



SUSTAINABILITY
FRAMEWORK
KENYA MORTGAGE
REFINANCE COMPANY
(KMRC)

MARCH 2026

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DEFINITIONS&GLOSSARY

Acronym / Term	Definition
AfDB	African Development Bank – A multilateral development finance institution supporting economic development and social progress across Africa, including climate and housing finance.
Applicable Laws	All national and local laws, regulations, guidelines, and statutory requirements in force in Kenya, including environmental, social, labor, land, and construction laws.
Board	The Board of Directors of Kenya Mortgage Refinance Company Plc.
CBK	Central Bank of Kenya – The primary regulator of banking and non-deposit- taking financial institutions in Kenya, responsible for monetary policy and financial sector stability.
CMA	Capital Markets Authority – The regulatory authority responsible for licensing, supervising, and regulating capital markets and securities issuance in Kenya.
CSI	Corporate Social Investment – Structured initiatives undertaken by KMRC to support community development, financial literacy, inclusion, and social wellbeing beyond core business activities.
EDGE	Excellence in Design for Greater Efficiencies – A green building certification system developed by the International Finance Corporation (IFC) requiring at least a 20% reduction in energy use, water use, and embodied energy in materials compared to a local baseline.
E&S	Environmental and Social – Collective reference to environmental and social considerations, risks, impacts, and opportunities associated with KMRC’s refinancing activities.
ESDD	Environmental and Social Due Diligence – The process of identifying, assessing, and mitigating environmental and social risks associated with mortgage portfolios presented for refinancing.
ESG	Environmental, Social, and Governance – A framework used to evaluate sustainability related- risks, opportunities, and performance across environmental stewardship, social impact, and governance practices.
ESMS	Environmental and Social Management System – KMRC’s policy and procedural framework for identifying, assessing, managing, monitoring, and reporting environmental and social risks in refinancing operations.
ESRM	Environmental and Social Risk Management – The integrated approach through which KMRC embeds environmental and social considerations into credit decision-making-, portfolio monitoring, and governance processes.

Framework / Sustainable Framework	KMRC’s Green, Social, and Sustainable Framework defines the principles, governance, eligibility criteria, management of proceeds, and reporting commitments for sustainable bond issuances.
GBP	Green Bond Principles – Voluntary guidelines issued by the International Capital Market Association (ICMA) promoting transparency and integrity in the issuance of green bonds.
ICMA	International Capital Market Association – The global industry body that develops principles and guidelines for sustainable finance instruments, including green, social, and sustainability bonds.
IFC	International Finance Corporation – A member of the World Bank Group focused on private sector- development, including sustainable housing and green finance.
Impact Reporting	Disclosure of quantitative and qualitative environmental and social outcomes generated by eligible home loans financed or refinanced under the Sustainable Framework.
KMRC	Kenya Mortgage Refinance Company Plc – A non-deposit taking financial institution established to provide long-term refinancing to Primary Mortgage Lenders to enhance affordability and access to home loans in Kenya-.
Lookback Period	The period prior to a bond issuance during which eligible home loans may be refinanced using bond proceeds, typically up to one year.
Materiality Assessment	A structured process used to identify, prioritize, and validate sustainability topics that are most significant to KMRC’s business model and stakeholders.
PMLs	Primary Mortgage Lenders – Banks and Savings and Credit Cooperative Organizations (SACCOs) that originate mortgage loans and access refinancing from KMRC.
PPP	Public Private- Partnership – A collaboration structure involving public and private sector participation, as reflected in KMRC’s shareholding and mandate.
Proceeds	Net funds raised from the issuance of green, social, or sustainability bonds and allocated exclusively to eligible home loans under this Framework.
Refinancing	KMRC’s provision of long-term funding to PMLs secured against eligible mortgage loan portfolios, without assuming direct borrower level credit risk-.
SDGs	Sustainable Development Goals – The 17 global goals adopted by the United Nations to promote sustainable development, social inclusion, and environmental protection.

Second Party Opinion (SPO)	An independent external assessment provided by a qualified reviewer confirming alignment of the Sustainable Framework with ICMA principles.
Sustainable Bond	A debt instrument issued to finance or refinance of assets that deliver clear environmental and/or social benefits, in line with ICMA principles.
Unallocated Proceeds	Portion of bond proceeds not yet allocated to eligible assets and temporarily held in low risk, liquid instruments pending deployment.
World Bank	An international financial institution providing financing, technical assistance, and policy support for development projects, including housing and climate resilience.

