

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM FRAMEWORK



We have an ESG/ ESMS policy framework in place to meet the requirements of Stakeholders in addressing emerging environmental, social & governance risk management issues.

In summary, the Environmental and Social Management System framework consists of Three main parts:

Policy

The policy speaks into our commitment to E&S risk management. Provision is made to link the ESMS framework to an overall sustainability framework and strategy at pan bank level. The policy part has also been referenced in the Commercial Credit Policy approved by the Board.

Procedures

The procedures are customized to Zanaco's institutional set-up and internal processes. For each step of the credit cycle from screening to monitoring, the integration of E&S considerations is demonstrated. Expected workflows, responsibilities as well as tools are clearly spelled out for each step.

Annexes

The annexes contain a comprehensive toolbox to facilitate the implementation of the procedures and thus to fulfil the commitment spelled out in the policy.

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The Commercial Division & Credit Risk will drive the bank's commitment to ESG principles by ensuring that sound sustainability standards are integrated into the credit process, and that all Bank operations are in line with the seven pillars (Environmental & Social Risk, Corporate Real Estate/ Human Resources, Sustainable Lending, Corporate Social Responsibility (CSR), Sustainable Capital Markets, Public Policy & Lobbying, and Integrated Reporting).

Furthermore, there will be increased focus on sustainable financing/promotion of a green economy through provision of financing for businesses involved in:

- Waste management i.e. recycling
- Supply of alternative sources of energy
- Agricultural practices that promote a green environment

Zanaco will continue to drive financial inclusion through collateral-free credit facilities for women-owned businesses.

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Request for Approval

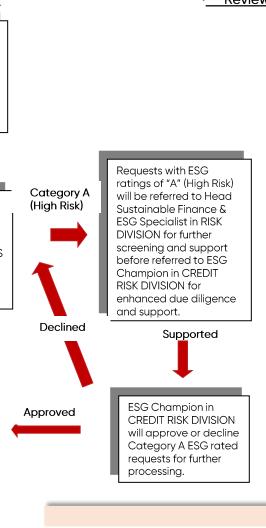
Relationship Managers in Business Unit packages request using appropriate forms - CA and performs initial screening of E&S due diliaence usina appropriate E&S checklist & Questionnaire.

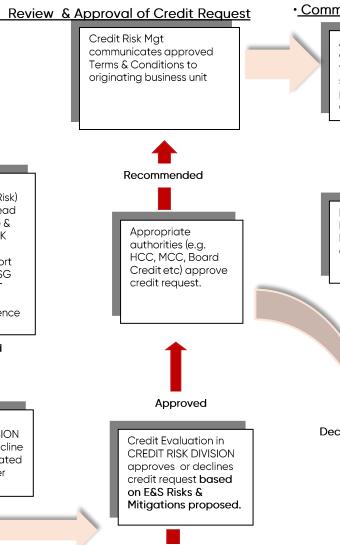


With line manager's sign off, the CA including completed E&S checklist & questionnaire are sent to the Credit Analyst within the Business Unit for E&S risk assessment, E&S risk categorization & ESG rating.



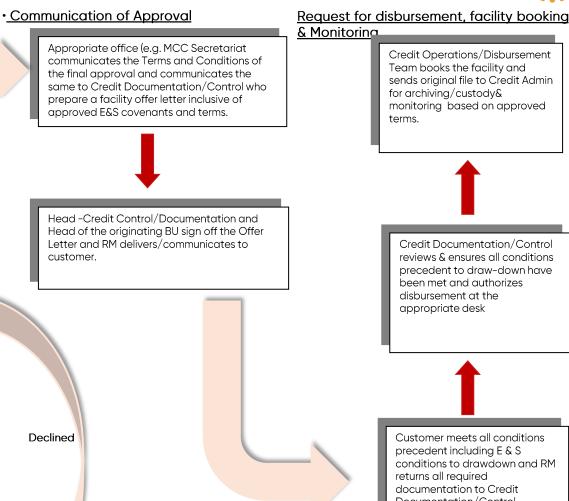
Business Unit forwards complete Credit Package request to Credit Evaluation in CREDIT RISK DIVISION. All E&S risks and mitigations are assessed, evaluated or appraised before recommendation.

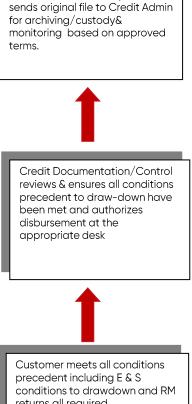




Declined

Return Credit request to oriainatina business unit.





Credit Operations/Disbursement

Team books the facility and

returns all required documentation to Credit Documentation/Control

YOU FIRST