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Second Party Opinion

Bank of Industry's Sustainable Financing Framework

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Location: Nigeria **Sector:** Banks

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Sustainability Bond Guidelines ICMA, 2021

See Alignment Assessment for more detail.

Strengths

Bank of Industry (BOI)'s mission as a development bank aligns its financing with Nigeria's sustainable development goals. A significant portion of the bank's lending activities is currently aligned with the framework's eligible categories, and BOI commits to increase this proportion in line with its 2027 sustainability objectives.

BOI does not currently finance new construction under its green buildings category. New buildings create high emissions during the construction phase; BOI instead focuses on supporting energy-efficient equipment and upgrades for existing buildings and renovations. BOI's approach prioritizes investments that improve energy performance and reduce emissions within the built environment. The framework includes the financing of new buildings, but we expect most funds will be allocated to existing buildings and renovations.

Weaknesses

No weaknesses to report.

Areas to watch

Nigeria's economy relies on oil exports, and some of the framework's eligible projects might rely on the country's carbon-intensive electricity grid. Many of the eligible categories contain exclusions for projects that use or promote the use of fossil fuels, but these exclusions do not apply to all categories.

Some eligible categories lack thresholds, limiting our view of the environmental benefits of the included projects. Projects in categories such as sustainable water and clean transportation lack thresholds for efficiency improvements or emissions.

Shades of Green Projects Assessment Summary

As is standard for financial institutions, BOI does not currently have an indicative breakdown of proceeds for the three years following the publication of the sustainable financing framework, though the bank has indicated that a larger percentage of funds may initially be allocated to social projects, in line with its 2025-2027 strategic plan. The bank also does not currently know the estimated proportions of proceeds that will go to new projects versus refinancing, though it commits to disclose this figure in its annual allocation reports. We view this as in line with market practice.

The framework covers BOI's general corporate purpose lending to "pure play" entities. The bank defines pure play companies as those for which greater than or equal to 90% of revenues or earnings before interest, taxes, depreciation and amortization (EBITDA) (or other such applicable measures) are derived from eligible activities under the framework. Furthermore, the framework allows for loans to regional, national, or microfinance banks; financial institutions regulated by the CBN; non-government organizations (NGOs); cooperative societies; leasing companies; supranational organizations; or other eligible entities involved in financial intermediation, so long as the purpose of the funding is for investments that are aligned with the eligible activities under the framework.

We assess the eligible projects under BOI's sustainability financing framework based on their environmental benefits and risks, using our Shades of Green methodology.

Renewable Energy	**Dark to Medium green**
Solar, wind energy, hydropower, biogas or biomass, geothermal, or green hydrogen	
Off-grid access to renewable energy	
Construction, maintenance, or expansion of associated electricity transmission and distribution networks, and storage facilities	
Financing of the manufacturing of renewable energy components	

Energy Efficiency	**Light green**
Manufacture and/or installation of components or technologies that enable energy efficiencies, e.g., smart grid technology, energy-efficient lighting	
Industrial or manufacturing energy-efficiency improvements (minimum 20% against a baseline) through the installation of more efficient equipment, changes in processes, reduction of heat losses, and/or increased waste heat recovery	
Modernization geared at retrofitting transmission lines or substations to reduce transmission losses	

Climate Change Adaptation	**Medium to Light green**
Infrastructure and activities that address physical climate risk and/or increase the resilience of ecosystems, including but not limited to expansion or maintenance of flood defense systems, wildfire mitigation and management, and biodiversity protection	
Monitoring technologies including climate observation and information support systems	
Projects or activities that increase the resilience of agribusiness against climate risks, including but not limited to sub-surface drip irrigation, crop netting, soil rehabilitation, and climate-resilient infrastructure	

Nature-based projects that improve reliability of water supply during extended periods of drought including but not limited to afforestation/reforestation, removal/control of alien species, and sustainable watershed management

Green Buildings	**Light green**
Development, acquisition, retrofit, and/or refurbishment of existing or new residential or commercial (including public sector) buildings achieving acceptable certifications and ratings	
Minimum 20% improvement in energy use and/or carbon emissions compared to a baseline (as outlined in fairly recent jurisdictionally relevant building codes such as the National Building Code, the Energy Efficiency Building Code, or more recent codes	

Pollution Prevention and Control: Reduced Air Emissions and Improved Waste Management and Circular Economies	**Medium to Light green**
Replacement of heating/cooling systems in existing industrial, commercial, or residential infrastructure with electric powered systems with lower global warming potential	
Development of projects that reduce air emissions beyond compliance requirements	
Financing of nature-based carbon capture and storage technologies and projects with carbon capture and storage benefits such as afforestation, marine, wetland, and peatland conservation	
Development, construction, or acquisition of projects that: Convert waste to energy, prevent waste generation and facilitate recycling (waste reduction), reduce the amount of waste produced or sent to landfill, support recycling and/or sorting, or storage-bulking facilities dedicated to transfer waste to downstream waste recycling/reuse assets	
R&D focused on renewable and resource-efficient/low-carbon products (including packaging), processes, and technologies	
The procurement of recycled/waste/resource-efficient materials as an input	
Collection, sorting, cleaning, refurbishment, reconditioning, and/or repair of products for re-use	
Acquisition or production of resource-efficient products (including packaging) using recycled waste and/or bio-based materials	

Clean and Sustainable Transportation	**Medium to Light green**
Import, manufacture, development, acquisition, or construction of: Electric vehicles (EVs); charging stations, or supporting infrastructure for EVs and hybrid vehicles; fully electric, biofuel, or hydrogen-powered passenger/cargo ships; or private or light commercial hybrid vehicles with a carbon intensity that is less than 95gCO_2e/km	
Shipping projects related to: Retrofit of existing ships involving fuel switching (to low-carbon fuels), or shipping infrastructure including bunkering facilities for biofuels, green hydrogen, green ammonia, and green methanol	
Rail or freight transportation projects for public use, rail transportation of goods, and train infrastructure upgrades: For all public mass passenger transportation that is not electrified, the carbon intensity should be less than 95gCO_2e/km; and for non-electrified freight transport, the threshold is 25gCO_2/km	

Transport infrastructure projects, in particular the manufacturing, development, or purchase of specialized parts such as EV batteries or information and communication technology (ICT) systems such as microcontrollers and wireless communication infrastructure that aim to improve general transport logistics to increase energy efficiency	

Sustainable Management of Natural Resources	**Medium to Light green**
Projects that contribute to environmentally sustainable agriculture through: Sustainable agricultural techniques such as adoption of sustainable regenerative agriculture, soil management practices, low-carbon agricultural technologies, precision and data-driven agriculture management, or techniques or equipment that reduces inputs such as pesticides or fertilizers	
Projects that contribute to environmentally sustainable agriculture through: Agricultural projects that improve existing soil carbon (e.g., rangeland management; collection, and use of bagasse, rice husks, or other agricultural waste); reduced tillage techniques that increase carbon contents of soil; soil recovery, and restoration of degraded pastures; peatland restoration	
Projects that contribute to environmentally sustainable agriculture through: Eligible assets that support smallholder farmers via agricultural resilience and adaptation technology and practices including rainwater harvesting, solar pumps, land restoration, net shading, and organic farming practices	
Forest Stewardship Council or Program for the Endorsement of Forest Certification certified projects that involve reforestation, afforestation, rehabilitation of degraded land, preservation, or restoration of natural landscape	
Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems	
Financing activity either contributing to conserving/increasing biodiversity, or where the core business/aim of the project is to conserve or increase biodiversity	

