing carbon emissions. They can be used to move the world economy from its current high-carbon path to a low-carbon future.</p> <p>Climate and green bonds have been claimed to facilitate the establishment of partnerships between public and private finance, raising awareness and building expertise among investors on climate issues.</p>

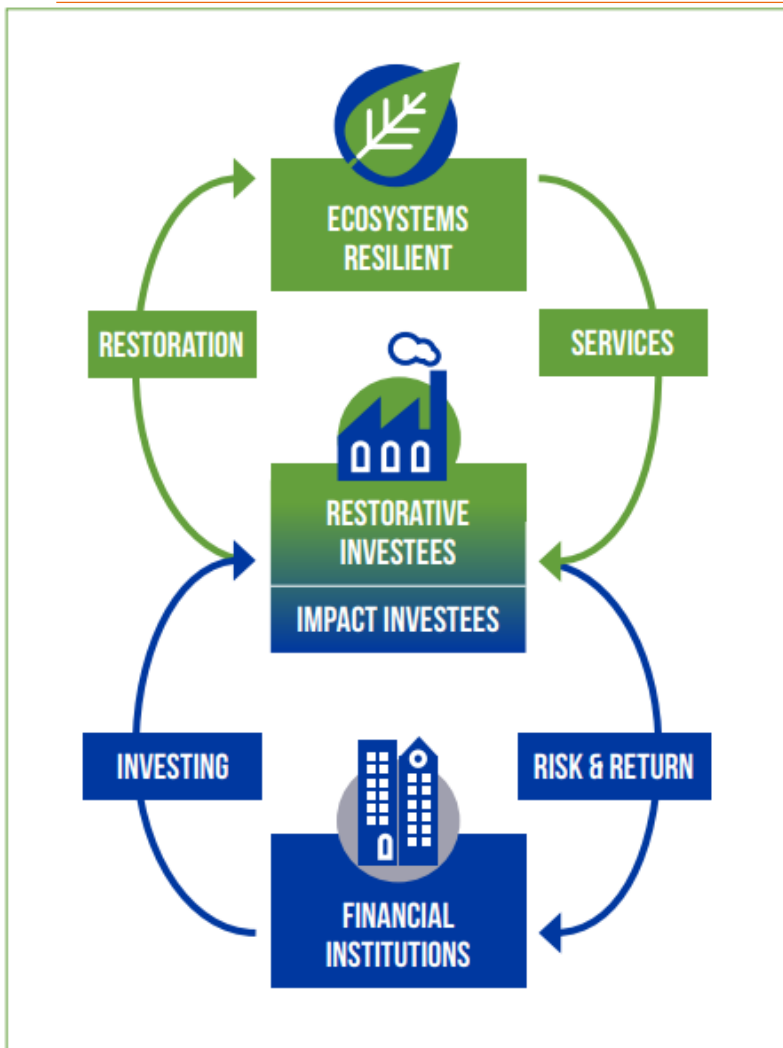


Figure 1: Relationship between ecosystems, sectors and FIs starting with ecosystems perspective.



Figure 5: Four types of ecosystem services

# Overview of initiatives for financial institutions

- ◆ The momentum for biodiversity is growing amongst financial institutions, and so is the number of networks and initiatives dedicated to this topic.
- ◆ Below are some of the main biodiversity-related initiatives currently targeting FIs
- ◆ Some of which Access Bank is involved in



Align

Aligning  
accounting  
approaches  
for nature



Partnership for  
Biodiversity Accounting  
Financials



Finance for  
Biodiversity  
Pledge



PRINCIPLES FOR  
RESPONSIBLE  
BANKING



# Overview of initiatives for financial institutions



Initiatives	Description
<p>PRI Principles for Responsible Investment</p>	<p>A network of over 3000 institutional investors who are committed to responsible investment and incorporating ESG factors into their long-term investment decision making processes. Biodiversity is one of many priority ESG issues of focus. Access Bank is a member of PRI</p> <p>Activities for this year and expected deliverables:</p> <ul style="list-style-type: none"><li>• PRI and UNEP FI informal reference groups for asset owners and asset managers: sharing learnings</li><li>• PRI and UNEP FI biodiversity target-setting webinar series</li><li>• Webinar on biodiversity and infrastructure</li><li>• Biodiversity data scoping exercise</li><li>• Natural capital hotspots of depletion mapping with UNEP WCMC</li></ul>
<p>PRB Principles for Responsible Banking</p>	<p>The Principles bring together banks committed to ensuring positive contributions to society and the environment. With UNEP FI support, signatories jointly develop new guidance reports to best tackle pressing biodiversity issues. Access Bank is a PRB signatory and serves on the Biodiversity Target-Setting Working Group.</p> <p>Activities for this year and expected deliverables:</p> <ul style="list-style-type: none"><li>• Finance stream of Science Based Targets Network</li><li>• Major effort within the TNFD on reporting and disclosure</li><li>• Biodiversity data efforts with TNFD</li><li>• Continued development of ENCORE tool for biodiversity.</li><li>• Joint support on metrics and data for targets with PRI</li><li>• Public Policy Advocacy through UN Environment Assembly and support to the CBD</li></ul>