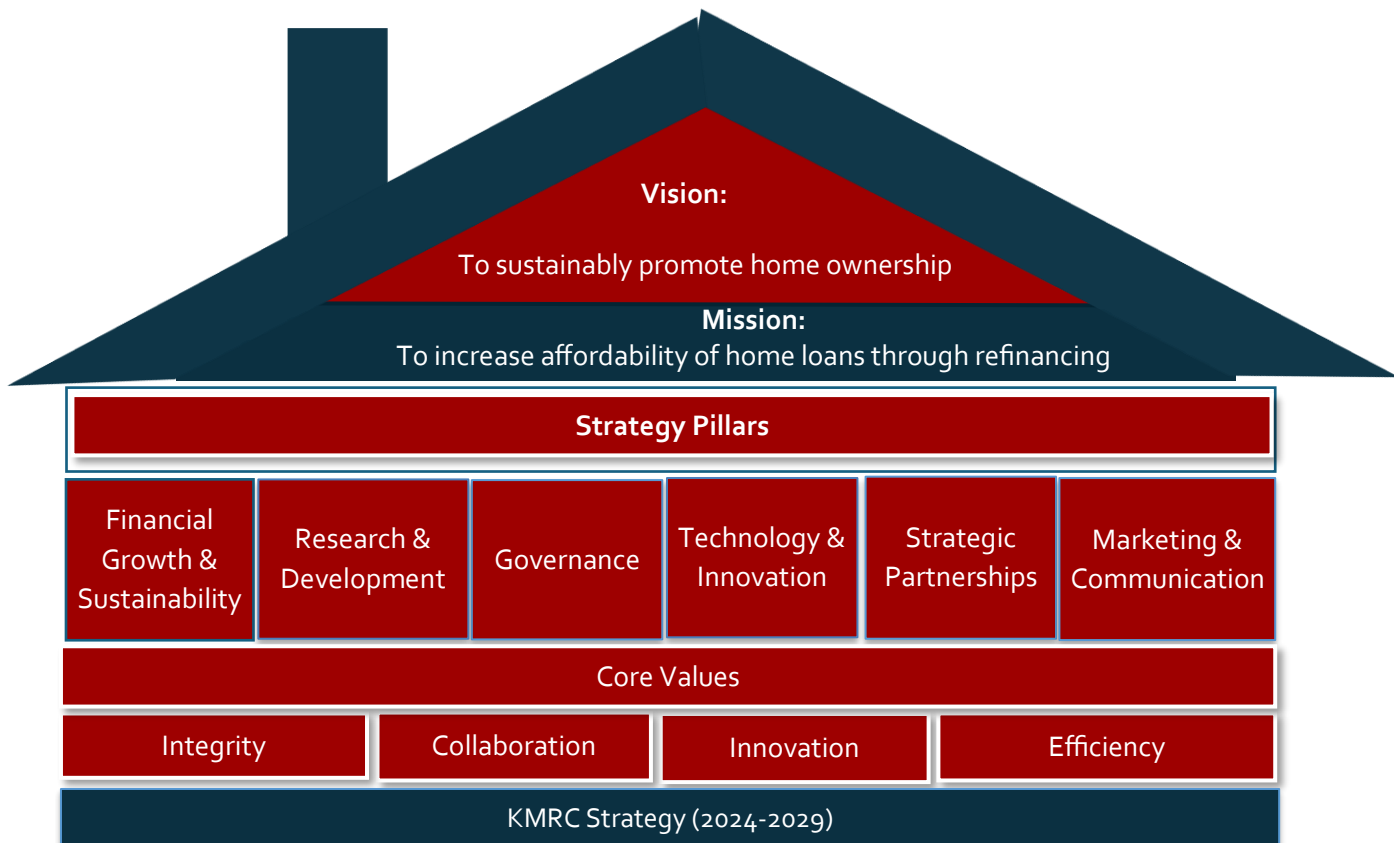
1. Introduction

1.1 About Kenya Mortgage Refinance Company

Kenya Mortgage Refinance Company (KMRC) is a public limited company established in 2019 under the Companies Act, 2015. The Company is licensed by the Central Bank of Kenya (CBK) as a non-deposit taking financial institution and by the Capital Markets Authority (CMA) as an issuer of securities to the public. The company operates as public-private partnership (PPP), with a strong, diversified shareholding that includes the Government of Kenya through the National Treasury (25.3%), Development Finance Institutions (22.9%), Commercial banks (44.4%) and Savings and Credit Cooperative Organizations (7.5%).

KMRC's vision is to **sustainably promote homeownership**, and its mission is to **increase affordability of home loans through refinancing**. This vision is underpinned by the company's [Strategic Plan, 2024–2029](#), anchored on six pillars: financial growth and sustainability, research and development, governance, technology and innovation, strategic partnerships, and marketing and communication.