Terrestrial and Aquatic	**Medium to Light green**
Projects involved in conservation through the preservation and/or restoration of aquatic biodiversity and valuable aquatic habitats	
Projects related to the ongoing monitoring and surveillance of marine protected areas	
Projects related to the sustainable supply of raw materials that can displace existing harmful products or reduce the nitrogen and phosphorus loads on the aquatic environment	
Pollution prevention infrastructure in areas connected to rivers or coast water basins	
Water, waste, or pollution management and reduction measures in shipping vessels, shipping yards, or ports	

Sustainable Water	**Medium to Light green**
Projects related to sustainable infrastructure for the supply of clean and/or potable water, water capture and/or storage, water efficiency improvement, water recycling, rainwater harvesting, wastewater treatment, desalination, and sustainable urban drainage systems	

Pollution Prevention and Control: Carbon Financing	**Light green**
Financing the scaling of the voluntary and compliance carbon credits market through projects that are otherwise eligible within this framework and are certified under at least one of the standards listed in the framework	

See Analysis Of Eligible Projects for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Bank of Industry Limited (BOI) is Nigeria's oldest and largest development finance institution. It provides financial and support services for the development of industries across the country. BOI operates across 33 states in Nigeria, offering financial assistance for the establishment of large, medium, small scale, and micro projects, as well as the expansion, diversification, and modernization of existing enterprises. According to BOI's strategic plan, the bank aims to allocate the majority of its financing through 2027 to priority investment sectors with the objective of promoting sustainable economic growth, industrial capacity, and inclusive development. BOI is owned by the Nigerian Ministry of Finance and the Central Bank of Nigeria, in addition to a small portion of private shareholders (<1% of ownership).

Material Sustainability Factors

Climate Transition Risk

Banks are highly exposed to climate transition risk through their financing of economic activities that affect the environment. Their direct environmental impact stems mainly from power consumption but is small compared with their financed emissions. Policies and rules to reduce emissions could raise credit, legal, and reputation risks for banks with large exposures to sectors with high emissions, such as oil and gas, metals and mining, real estate, or transportation. Positively, financing the climate transition offers a growth avenue for banks through lending, debt structuring, and other capital markets activities. Through its revised Nationally Determined Contribution, Nigeria commits to an unconditional 20% emissions reduction below the business-as-usual scenario by 2030 as well as a conditional 47% emissions reduction target by the same year, while maintaining its commitment to achieve net-zero by 2060.

Physical Climate Risk

Physical climate risks will affect many economic activities as climate change increases the frequency and severity of extreme weather events. Banks finance a wide array of business sectors that are exposed to physical climate risk. However, although climate change is a global issue, weather-related events are typically localized, so the magnitude of banks' exposures is linked to the geographical location of the activities and assets they finance. Banks could help mitigate the effects of physical climate risks by financing adaptation projects and climate-resilient infrastructure, as well as by investing in solutions that support business continuity in exposed geographies. According to the World Bank, temperatures across Nigeria are expected to increase by 2.9°C, and in some areas by as much as 5.7°C, by the end of the century. Over the next few decades, Nigeria's exposure to both extreme flood and drought events will increase significantly.

Biodiversity and Resource Use

Banks contribute to significant resource use and biodiversity impacts through the activities they fund or invest in. For example, the construction sector, which is a major recipient of bank financing, is a large consumer of raw materials such as steel and cement. Similarly, bank-financed agricultural activities can have material biodiversity impacts. Nigeria has a wide range of ecosystems, including semi-arid savanna, mountain forests, rich seasonal floodplains, rainforests, and freshwater swamp forests. The Niger Delta is also the largest tract of mangroves in Africa.

Access and Affordability

Banks' significant impact on society stems from their role in enabling access to financial services to individuals and businesses, and in ensuring the correct functioning of payment systems, which are cornerstones of economic development and stability. In most countries, unbanked and underserved population segments are still meaningful, although the access gap is most acute in emerging economies. Market imperfections such as low competition, incomplete information, and lack of financial literacy often result in costly alternatives for small businesses and low-income people. Ensuring affordable access to financial services, especially to the most vulnerable populations, therefore remains a challenge for the banking industry. New technologies will, however, increasingly enable banks to close this gap through cost efficiencies and product innovation. While structural issues such as poverty, informality, and lack of financial literacy partly limit access to financial services, banks have broad opportunities to support economic development through financial inclusion.

Impact on Communities

Banks can address a wide range of community issues by providing economically vulnerable groups with access to financing. This can help alleviate income inequality and foster upward social mobility. The realization of these objectives hinges on banks' responsible lending practices. These include transparent contractual terms, financial education programs, and support for borrowers encountering unexpected financial hardships. By contrast, obscure loan terms or predatory lending practices can exacerbate existing socioeconomic disadvantages in the customer base. By actively addressing such concerns, banks can access new markets, achieve better financial performance, attract top talent, and mitigate reputational and regulatory risk.

Issuer And Context Analysis

All eligible project categories included in the framework aim to address BOI's material sustainability factors. Renewable energy, energy efficiency, green buildings, and clean transportation projects cover climate transition risks, which we see as highly material for banks. Other green categories address physical climate and biodiversity risks, while BOI's social categories address the bank's access and affordability and its impact on communities. As a development finance institution, BOI's lending activities are more aligned with social and environmental objectives than many conventional banks; a substantial portion of the bank's loan portfolio currently aligns with eligible projects under the framework. Under its 2025-2027 strategic plan, BOI commits to further expanding its financing for projects that meet the framework's eligibility criteria.

The bank undertakes environmental and social risk assessments of eligible projects, but its sustainability reporting is currently nascent. All eligible environmental and social projects are subject to BOI's ESG Categorization, which is part of the bank's Environmental, Social and Governance Management System (ESGMS). The bank's risk management framework aligns with international principles such as the IFC Performance Standards, the Equator Principles, and principles from African organizations such as the African Development Bank and the African Export and Import Bank. In addition, BOI applies its ESMS to all financial institution clients and embeds ESG loan covenants into all loan agreements. BOI's system classifies risks in line with the IFC's environmental and social categorizations for projects, and the bank's ESG risk management framework provides an indicative list of projects for each risk level. That said, BOI does not currently track or report its operational or financed greenhouse gas emissions, although it plans to do so in the future. The bank is also in the process of establishing targets for emissions reductions.

The bank factors biodiversity and physical climate risks into its environmental risk assessments. This process forms part of BOI's standard underwriting procedures, and the bank has received approval from its board of directors to incorporate climate-related covenants into its financing agreements to mitigate risk and enhance portfolio resilience. BOI also ensures that all state and local regulations are followed and that projects obtain the relevant permits for its two highest environmental and social risk levels, which includes site visits. The bank also has ESG risk-management framework guidelines that outline the most material sustainability risks for the sectors in which the bank operates, as well as mitigating controls that customers in these sectors must put in place to manage these risks.

In our view, BOI's screening and mitigation of environmental risks for eligible social projects is a strong practice, especially for a financial institution. Social projects must undergo an environmental risk assessment as part of the bank's due diligence process, and eligibility will only be considered once key environmental risks have been evaluated. Environmental considerations for social projects include emissions reductions and environmental impact mitigation. BOI expects a slight majority of the financing from issuances under the framework to go to social categories, with a goal to channel funding toward micro, small, and midsize entities (MSMEs), while also maintaining support for larger enterprises. BOI mitigates risks around over-indebtedness and financial illiteracy through programs delivered by its business development service providers. BOI does not make loans directly to individuals but lends to entities with a focus on financial inclusion for individuals. Specifically in relation to MSMEs, BOI employs credit assessments and credit enhancement mechanisms such as portfolio guarantees and tailored loan products.

