



ANNUAL REPORT

Implementation of the Equator Principles

BNDE

2025

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Introduction

In 2025, the **National Bank for Economic Development (BNDE)** continued the gradual deployment of the **Equator Principles**, consolidating the integration of environmental and social (E&S) risks into its financing process. This approach is in line with the Bank's ambition to promote **responsible, sustainable finance aligned with international best practices**.

1. Background and commitment of the BNDE

BNDE integrates environmental, social and governance (ESG) issues at the heart of its financing strategy in order to support Senegal's economic development while controlling the risks associated with the projects financed.

As such, the Bank has initiated the implementation of the **Equator Principles (EP)**, an international reference framework for identifying, assessing and managing E&S risks related to project financing.



2. The Equator Principles

The Equator Principles are a voluntary framework adopted by financial institutions to provide a framework for financing projects with environmental and social risks. They are based in particular on:

- the **International Finance Corporation (IFC) Performance Standards** ;
- the **World Bank Group's Environmental, Health, and Safety Guidelines**.

The current version, **EP4**, focuses on human rights, social risk analysis and climate consideration.

3. BNDE's status as an EP

BNDE is a **financial institution that is a signatory to the Equator Principles during the probationary period**. As such, it has committed to:

- implement an **Environmental and Social Management System (ESMS)** in accordance with the requirements of the EPs;
- strengthen its internal capacity in E&S risk management;
- Prepare for the **final membership review scheduled for 2026**.

4. ESG governance and organization

The governance of environmental and social risks is based on a structured internal organization involving:

- the **Environment, Social and Governance (ESG) Department** ;
- the Credit, Risk and Legal Departments;
- the Credit Decision Committees.

This organization ensures the systematic integration of E&S considerations into the Bank's funding cycle.

5. Environmental and Social Management System (ESMS)

In 2025, the BNDE continued to develop its ESMS through:

- an initial diagnosis of existing practices;
- the development of environmental and social policies;
- updating the **sectoral exclusion list** ;
- the formalization of internal procedures;
- the deployment of a training and awareness program for staff.

The ESMS is now the reference operational framework for E&S risk management.

6. Integration of the Equator Principles into the credit process

The first Senegalese financial institution to adopt the Equator Principles, BNDE reaffirmed its strong commitment to responsible finance when it officially joined in JUNE 2024.