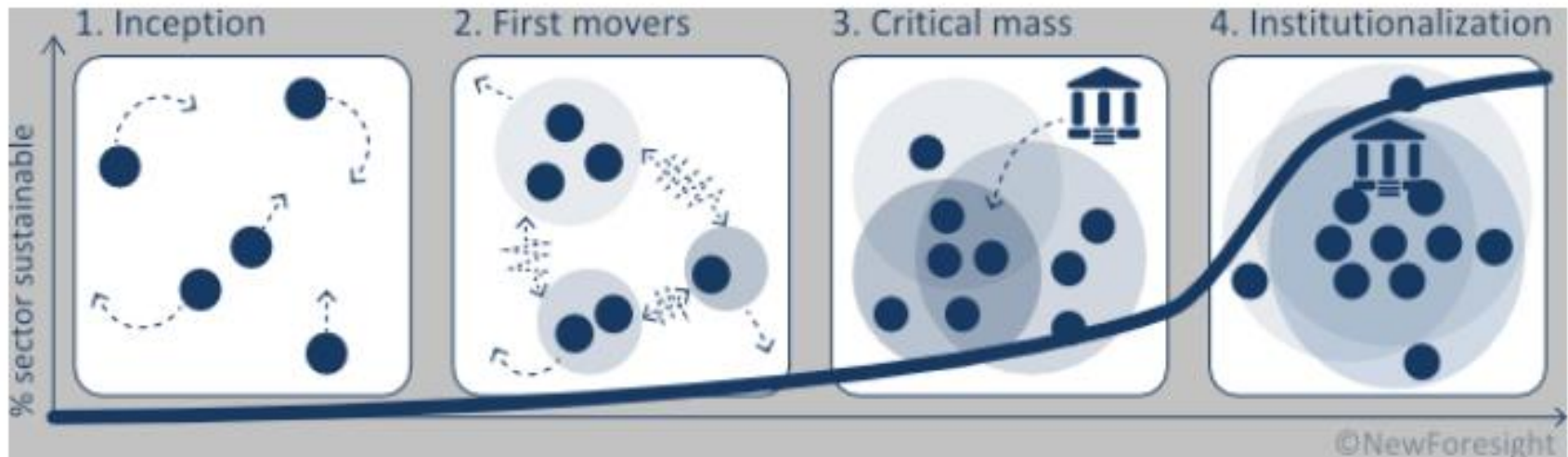
# Overview of initiatives for financial institutions



Initiatives	Description
<p>TNFD Taskforce on Nature-related Financial Disclosures</p>	<p>A framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature, aiding in the appraisal of nature-related risk and the redirection of global financial flows away from nature-negative outcomes and towards nature-positive outcomes. The Taskforce is due to be launched later in 2021</p> <p>Activities for this year and expected deliverables: As part of the initial activities, a deep dive assessment of existing data, metrics and methodologies will be carried out to develop a draft framework. TNFD will first deliver a draft framework (2022) and secondly focuses on testing and finalization (2022/20223).</p>
<p>ENCORE Exploring Natural Capital Opportunities, Risks and Exposure</p>	<p>A web-based tool developed by the Natural Capital Finance Alliance (Global Canopy, UNEP FI and UNEP-WCMC). ENCORE highlights economic activities' dependencies and impacts on nature. It also provides spatial data, which helps understand potential location-specific risks of environmental change. Results can be applied for materiality assessment of risks and opportunities to banking, investment and insurance portfolios.</p>

# Finance and Natural Capital – Nigerian context

# Sustainable Market Transformation Curve



- ◆ The adoption of sustainable practices increases as the sector advances along the curve, which signifies that sustainability progressively matures and enters the mainstream.
- ◆ Globally, the financial sector is at the First movers phase while Nigeria is currently at the inception phase with no comprehensive approach to natural capital assessment in the market:
  - Frontrunners are few and value-driven
  - Little regulation and no generic tools, standards or instruments
- ◆ This is call to action to financial institutions to consider natural capital in business decision-making. Opportunities to partner with NGOs such as Natura Eco-Capital and other stakeholders abound.

# Analysis of natural capital in financial sector decision-making

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- ◆ So far the Nigerian financial sector has witnessed commendable progress in moving towards sustainable business practices.
  - ◆ Access Bank has been on this journey for over a decade making efforts such as our green bond, sustainability projects and products.
  - ◆ In recent times, Fis have started exploring opportunities regarding green energy, sustainable farming, energy-efficient construction, yet no particular attention to natural capital.
  - ◆ Access Bank's environmental policies reflect nature and climate as underpinned by our sustainability commitments – UNGC, PRI, PRB, NSBP and Equator Principles.
  - ◆ Our lending tools ensure that we are minimizing our indirect negative environmental impacts
  - ◆ Access Bank is making efforts to integrate natural capital themes in its decision-making processes.
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## Summary and Recommendation

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- ◆ The value of nature is gaining attention in the policies and processes of financial institutions. Natural capital issues are increasingly becoming material for FIs
  - ◆ Prior to choosing an impact measurement approach for natural capital, the aim and focus should be well-defined. Main factors are GHG emissions, freshwater use and land use. These can be used as indicators for impact measurement.
  - ◆ It is important to note that land use is a large contributor to biodiversity loss and nature conservation is of growing interest to investors.
  - ◆ Collaboration is key. Co-creation of effective strategies, partnerships with NGOs and other stakeholders on better disclosure is needed.
  - ◆ Risk management in FIs has to be more future-oriented.
  - ◆ New concepts / tools such as ENCORE are available to help FIs to set natural capital related targets. Networks for peer learning and with resources are also available such as PRI.
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# Thank you