Alignment Assessment

This section provides an analysis of the framework's alignment to the Social and Green Bond/Loan principles and the Sustainability Bond Guidelines.

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ×

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Sustainability Bond Guidelines ICMA, 2021

✓ Use of proceeds

We assess all the framework's green project categories as having a green shade and consider all social project categories to be aligned. The issuer commits to allocate the net proceeds issued under the framework exclusively to eligible green and/or social projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental and social benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

BOI's sustainability committee is responsible for overseeing and implementing the initiatives outlined in the framework, as well as assessing the continued eligibility of projects and their management of sustainability risks. The committee comprises members from the risk management, internal control and compliance, strategy and research, corporate finance and advisory, and treasury and financial institutions divisions. BOI has a detailed ESGMS to identify and manage environmental and social risks and the framework includes an exclusion list that covers topics such as trade in wildlife or wildlife products, gambling, and forced labor, among others.

✓ Management of proceeds

BOI commits to allocate an amount equivalent to the net proceeds from instruments issued under the framework to eligible projects. The bank's sustainability committee will be responsible for the tracking and management of the allocation of proceeds to eligible projects. Pending allocation, an amount equal to the net proceeds may be held in accordance with BOI's internal investment policy and/or temporarily held in cash, and allocated proceeds will not be invested in projects on the bank's exclusion list. BOI will strive to ensure that allocation toward eligible projects will equal or exceed the balance of the net proceeds of outstanding instruments within 24 months of the date of each issuance. BOI commits to periodically update and monitor the list of eligible projects.

✓ Reporting

BOI will publish an annual impact and allocation report until full allocation of all instruments issued under the framework. The report will be made public on the company's website and will include the total amount of net proceeds allocated to eligible projects across each category, a brief description of the eligible assets and their expected impact, the balance of unallocated proceeds, and the share of refinancing versus new financing.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "Analytical Approach: Shades Of Green Assessments," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

Green project categories

Renewable Energy

Assessment

Dark to Medium green

Description

- Solar: Solar photovoltaics, including floating, concentrated solar power, and other solar thermal facilities
- Wind energy: Onshore and offshore wind energy projects
- Hydropower: Run-of-river plant without an artificial reservoir, including:
  - Small-scale hydropower <25 MW
  - Larger hydropower, exceeding 25 MW: lifecycle carbon intensity <100gCO_2e/kwh or power density of electricity generation >5W/m^2
- Biogas or biomass: Biogas or biomass of which the feedstock must be separated before use into recyclable and non-recyclable:
  - Waste and non-waste feedstock will be utilized
  - Waste feedstock includes but is not limited to livestock and crop residues, food waste, algae sludge, wastepaper, and bagasse
- Geothermal: Geothermal projects with direct or lifecycle carbon intensity <100gCO_2e/kwh
- Green hydrogen: Production or R&D of green hydrogen powered with 100% renewable energy or hydrogen with lifecycle emissions lower than 3tCO_2e/tH_2 and associated green products; associated infrastructure and transportation
- Off-grid access to renewable energy: Projects that support off-grid electricity access and displace fuel consumption (e.g., the replacement of kerosene lamps or diesel generators through electrification) or reduce the need for wood, coal, or liquid fuel as a source of energy in the community, thereby reducing emissions
- Construction, maintenance, or expansion of associated electricity transmission and distribution networks, and storage facilities
- Financing of the manufacturing of renewable energy components

Analytical considerations

- Renewable energy projects—including solar photovoltaic, concentrated solar power, wind, geothermal, and hydropower—are necessary transition technologies to limit global warming to well below 2 degrees Celsius (2°C). We assess these projects as Dark green, reflecting their alignment with a low-carbon, climate-resistant future. However, the project category includes projects that we assess as lower than Dark green, such as non-waste feedstock biomass. This results in our overall Dark to Medium green shade for this category.
- Hydropower accounts for nearly 100% of non-combustible renewable energy in Nigeria. For hydropower projects, BOI limits its financing to run-of-river plants, facilities with a power density above 5W/m², or those with lifecycle emissions below 100gCO_2e/kWh to minimize the environmental impact. Any new hydropower projects must undergo an environmental and social

risk assessment to address potential negative effects. We note that while large hydro projects present risks around biodiversity disruption and land use change, BOI's criteria for these projects are aligned with the EU Taxonomy's substantial contribution criteria, which we view positively. Geothermal projects financed by BOI must emit less than $100gCO_2e/kWh$, ensuring they meet low-emissions standards. Geothermal energy does not currently contribute to Nigeria's electricity generation mix.

- For hydrogen projects, BOI excludes fossil fuel-based hydrogen (brown, gray, or black) and instead emphasizes green hydrogen with lifecycle emissions below $3tCO_2e/tH_2$. We assign this project a Dark green shade. The bank also includes technologies like green ammonia, sustainable aviation fuel, green methanol, and electricity within this category, aiming to support a range of low-carbon solutions. However, to be eligible under the framework, the bank requires projects to carefully manage lifecycle emissions and potential impacts such as land-use changes and water consumption.
- Bioenergy derived from sustainably produced feedstock can provide a lower emissions alternative to fossil fuels and a decarbonization pathway where electrification is not possible. According to the International Energy Agency (IEA), biofuels and waste accounted for 49% of Nigeria's total final energy consumption in 2022. These bioenergies are used primarily in the residential sector, where biomass and waste account for 76% of total final energy consumption. BOI mitigates sustainability risks by requiring that non-waste feedstocks be certified under schemes such as the Roundtable on Sustainable Biomaterials or ISCC Plus, the Round Table on Responsible Soy, Bonsucro, the Forest Stewardship Council, or Programme for the Endorsement of Forest Certification. Non-waste feedstocks must also have an average carbon intensity of $100gCO_2e/kWh$ over five years. Direct and indirect land-use change will be considered as a part of the risk assessment for renewable energy. That said, non-waste feedstocks still present environmental sustainability risks, and there are no concrete plans for minimizing transportation emissions, limiting our assessment to a Light green shade.
- The off-grid electricity projects offer reduced reliance on traditional power grids, lower utility costs, and the potential for sustainable energy solutions through renewable sources for previously underserved communities. In 2024, while 93% of the country's urban population has access to electricity, this figure drops to 37% for rural populations according to the IEA. Financing renewable energy components offers efficient solutions to reduce carbon emissions and enables the scaling up of renewable energy technologies, such as solar panels, wind turbines, energy storage systems, and inverters, which are crucial for transitioning away from fossil fuels. We assign a Dark green shade to these projects.
- For grid enhancement projects, the bank commits to lend to those that increase the integration of renewable energy sources into the grid and excludes investments directly connected to fossil-fuel power generation. This leads us to assess eligible projects as Dark green, as the exclusion of fossil-fuel sources prevents emissions lock-in.
- Regarding physical climate and biodiversity risks, BOI has a due diligence process for assessing the vulnerability of its renewable energy projects and conducts environmental risk assessments of impacts on local biodiversity. In our view, these processes demonstrate effective environmental risk mitigation for eligible projects.