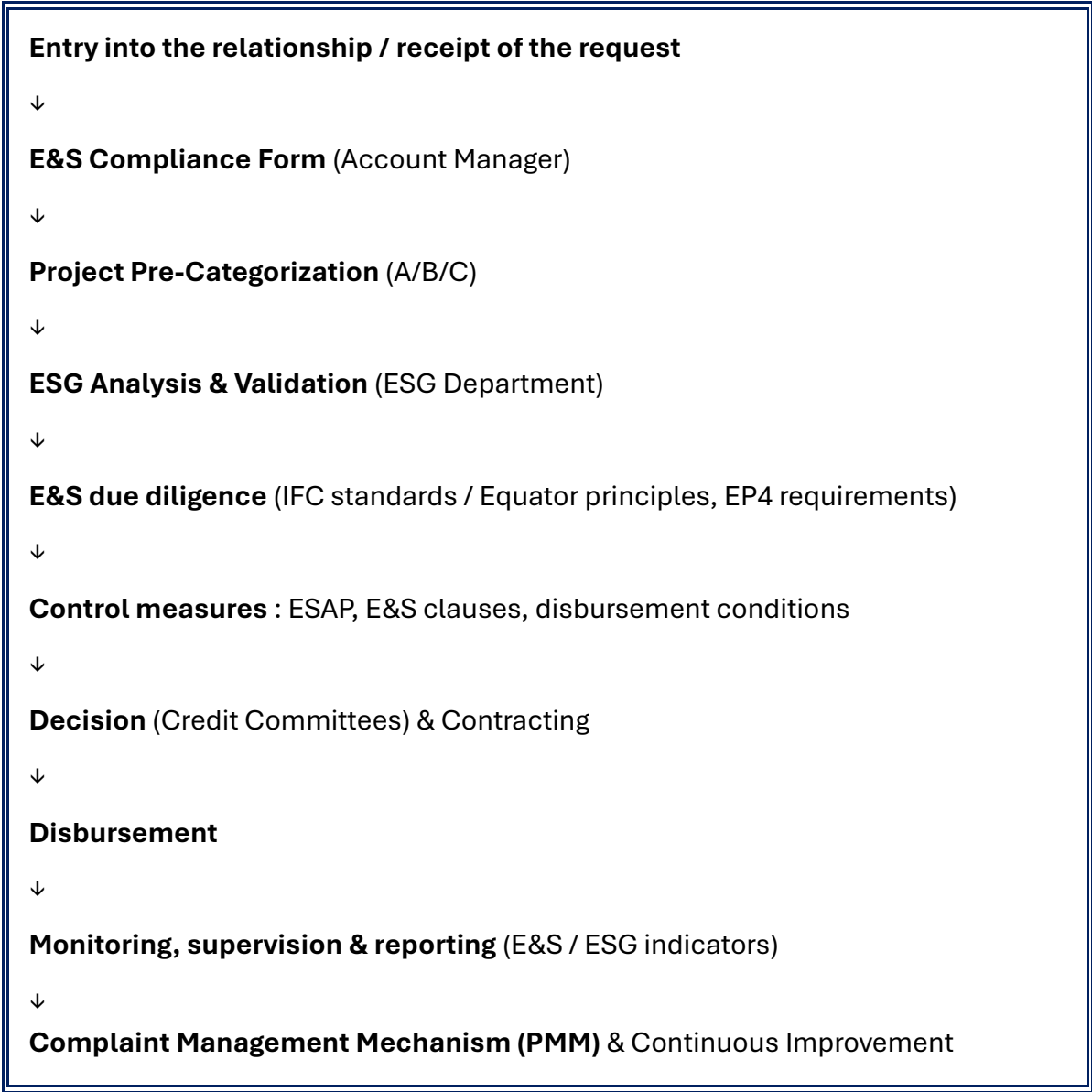
This pioneering membership reflects the Bank's strategic desire to comply with the most demanding international standards in terms of environmental and social (E&S) risk management and to promote a culture of sustainable finance within the Senegalese banking sector.

In this context, the requirements of the Equator Principles are systematically integrated throughout the credit process, from the moment the customer enters into a relationship, through:

- The use of an environmental and social due diligence form completed by account managers;
- The analysis, assessment and validation of E&S risks by the ESG Department;
- Categorization of projects according to their level of risk (A, B or C), in accordance with the standards of the Equator Principles;
- Integration of E&S findings and recommendations into the credit decision process.

This system guarantees a rigorous and structured consideration of E&S issues, in line with BNDE's international commitments and its pioneering role in Senegal in sustainable finance

Figure 1 – Integration of the Equator Principles in the credit process (summary view)



7. Equator Principles Portfolio and Reporting

PE portfolio – 2025

In fiscal 2025:

- **9 projects** were analysed in accordance with the Equator Principles;
 - 2 projects in **category A** (high risk);
 - 6 projects in **category B** (moderate risk);

- 1 project in **category C** (low risk).
- All the projects are located in **Senegal**.

