HFCB
create great

(Version 2)

HFCB GROUP Plc

APPROVED BY THE BOARD OF DIRECTORS

ON:

HFCB Limited is regulated by the Central Bank of Kenya

Table of Contents

1. Introduction 3
2. Purpose and Objectives of the Policy 3
3. Policy Statements 3
4. IFC Exclusion List 3
5. Application and Review 3

1.0 Introduction

HFCB Limited is aware that environmental and social (E&S) risks associated with business activities can create risks with consequences such as negative publicity, threats to operating licences and unforeseen expenditures.

HFCB Limited has therefore designed a framework to promote sustainable development through its lending and investment business activities. HFCB Limited expects its subsidiaries to implement E&S risk management systems in order to limit their own exposure to risks associated with inadequate E&S performance.

2.0 Purpose and Objectives of the Policy

The purpose of this policy is to formalize and communicate HFCB Limited's position on environmental and social risk management. This policy is intended to ensure that:

- HFCB Limited will be sensitive to the environment and surrounding communities in its business activities.
- HFCB Limited will address the impacts of its investment and lending activities in a responsible manner.
- HFCB Limited is committed to complying with relevant environmental legislation and regulations applicable to its operations, as well as incorporating best practice where appropriate.

3.0 Policy Statements

HFCB Limited subsidiaries are required to observe the following;

3.1 HFCB Limited is committed to long-term business success while contributing towards economic and social development, a healthy environment and a stable society.

3.2 HFCB Limited will assess environmental, social, labour, occupational health and safety risks associated with our customers.

3.3 HFCB Limited will assist our clients to maintain the relevant environmental and social standards. The key standards are as follows:

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

3.4 HFCB Limited will not finance projects mentioned on our exclusion list.

3.5 HFCB Limited will ensure the efficient implementation of our environmental and social policy through an environmental and social management system. This management system includes sound objectives, well-defined procedures and responsibilities that will help our efforts in ensuring that all projects are operated in compliance with the Applicable requirements on an ongoing basis, during the currency of our client's financing.

3.6 HFCB Limited will ensure transparency in our activities and that these commitments are visibly placed on our website and reflected in our annual reports.

3.7 HFCB Limited will ensure that management and shareholders of the client companies understand the policy commitments made in this area.

3.8 HFCB Limited shall work and coordinate with its subsidiaries to identify and promote suitable environmental and social programs beneficial to communities where we operate.

4.0 IFC Exclusion List

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine)
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbounded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labour
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

5.0 Application and Review

This policy will be effective on approval by HFCB Limited's board and will be subject to regular reviews but not less than once in every two years.