Energy Efficiency

Assessment	Description
Light green	• Manufacture and/or installation of components or technologies that enable energy efficiencies, e.g. smart grid technology, energy-efficient lighting • Industrial or manufacturing energy-efficiency improvements (minimum 20% against a baseline) through the installation of more-efficient equipment, changes in processes, reduction of heat losses, and/or increased waste-heat recovery • Modernization geared at retrofitting transmission lines or substations to reduce transmission losses

Analytical considerations

- Energy efficiency projects like smart grid technologies and energy-efficient lighting are key to reducing energy consumption and associated greenhouse gas emissions. These technologies can decrease reliance on fossil fuels by optimizing electricity use and supporting the integration of renewable energy sources. The benefits of these systems include more-flexible energy distribution, reduced peak loads, and improved demand-side management.

- For energy efficiency and systems, we consider the established eligibility criteria of 20% efficiency aligns with regional standards. Additionally, the framework's exclusion list confirms that these projects will not be applicable for fossil fuel sectors; therefore, the lock-in risk is not material.
- The retrofitting of transmission lines helps build a more efficient, resilient, and low-carbon power system by facilitating the clean energy transition, minimizing energy losses, and ensuring grid reliability amid climate challenges, thereby aligning with a low-carbon climate-resilient future. We assess these projects as Medium green.
- We assign a Light green shade to this category because, despite the energy savings, the scope of the eligible activities is reasonably broad and does not provide a clear insight into the extent of the environmental benefit.

Climate Change Adaptation

Assessment	Description
Medium to Light green	• Infrastructure and activities that address physical climate risk and/or increase the resilience of ecosystems, including but not limited to the expansion or maintenance of flood defense systems, wildfire mitigation and management, and biodiversity protection • Monitoring technologies including climate observation and information support systems • Projects or activities that increase the resilience of agribusinesses against climate risks, including but not limited to sub-surface drip irrigation, crop netting, soil rehabilitation, and climate resilient infrastructure • Nature-based projects that improve reliability of water supply during extended periods of drought including but not limited to afforestation/reforestation, removal/control of alien species and sustainable watershed management

Analytical considerations

- Climate scientists have indicated that some climate change is unavoidable, even under the most optimistic scenarios, making it important to plan for and mitigate these risks to enhance resilience and reduce environmental impacts. Given the varied impact of projects in this category, we assess the overall category as Medium to Light green.
- Climate-change adaptation projects such as those related to the expansion or maintenance of flood defense systems, wildfire mitigation and management, and biodiversity protection are essential for building resilience against climate-related risks and protecting vulnerable communities from adverse impacts such as extreme weather events and natural disasters. Nigeria is exposed to extreme weather events such as floods, droughts, sandstorms, and heat waves. We assign a shade of Medium green to this project type because, while the projects effectively mitigate physical climate risks, embodied emissions are a material sustainability risk not addressed by the framework.
- BOI's financing includes nature-based solutions that tackle climate hazards through projects related to afforestation/reforestation, urban green infrastructure, the removal of alien species, and sustainable watershed management. These initiatives help strengthen the ecosystems' natural defenses against climate impacts while supporting biodiversity and long-term environmental health. We assess nature-based solutions as Dark green because they typically involve lower environmental risk than more invasive infrastructure. However, these projects risk negatively impacting biodiversity and land use if not carefully managed, and could lead to unintended ecological disruptions or conflicts over land use if implemented without proper planning and consideration of local ecosystems.
- In addition, early warning systems play a key role in climate adaptation by providing real-time data on extreme weather events, allowing communities to respond more effectively. These systems, including climate observation networks and information support, allow for early action and enhance preparedness. We assess these projects as Dark green. Continuous investment in maintaining and upgrading such systems is necessary to ensure they remain effective as climate risks evolve.
- Irrigation projects, such as sub-surface drip irrigation and crop netting, can contribute to climate adaptation by enhancing water efficiency. These systems can mitigate the need to use water from freshwater bodies and help create reliable supplies for water

availability during times of drought. Projects that consider storage and distribution can help mitigate floods by managing water excess and prevent erosion during heavy precipitation. However, the framework does not clearly define criteria for further improvements in areas like energy efficiency or renewable energy use. Therefore, while these projects support agricultural resilience, their overall environmental benefits may be somewhat limited, which limits our assessment of this project type to Light green.

Green Buildings

Assessment	Description
Light green	• Development, acquisition, retrofit, and/or refurbishment of existing or new residential or commercial (including public sector) buildings achieving acceptable certifications and ratings; or • Minimum 20% improvement in energy use and/or carbon emissions compared to a baseline (as outlined in fairly recent jurisdictionally relevant building codes such as the National Building Code, the Energy Efficiency Building Code, or more recent codes).

Analytical considerations

- The IEA highlights that reaching net-zero emissions in buildings requires significant improvements in energy efficiency and a shift away from fossil fuels. All properties financed under the framework need to demonstrate high energy performance, with new developments also focusing on reducing emissions from construction materials. Additionally, addressing physical climate risks is essential to improving resilience across all buildings.
- BOI's financing under the green buildings category includes both new construction and retrofitting existing structures to achieve higher energy performance and reduce environmental impacts. To date, BOI has not financed the construction of new buildings, but new construction remains an eligible use-of-proceeds under the framework, enabling BOI to include newbuilds in future financing. We assign a shade of Light green to the overall category due to the range of eligible green building certifications, some of which may not provide substantial environmental benefits.
- BOI's eligibility criteria for all projects in this category specify that financed buildings must either achieve at least a 20% improvement in emissions or energy performance compared to a baseline. Alternatively, projects must obtain recognized global green building certifications, such as LEED Gold, Green Star 4 category or above, EWP Level 6 or above, BREEAM Very Good or above, EDGE certified by the International Finance Corporation's EDGE partner or above, or other equivalent recognized certifications that may be applicable to Nigeria. BOI's determination of equivalent certifications will be based on criteria such as reducing or avoiding carbon emissions, achieving energy and water savings, and meeting other sustainability benchmarks, ensuring alignment with international standards. Even though the bank has established high levels of certification, criteria can vary between standards and levels of certification, leading to projects having varying climate risks and benefits.
- For new construction projects, the absence of specific requirements for embodied emissions in building materials may limit the overall reduction in the carbon footprint, as the construction phase often involves significant emissions. To date, BOI has not financed new buildings. If its mandate expands to include construction financing in the future, the bank will integrate embodied emissions considerations into its assessment process, adhering to its entity-wide ESGMS. Further, we note that some certifications may incorporate considerations related to embodied emissions. Addressing embodied emissions in new buildings is key to minimizing their total environmental impact, given that these emissions represent a large share of the carbon footprint in the lifecycle of a building.
- BOI has established an eligibility criterion for the renovation of existing buildings of at least a 20% improvement in energy use and/or carbon emissions. Furthermore, projects that are limited to retrofitting existing buildings have embodied emissions as a less material environmental factor, which we assess as Medium green within the framework. Nevertheless, the issuer does not have visibility on the allocation of proceeds to those projects, which are usually less representative, limiting our overall assessment of the green buildings category to Light green.
- Regarding physical climate risks, BOI requires that all eligible projects undergo a comprehensive risk evaluation that includes an assessment of physical climate risks. As part of its due diligence process, BOI conducts an assessment to identify potential vulnerabilities.