This structure reflects a majority of controlled exposure to E&S risks, consistent with the Bank's prudent approach.

| Industry <i>(PROJECT FUNDING)</i> | Category | | |
|---|-----------------|----------|----------|
| | A | B | C |
| BULDING | 1 | | |
| FOOD INDUSTRY | | 2 | |
| HOTEL AND TOURISM INDUSTRY | | 1 | |
| MINING INDUSTRY | 1 | | |
| REAL ESTATE | | 1 | |
| INFORMATION TECHNOLOGY | | | 1 |
| SOLAR SECTOR | | 1 | |
| AUTOMOTIVE INDUSTRY | | 1 | |
| Total | 2 | 6 | 1 |
| Total Total | 9 | | |

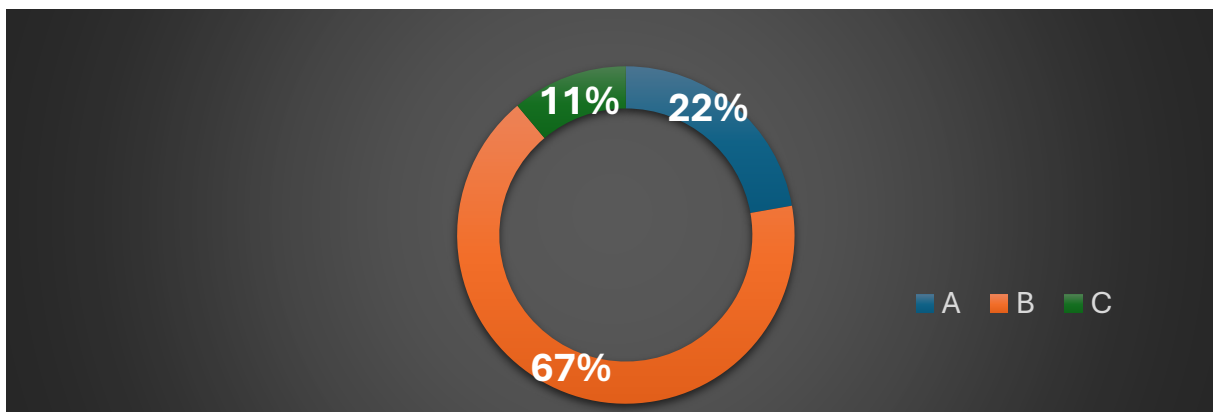
Category

- ❖ Category A: High Risk - Economic activities have significant, diverse, unprecedented or sensitive negative environmental and social impacts. A potential impact is considered "significant" if it is likely to be irreversible (e.g. in the case of the destruction of an important natural habitat), if it affects vulnerable groups or ethnic

minorities, if it leads to forced displacement and resettlement, or if it affects sites of cultural heritage significance.

- ❖ Category B Moderate Risk – Economic activities have limited negative environmental and social impacts, few in number, usually site-specific, largely reversible, and can be addressed through mitigation measures and the application of international best practices. The potential effects on communities or ecologically important areas are less harmful than those of high-risk transactions.
- ❖ Category C Low Risk: Economic activities have little or no negative environmental and social impacts.
- ❖ SI Category: Financial Institution Financing: Banks, Microfinance, Investment Funds, Leasing, Insurance

Environmental and social category of projects



8. Complaint Management Mechanism (CMM)

The BNDE has a complaint management mechanism covering environmental and social issues. In 2025:

- the existing PGM procedure has been reviewed to align with EP4 requirements;
- a dedicated digital tool is being developed;
- **no complaints related to E&S risks were registered.**

9. Capacity building

Training and awareness-raising actions have been carried out for the benefit of:

- The ESG Department;
- Credit and risk teams;
- Members of the Executive Committee.

These actions aim to strengthen the appropriation of E&S requirements and the use of risk management tools.

10. Outlook 2026

For the 2026 financial year, the BNDE plans in particular:

- the strengthening of E&S and ESG training;
- a comprehensive update of the complaints management mechanism;
- the revision of the gender and social inclusion policy;
- training the Board of Directors on the SGES and the opportunities of sustainable finance;
- preparation of the **final review of the Equator Principles**.

Conclusion

The implementation of the Equator Principles is a structuring pillar of BNDE's sustainable finance strategy. The progress made in 2025 demonstrates the Bank's commitment to supporting Senegal's economic development while meeting high standards of environmental and social performance.