EXTRACT OF ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT POLICY

Environmental and Social Management risk is the risk to the earnings and capital of the bank due to potential negative consequences suffered as a result of it financing businesses that impact negatively (or perceived impacts) on the natural environment (i.e. air, water, soil) or communities of people (e.g. employees, customers, local residents).

As a Group, we are committed to sustainable banking and sustainable finance in our business relationships and as a good corporate citizen to protect and preserve the environment under which we operate.

Consequently, the Board Audit and Risk Management Committee has approved Group Minimum Standards on Environmental and Social Management System (ESMS), a system and workflow process that envisages and identifies and mitigates Environmental & Social risks in the projects / companies that the Group through its subsidiaries finances. This system is an integral part of the Credit Evaluation Process at the Bank, with the credit analysts, being risk owners, expected to identify and assess the Environment and Social Risks in credit applications and categorize them appropriately in line with the Bank's E&S Policy and Procedure Manuals.

The Credit team at the subsidiaries' level provides an independent level review of such credit applications of Environmental & Social Risk Projects being financed by the Bank and ensure it complies with the Bank's E & S Policy and procedure manuals and report to Credit Risk Management Committee and Board Credit Committee on bi-weekly and bi-monthly basis. Also, the Environmental and Social Risk Management team at Country Level provides additional independent review and monitor projects being financed through joint calls with Relationship Managers to ensure such projects being financed by the Bank comply with all the performance standards we have subscribed to as a Bank. Quarterly report on such projects are reported to Board Risk Management Committee.

The Group's policy is guided by the commitments to the following local and global best Environment and Social Risk Principles which it has subscribed to:

- IFC Performance Standards (eight principles).
- Respective Country Local legislation in particular Environmental Management Coordination Act (EMCA), 1999, and the Occupational Health & Safety Act, 2007.
- Environmental and Social Policies and Guidelines of the World Bank Group and in particular the IFC Performance Standards for high risk clients.
- ILO Core Labour Standards and ILO Basic Terms and Conditions of Employment as ratified by Kenya).

The Bank's Environmental and Social Risk Appetite is not to finance projects mentioned in the Environmental and Social Exclusion List.

Additionally in our lending activities, we provide finance to the businesses that align with 5 Sustainable Finance Initiative (SFI) Guiding Principles. These principles are to ensure that we realign client's business goals with the economy's future priorities and socio-environmental concerns. Such businesses must comply with the following five principles:

- Principle 1: Financial Returns versus Economic Viability.
- Principle 2: Growth through Inclusivity & Innovation.
- Principle 3: Managing & Mitigating Associated Risks.
- Principle 4: Resource Scarcity and Choice.
- Principle 5: Business Ethics & Values.

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