Pollution Prevention and Control: Reduced Air Emissions and Improved Waste Management and Circular Economies

Assessment	Description

Medium to Light green	• Replacement of heating/cooling systems in existing industrial, commercial, or residential infrastructure with electric powered systems with lower global warming potential
	• Development of projects that reduce air emissions beyond compliance requirements
	• Finance of nature-based carbon capture and storage technologies and projects with carbon capture and storage benefits such as afforestation, marine, wetland, and peatland conservation
	• Development, construction, or acquisition of projects that:
	  o Convert waste-to-energy
	  o Prevent waste generation and facilitate recycling (waste reduction)
	  o Reduce the amount of waste produced or sent to landfill
	  o Support recycling and/or sorting
	  o Provide storage and bulking facilities dedicated to transfer waste to downstream waste recycling/reuse assets
	  o Undertake R&D focused on renewable and resource-efficient/low-carbon products (including packaging), processes, and technologies
	  o Procure recycled/waste/resource-efficient materials as an input
	  o Collect, sort, clean, refurbish, recondition, and/or repair products for re-use
	  o Involve the acquisition or production of resource-efficient products (including packaging) using recycled waste and/or bio-based materials

Analytical considerations

- Within the pollution prevention and control category, some of the projects aim to reduce air and greenhouse gas emissions. These projects include those that replace heating/cooling systems with electric-powered systems with lower global warming potential and those that reduce air emissions beyond compliance requirements. Projects such as these can provide benefits to local biodiversity and human health by reducing air and soil pollutants and promoting long-term ecosystem recovery.
- According to the World Bank, sub-Saharan Africa generates around 200 million tons of solid waste per year, and this is expected to triple by 2050. We believe projects within the category will help reduce the environmental footprint from waste in the region, where waste management is highly unregulated and 24% of waste is sent to landfills, with the remainder dumped into the environment.
- We assign a Medium to Light green shade to this category as the projects aim to reduce emissions and promote low carbon technologies. That said, the potential risk of fossil fuel lock-in and the reliance on existing industrial processes limit our assessment. For the reduced-air-emissions projects within this pollution prevention and control category, the issuer excluded projects related to oil and gas, coal-powered plants, and coal mining. For the improved waste management and circular economies projects within this category, the issuer states that the repair, refurbishment, and/or reuse of products that are fossil-fuel intensive, or used for the extraction of fossil fuels, will not be eligible. These exclusions align with the country's efforts to transition away from fossil fuels.
- This category also includes nature-based carbon capture and storage technologies and projects with carbon sink benefits such as afforestation, marine, wetland, and peatland conservation. We assign these nature-based carbon capture and storage technologies and projects a Medium green shade. These projects will help protect existing natural ecosystems and species. We limit our assessment to Medium green because the criteria and selection processes for these projects are relatively high level.

- The sourcing of materials and the energy use related to the production of goods, as well as their final disposal, is estimated to account for a significant proportion of global greenhouse gas emissions, in addition to having other negative environmental impacts, such as land and water pollution. We believe goods produced in energy-efficient ways that also seek to limit resource use, including through long-lasting design, the use of recycled materials, efficient resource use, or the reuse of materials can contribute to significant emissions savings. For the projects that include the production of resource-efficient products using recycled waste and/or bio-based materials, the bio-based materials in scope can include wood, flax, bamboo, fibers, and hemp.
- Projects focused on collecting, sorting, treating, recycling, or reusing waste encompass waste streams from different sources, including plastic waste, biodegradable waste, and hazardous waste. These projects help reduce the amount of waste that is sent to landfills and avoid related environmental issues such as air pollution, water contamination, and soil degradation.
- This project category includes waste-to-energy projects which we assess as Light green because they reduce waste and pollution but are typically associated with high emissions and other air pollution risks.
- This category excludes the repair, refurbishment, and/or reuse of products that are fossil-fuel intensive or used for the extraction of fossil fuels.

Clean and Sustainable Transportation

Assessment	Description

Medium to Light green	• Import, manufacture, development, acquisition, or construction of:
	  o Electric vehicles (EVs)
	  o Charging stations or supporting infrastructure for EVs and hybrid vehicles
	  o Fully electric, biofuel, or hydrogen-powered passenger/cargo ships; or
	  o Private or light commercial hybrid vehicles with a carbon intensity that is less than 95gCO_2e/km
	• Shipping projects related to:
	  o Retrofit of existing ships involving fuel switching (to low-carbon fuels)
	  o Shipping infrastructure including bunkering facilities for biofuels, green hydrogen, green ammonia, and green methanol
	• Rail or freight transportation projects for public use, rail transportation of goods, and train infrastructure upgrades
	  o For all public mass passenger transportation that is not electrified, the carbon intensity should be less than 95gCO_2e/km
	  o For non-electrified freight transport, the threshold is 25gCO_2/km
	• Transport infrastructure projects, in particular the manufacturing, development, or purchase of specialized parts such as EV batteries or ICT systems such as microcontrollers and wireless communication infrastructure that aim to improve the general transport logistics to increase energy efficiency

Analytical considerations

- Electrification and supporting infrastructure have a key role in decarbonizing the transport sector, and align with a low-carbon climate-resilient future. We view electric vehicles and related infrastructure as aligned with a Dark green shade.

However, we assess the category as Medium to Light green given the relevant role of hybrid vehicles, which we view as technology that supports Nigeria's near-term climate transition.

- Mitigating transportation-related greenhouse gas emissions will be central to meeting global decarbonization goals because the transport sector accounts for 23% of global energy-related greenhouse gas emissions, according to the IPCC. The transport industry is a significant source of emissions in Nigeria, accounting for 61% of emissions in 2022 according to the IEA. We view positively the bank's intention to finance not only the acquisition, but also the manufacturing, of vehicles to improve the region's fleet and help it achieve sustainable mobilization.
- In our view, the bank's commitment to invest in light hybrid vehicles, rail, and freight transport will help grow low-carbon industry in Nigeria as well as promote the transition to a low-carbon economy. While hybrid modes of transportation involve the combustion of fossil fuels and associated emissions, they represent initial steps to transition toward electric modes of transportation, including supporting behavioral change and where charging infrastructure is less well developed. In setting its emissions thresholds, BOI has considered existing or draft green finance taxonomies from other African jurisdictions. The framework also considers freight transportation thresholds set by the Climate Bonds Initiative.
- The decarbonization of shipping is likely to occur more slowly than that of land transport. As electrification at scale is challenging, the use of low-carbon fuels and energy-efficiency measures have a role to play in achieving lower emissions. The use of biofuels and synthetic fuels may also contribute to lower emissions, if climate and environmental risks such as feedstock sourcing, direct and indirect land-use change, and the energy intensity of production are effectively mitigated. However, the framework does not specify thresholds or criteria for biofuels for shipping, limiting our evaluation of this project type to Light green.

Sustainable Management of Natural Resources

Assessment	Description
Medium to Light green	Projects that contribute to environmentally sustainable agriculture through: • Sustainable agricultural techniques such as the adoption of sustainable regenerative agriculture, soil management practices, low-carbon agricultural technologies, precision and data-driven agriculture management, or techniques or equipment that reduce inputs such as pesticides or fertilizers • Agricultural projects that improve existing soil carbon (e.g., rangeland management; collection and use of bagasse, rice husks, or other agricultural waste; reduced tillage techniques that increase carbon contents of soil; soil recovery and restoration of degraded pastures; peatland restoration) • Eligible assets to support smallholder farmers via agriculture resilience and adaptation technology and practices including rainwater harvesting, solar pumps, land restoration, net shading, and organic farming practices • Forest Stewardship Council or Program for the Endorsement of Forest Certification certified projects that involve reforestation, afforestation, rehabilitation of degraded land, preservation, or the restoration of natural landscape • Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems • Financing activity that either contributes to conserving/increasing biodiversity, or where the core business/aim of the project is to conserve or increase biodiversity

Analytical considerations

- Agriculture is highly sensitive to physical climate risks, including changes in rainfall and temperatures, highlighting the importance of increasing its resilience. Furthermore, agricultural practices that reduce climate emissions from crop farming and enhance soil health, water quality, and ecosystem integrity are central to a low carbon climate-resilient future. BOI will

finance a variety of agricultural projects, each with varying climate benefits. As such, we assign a Medium to Light green shade to the project category.

- Sustainable agricultural techniques and agricultural projects, such as regenerative agriculture and soil recovery, restoration, and management, can help improve soil and plant health, increasing crop yields while reducing pesticide use. We see these projects as relevant given that about 70% of the population derives a livelihood from agriculture. However, it can have high energy use, meaning the source of energy is a key consideration when assessing the sustainability benefits.
- Agronomic practices, such as precision agriculture, can help improve soil and plant health, increasing crop yields while reducing pesticide use. Furthermore, hydroponic farming typically uses less land, water, and pesticides compared to traditional farming.
- Fluctuations in input prices, such as for water, fertilizers, and energy—also stemming from increased scrutiny of resources and emissions, more-stringent environmental regulation, and physical climate change impacts—create complexity and financial uncertainty for farmers. The issuer has stated that the framework will exclude financing livestock, which we view positively. As such, we assess supporting smallholder farmers in terms of agricultural resilience and adaptation technology as Medium green.
- Proceeds will also be allocated to finance sustainable forest management practices, such as afforestation, reforestation, rehabilitation, and forest conservation measures. Forests cover 7.7% of Nigeria's total land area. In our view, investments in these activities are key to enabling forests' absorption of carbon dioxide. These activities will support halting the loss and degradation of forest ecosystems, which could become the country's largest source of greenhouse gas emissions in the absence of mitigation measures. We positively note that financing will only support projects with international sustainable forest management certifications, such as those of the Forest Stewardship Council or the Program for the Endorsement of Forest Certification.
- Biosphere conservation projects and financing activities contributing to conserving and increasing biodiversity are in line with a low-carbon climate-resilient future. As such, we believe eligible projects under the category will further promote the conservation of biodiversity and sustainable development in the region, so we assign them a Light green shade.

Terrestrial and Aquatic

Assessment	Description
Medium to Light green	• Projects involved in conservation through the preservation and/or restoration of aquatic biodiversity and valuable aquatic habitats • Projects related to the ongoing monitoring and surveillance of marine protected areas • Projects related to the sustainable supply of raw materials that can displace existing harmful products or reduce nitrogen and phosphorus loads in the aquatic environment • Pollution prevention infrastructure in areas connected to rivers or coast water basins • Water, waste, or pollution management and reduction measures for shipping vessels, shipping yards, or ports

Analytical considerations

- The sustainable management of aquatic habitats is key to managing greenhouse gas emissions and adapting to climate change. Equally, the conservation of biodiversity, natural ecosystems, and habitats can have substantial benefits for climate-change mitigation and adaptation due to critical ecosystem services, including carbon sequestration, local climate regulation, soil stabilization, and storm surge protection.
- In Nigeria, factors such as industrial discharge (persistent organic pollutants for example), agricultural runoff (such as from chemical fertilizers), and unsustainable fishing practices have contributed to aquatic biodiversity degradation. The issuer plans to preserve and/or maintain the area for conservation or support sustainable economic activities (such as sustainable fisheries), with strict environmental oversight.

- Eligible projects for conservation and sustainable management will focus on the protection of natural resources within protected areas. We view positively the entity's participation in these projects because they help promote and protect natural aquatic areas and avoid any economic activities that could cause negative impacts, which could help reduce greenhouse gas emissions. Given the lack of consideration of internationally recognized certifications as a way to ensure a wide range of environmental risks are managed at the project level, we assess these projects as Medium to Light green.
- Projects related to the sustainable supply of raw materials that displace or reduce the discharge of nitrogen and phosphorus loads into aquatic environments—and projects that introduce water, waste, or pollution management and reduction measures to shipping vessels—represent transitional near-term steps but are not long-term low-carbon climate-resilient solutions, in our view. This leads us to assess them as Light green.

Sustainable Water

Assessment	Description
Medium to Light green	Projects related to sustainable infrastructure for the supply of clean and/or potable water, water capture and/or storage, water efficiency improvements, water recycling, rainwater harvesting, wastewater treatment, desalination, and sustainable urban drainage systems

Analytical considerations

- As a form of natural capital, water is necessary for economic activity, thriving ecosystems, and public health. Therefore, water supply systems are important to secure a future where all stakeholders have reliable access to sufficient water of adequate quality. That said, these systems are energy intensive and can generate significant waste, exacerbate water stress for other stakeholders, and pose disruptions to hydrology and aquatic ecosystems if not sufficiently mitigated.
- We view BOI's water and wastewater management projects as having environmental benefits and complying with local regulations. The projects related to water storage, such as rainwater harvesting systems, help improve water resilience, while reducing scarcity risk in drought-prone areas. These technologies improve water security and benefit communities. However, the issuer does not include specific thresholds related to key environmental considerations, limiting our view on mitigation actions beyond what is required by regulation. Even though this is common practice among issuers that act as lenders to, rather than operators of, projects, this limits our overall assessment of the category to Medium to Light green.
- The issuer intends to allocate proceeds to desalination plants. BOI emphasizes that projects involving desalination must prioritize environmental-risk-mitigation strategies, particularly for managing brine, and should primarily rely on renewable energy or low-carbon sources. The average carbon intensity of the energy used should be at or below 100gCO_2e/kWh. We believe that these safeguards help manage environmental impacts associated with desalination plants, and therefore we assess this project as Medium green.
- Wastewater systems reduce pollution, enable resource recovery, and enhance ecosystems and public health, and as a result are key to a low-carbon climate-resilient future. The primary benefits include improved water quality and have important cumulative effects in a watershed; these systems can help relieve water stress and be a source of nutrient and energy recovery depending on the system. That said, they are energy intensive and can produce significant solid waste and methane emissions if not sufficiently managed.

Pollution Prevention and Control: Carbon Financing

Assessment	Description
Light green	Financing the scaling of the voluntary and compliance credits market through projects that are otherwise eligible under this framework and are certified under at least one of the following standards: • Clean Development Mechanism (CDM) • Climate Action Reserve

- The Gold Standard
- Verified Carbon Standard (VCS)
- Plan Vivo
- Eligible as per the relevant Nigerian Carbon regulations
- Eligible under the standards for mitigation outcomes that are agreed by parties to cooperative approaches under Article 6 paragraph 2 of the Paris Agreement; and
- Eligible under the Sustainable Development Mechanism, Article 6 paragraph 4 of the Paris Agreement
- Accredited under the international Carbon Reduction and Alliance (ICROA), The Integrity Council for the Voluntary Carbon Market (ICVCM), or the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

Analytical considerations

- Companies aiming to achieve ambitious decarbonization goals may need to utilize technologies like carbon capture and storage, carbon dioxide removal, and carbon credits. These solutions are recognized globally as playing a crucial role in decarbonizing the economy. However, they also come with technological, financial, policy, and stakeholder-perception risks.
- Carbon credits are certificates that represent the reduction, avoidance, or removal of one metric ton of carbon dioxide by a specific activity. The credibility of the underlying projects is crucial; potential issues can arise for carbon credits that are based on perceived benefits that can be difficult to substantiate or can simply lead to adverse effects elsewhere. We assess as Light green the financing of projects that would generate carbon credits under the selected schemes. Our assessment is constrained by what we view as the limited transparency BOI provides as to the type of projects that might be financed. That said, BOI lists methodologies and standards that point to credible verification schemes. Crediting schemes also require that the creation of carbon credits is limited to reducing or removing projects that would not otherwise be economically viable without the additional source of revenue the credits provide. Moreover, the voluntary market could also support the development of new technologies.
- The issuer's financing will be directed toward projects that are eligible under the framework and are certified under the respective carbon standards included in the framework, supporting carbon credit markets (for example, investments in technology-based solutions such as renewable energy or energy efficiency and nature-based solutions that generate carbon credits). It is important to note that the project category does not include the acquisition or purchase of carbon credits for the purpose of carbon offsetting, which may struggle to demonstrate a positive environmental impact.
- Proceeds will be allocated to enabling the scaling of the voluntary and compliance carbon credits markets. We consider these projects Light green given the challenges related to impact and additionality.

S&P Global Ratings' Shades of Green

Assessments	Dark green	Medium green	Light green	Yellow	Orange	Red
Description	Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects	Solar power plants	Energy efficient buildings	Hybrid road vehicles	Health care services	Conventional steel production	New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Social project categories

Access to Essential Services: Financial Inclusion and Employment Generation and Job Creation

Financial inclusion:

- Personal Consumer Finance: Financial services that aim to increase access to affordable microfinance, personal finance, banking services, affordable credit, insurance, and savings accounts
- MSMEs: Projects that promote the formalization, growth, and access to financial services for MSMEs via activities including but not limited to banking services, affordable credit, insurance, and savings and/or technical support

Employment generation and job creation:

- Financing of employment creation projects/programs, training and/or development programs aimed at increasing access to opportunities for vocational skills, employment, decent jobs, and entrepreneurship

Analytical considerations

- According to the International Monetary Fund, the share of the adult population with a bank account has increased in Nigeria since the country's adoption of its 2012 financial inclusion strategy, but the share of the financially excluded population is only slightly smaller than in 2012. According to the Nigeria National Bureau of Statistics, MSMEs contributed 46% of Nigeria's GDP in 2021, accounting for 97% of businesses and 88% of employment in the country.
- BOI clearly defines the target populations for this category, which includes MSMEs, youth (15-29 years old), vulnerable and/or low-income individuals (those who earn less than Nigerian naira (NGN) 70,000 or US $46 per month), and individuals in underserved areas. BOI derived this threshold from the national minimum wage in Nigeria according to the 2019 National Minimum Wage Act and the 2024 National Minimum Wage Bill. MSMEs are defined as entities with fewer than 200 employees and assets valued at less than NGN 5 billion (US $3.26 million) or loan size of NGN5 billion, a definition that aligns with that of the Small and Medium Enterprises Development Agency of Nigeria.
- The bank's 2025-2027 strategic plan outlines its objective to expand MSME financing, with a focus on significantly increasing the number of supported enterprises. It also prioritizes access to finance, particularly for youth-led businesses, and aims to enhance financial accessibility through lending solutions tailored to MSMEs' operational needs. The strategic plan outlines that this increase in MSME financing will also require enhanced risk management and financial education to maintain the bank's current level of nonperforming loans. The bank outlines indicative impact metrics for this category that include the number of people with increased access to affordable credit and savings accounts, the number of MSMEs financed and the value of loans, and the number of jobs created.

Socioeconomic Advancement and Empowerment

Women in the economy

- Projects that aim to provide women and female-owned/managed enterprises with access to financial services, including but not limited to banking services, affordable credit, insurance, payment services, saving accounts, and non-financial services, including financial literacy and business skills training
- An enterprise qualifies as a female-owned/managed enterprise if it meets the following criteria:
    - Entrepreneurship (>51% share of female ownership or founded by a woman); or
    - Leadership (30% share of women in senior management or 30% of women on the board or investment committee); or
    - Employment (30%-50% share of women in the workforce); or
    - Consumption (product or service should disproportionately, that is more than 50%, benefit women)

Creative economy

- Projects that aim to provide enterprises in the creative industries with access to financial services, including but not limited to banking services, affordable credit, insurance, payment services, savings accounts, and non-financial services, including financial literacy and business skill training, as well as fintech solutions that enable the creative industries
- Projects that enable the physical or digital production, distribution, and/or merchandising of creative industries products
- Projects involving improvements to existing, or the development of new, facilities, infrastructure or programs, to enable the creative industries through improved efficiency, quality, and/or capacity
- The creative industries include audiovisual, multimedia, photography, music, performing and visual arts, media and publishing, recreational centers and integrated parks, entertainment arenas, fashion and accessories, tourism (cultural and experiential), and talent agencies

Analytical considerations

- According to the International Labor Organization, the unemployment rate for women in Nigeria was nearly double that of men in 2023. Unemployment rates are relatively low for both groups (4.1% and 2.1%, respectively), but women have significantly more vulnerable employment (79%) than men (54%) according to the World Bank. BOI clearly outlines the eligible target population for women in the economy project category, which aims to provide financial services to enterprises that are owned or managed by women. Although the percentage of women in the workforce in Nigeria is higher than the average for sub-Saharan African countries, only 34% of all businesses in the country are owned by a woman.
- The list of creative industries listed in BOI's framework considers the Framework for Creative Industries and Trade from the United Nations Conference on Trade and Development as well as those included in Nigeria's National Development Plan (NDP). The NDP aims to promote the creative industries as one of the primary drivers of economic growth, though it has identified limited funding and poor infrastructure as key challenges preventing the growth of this sector. The NDP specifically mentions the cultural, creative, hospitality, and tourism industries as among the top drivers of growth in the country.
- According to the issuer, the objective of this category is to contribute to economic diversification and growth while simultaneously driving job creation. By providing financial services, business skills training, and infrastructure improvements, the bank aims to promote the previously under-financed sector and spread wealth and resources across the population.

Affordable Basic Infrastructure

Transportation

- Development and/or material upgrades to improve access, reliability, and/or quality of roads and public transportation infrastructure
- Development of rural/feeder roads and the associated equipment

Telecommunications

- The provision of telecommunications networks and related infrastructure, equipment, and services to create, expand, or improve mobile coverage and/or provide internet access

Energy

- Development, maintenance, or improvement of transmission and distribution infrastructure for a target population in areas with no or limited access to energy

Water

- Projects to develop or improve water supply infrastructure
- Projects expanding the access to adequate sanitation
- Expansion of public access to safe and affordable drinking water including construction of bulk infrastructure
- Infrastructure or upgrades related to water treatment

Analytical considerations

- According to the World Bank, 54% of Nigerians live in urban areas, which is higher than the average for sub-Saharan African countries (43%) and other lower middle-income countries (41%). Lagos State, home of the country's largest city, accounts for 8% of the country's population but generates between 15% and 30% of Nigeria's GDP.
- The issuer has clearly defined the target population for eligible projects under this category. It includes marginalized, low-income, or underserved populations in rural areas, as well as those who lack access to basic infrastructure or key social infrastructure. Marginalized populations include women, youths, older persons, people with disabilities, and/or other vulnerable groups such as those affected by natural disasters.
- Public infrastructure to improve access to urbanized areas and basic services provides increased economic opportunity for those living in rural areas, promoting economic development. Climate and environmental risks associated with social projects that require the construction of infrastructure can stem from the use of materials with high embodied emissions such as steel and cement, local pollution, the use of fossil-fuel-powered equipment during construction, and land-use change and biodiversity impacts from urban expansion. Infrastructure that is exposed to extreme weather may call for climate adaptation measures. The issuer has stated that eligible projects will undergo BOI's environmental and social due diligence process to ensure that environmental risks are mitigated for social projects, which we view positively.
- As of 2024, more than 86 million Nigerians did not have access to electricity, and the country's national grid lags that of other African countries in terms of reliability. New power lines and associated energy infrastructure will provide access to electricity for underserved Nigerians, improving social and economic development.

Food Security and Sustainable Food Systems

Nutrition and farming

- Projects that address food security or food loss to enable access to affordable food that increases the nutritional status of the ultimate beneficiary
- Projects that support smallholder and/or rural farmers to enable increased productivity, market access, and food security, or adaptive and/or resilient agricultural practices such as irrigation infrastructure, agricultural inputs, and community-based subsistence framing
- Cold chain and storage for agricultural products
- Input finance agriculture value chain development enabling access to finance and/or enhancing the productivity of small-scale producers

Analytical considerations

- Agriculture projects, especially in developing and emerging countries, have the potential to improve living standards, reduce poverty, and raise incomes for rural populations. Over 70% of Nigerians engage in the agriculture sector at a subsistence level, and agriculture contributed to more than 20% of the country's GDP in 2023.
- The target population for this category includes marginalized populations or communities, vulnerable and/or low-income groups, and smallholder and/or rural farmers. BOI defines smallholder farmers as those who manage up to 10 hectares of land, and rural farmers as those who operate in local government areas outside of metropolitan areas.
- While these projects offer significant social benefits, potential environmental risks around soil degradation, reduction of biodiversity, and the disruption of local ecosystems must be carefully managed. The bank evaluates all eligible programs through its ESGMS, which aims to mitigate both social and environmental risks associated with the projects. This is pertinent for this project type as soil degradation can undermine food security by harming the food supply in the medium and long term.

Affordable Housing

- Any projects that involve the construction, development, purchase, operation, maintenance of, and/or investment in, registered/recognized affordable or social housing
- Financing or refinancing of any projects that involve the construction of and/or refurbishment and conversion of affordable, low income, community, or social housing projects
- Home loans in the affordable, low-income, community or social housing segments

Analytical considerations

- According to IFC data, African countries have the highest rates of urbanization growth in the world, but house-financing opportunities are insufficient. British International Investment estimates that the housing deficit in sub-Saharan Africa is 50 million units. Nigeria alone faces a large housing deficit, with the World Bank estimating that 700,000 units need to be constructed per year to keep up with increasing demand.
- BOI defines the target population for this category as low-income and underserved populations, as previously defined in the framework. A relatively high percentage of the country's urban population (59%) lives in slums, which indicates a substantial demand for affordable housing with basic infrastructure. For affordable housing projects, BOI will apply an earnings threshold to ensure accessibility for low- and middle-income residents. This threshold will be established based on comprehensive market analysis and periodically reviewed to reflect current economic conditions.
- Potential environmental risks remain regarding projects financed under this category. Housing resilience is a key concern, as Nigeria's infrastructure will be increasingly vulnerable to physical climate risks. We believe the bank's ESGMS is a mitigating factor for these environmental risks.

Access to Essential Services: Education, Health, and Digital Inclusion

Education

- Projects involving improvements to existing or the development of new education facilities, infrastructure, or programs that would improve the efficiency, quality, and/or capacity of the facility or program (including but not limited to child-care, pre-primary, primary, secondary, tertiary, or other vocational and technical skills training)
- Projects that aim to provide increased access to tertiary education or vocational and technical skills training, as well as access to campus infrastructure, student housing, or activities that would improve individuals' access to employment/self-employment
- Any projects that improve technological access within the education sector

Health

- Projects related to the construction, operation, maintenance, improvement, and/or purchase of infrastructure, equipment, and/or services for hospitals and other healthcare institutions that enable efficiency, quality, access, and/or enhance the capacity of the facility (including but not limited to basic health care programs, laboratories, health centers, clinics, ambulances, and health equipment and supplies)
- Projects that aim to improve health care services, R&D to support access to health care and/or the roll out of essential medicines and vaccines
- Projects that aim to increase the standards of or access to technology that promotes greater efficiency, quality, access, and/or enhances the capacity of health care institutions

Digital Inclusion

- Projects, technology, infrastructure, and services that increase access to information and communication technologies

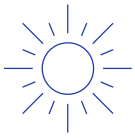
Analytical considerations

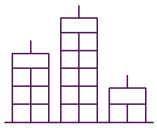
- According to UNICEF, nearly 11 million of Nigeria's children aged 5-14 are not in school, and significant disparities exist between the north and south of the country. As of 2020, the country's human capital index (HCI) was 0.36, which is below the average for sub-Saharan Africa (0.40) and lower middle-income countries (0.48). The HCI compares the country's performance to other countries globally based on health, survival, and education.
- BOI defines the target population for this category as underserved, marginalized, low-income, sick, elderly, or vulnerable populations.
- We believe eligible projects can target one of Africa's primary social issues through investments in education, health, and digital inclusion. A recent study by the World Bank shows that more than half of sub-Saharan Africa's inequality is caused by factors such as parents' education, birthplace, and ethnicity, which play a determining role in economic opportunities. Eligible projects address two of the main barriers for education, digital exclusion, and school fees. As BOI is a development bank, its financing of education will focus on increasing access through public, accessible schooling programs for those who may not have had access previously.

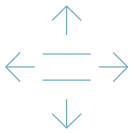
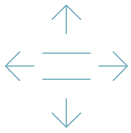
Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Renewable Energy	 **7. Affordable and clean energy***  **9. Industry, innovation and infrastructure***
Energy Efficiency	 **7. Affordable and clean energy***
Climate Change Adaptation	 **11. Sustainable cities and communities**  **13. Climate action***
Green Buildings	 **9. Industry, innovation and infrastructure**  **11. Sustainable cities and communities***

Pollution Prevention and Control	 **9. Industry, innovation and infrastructure**	 **13. Climate action**
Clean and Sustainable Transportation	 **9. Industry, innovation and infrastructure**	 **11. Sustainable cities and communities***
Sustainable Management of Natural Resources	 **15. Life on land***	
Terrestrial and Aquatic	 **6. Clean water and sanitation***	 **14. Life below water***
Sustainable Water	 **6. Clean water and sanitation***	
Pollution Prevention and Control		

	13. Climate action		
Access to Essential Services: Financial Inclusion and Employment Generation and Job Creation	 **8. Decent work and economic growth***	 **9. Industry, innovation and infrastructure***	 **10. Reduced inequalities***
Socioeconomic Advancement and Empowerment	 **5. Gender equality***	 **10. Reduced inequalities***	
Affordable Basic Infrastructure	 **6. Clean water and sanitation***	 **9. Industry, innovation and infrastructure***	 **11. Sustainable cities and communities***
Food Security and Sustainable Food Systems	 **2. Zero hunger***	 **12. Responsible consumption and production***	
Affordable Housing	 **11. Sustainable cities and communities***		

Access to Essential Services: Education, Health, and Digital Inclusion			
	3. Good health and well-being*	**4. Quality education***	**9. Industry, innovation and infrastructure***

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- Analytical Approach: Second Party Opinions, March 6, 2025
- FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions, March 6, 2025
- Analytical Approach: Shades Of Green Assessments, July 27, 2023
- Analytical Approach: EU Taxonomy Assessment, Oct. 31, 2024
- Analytical Approach: European Green Bond External Reviews, Oct. 31, 2024
- FAQ: Applying Our Analytical Approach For European Green Bond External Reviews, Oct. 31, 2024

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