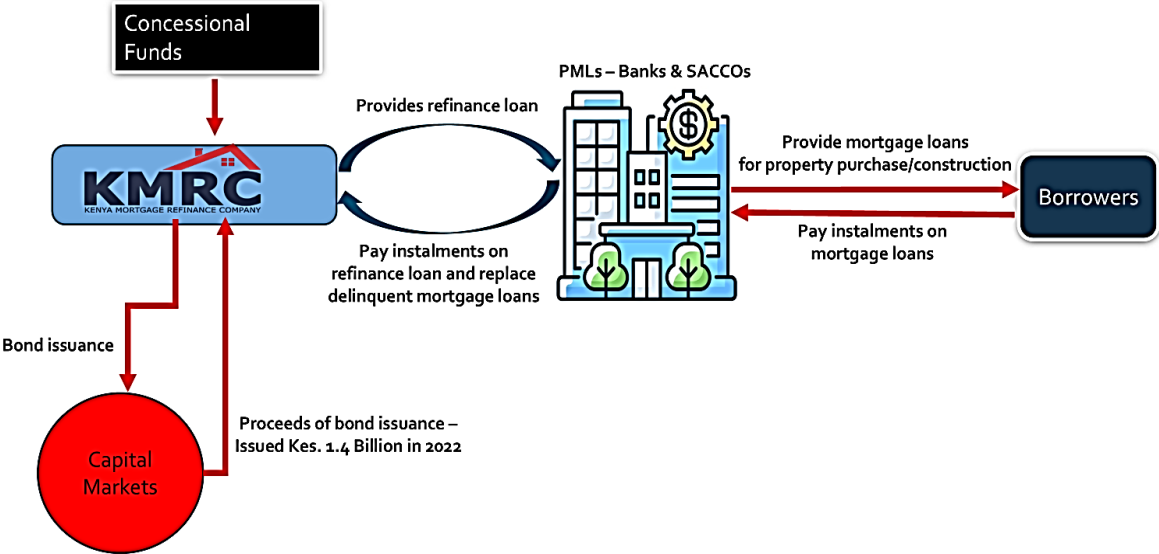
Figure 1: - Strategic Plan



The company provides **long-term, fixed-rate funding** to Primary Mortgage Lenders (PMLs), i.e. banks and SACCOs, enabling them to offer affordable home loans to Kenyans. This liquidity helps

lenders overcome the asset-liability mismatch created by using short-term deposits to fund long-term mortgages.

Figure 2: - KMRC’s Business Model



By the end of 2025, the company had refinanced mortgages worth KES 25.3 billion to 5,148 end borrowers, extended at average repayment tenors of 8.3 to 12.3 years, and achieved 48% lending to women. Its portfolio represents 5% of the banking sector’s mortgage value and 12.8% of total mortgage accounts as of 2024. The share of refinancing through SACCOs within the portfolio grew from 7% in 2022 to 15.2% in 2025, indicating stronger reach through non-bank channels and deeper financial inclusion.

2. Policy & Sector Context

2.1 Alignment with National Housing and Climate policies

Kenya's Affordable Housing Policy aims to deliver 250,000+ units annually through the Affordable Housing Act 2024 and operationalized through the Boma Yangu portal, targeting low-to-middle-income households via a 1.5% housing levy. The policy seeks to address the country’s persistent 150,000-unit annual housing deficit by promoting public-private partnerships and offering incentives such as tax exemptions for developers and owner occupier buyers.

At the same time, the country faces intensifying climate risks from droughts, floods, and heatwaves that already impose macro-critical costs and threaten development gains. The World Bank’s *Kenya*

*Country Climate and Development Report (CCDR, 2023)*¹ estimates that, in the absence of sustained adaptation and resilience investments, climate change could dampen real GDP by 1.25–2.4% by 2030 and 3.61–7.25% by 2050 (relative to baseline), underscoring the scale of downside risk to growth and development outcomes.

These impacts are transmitted through multiple channels that are particularly salient for the housing and urban sectors. Climate shocks disproportionately affect rainfed agriculture, reduce labor productivity through heat stress, and damage infrastructure and urban systems. As urbanization accelerates, exposure to pluvial flooding has increased faster than overall urban expansion, amplifying risks to housing, transport, and municipal infrastructure. As a result, the real estate and construction sectors are directly exposed to physical climate stressors, with flood-prone settlements, rising heat risk, and ecosystem degradation threatening housing assets, mortgage collateral values, and, ultimately, financial stability across urban systems.

In response to these systemic risks, Kenya’s Second Nationally Determined Contribution (NDC) for 2031–2035 commits to reducing economywide greenhouse gas emissions by 35 percent, while explicitly strengthening climate resilience across key sectors. The NDC places particular emphasis on the built environment, including the enforcement of green building codes by national and county governments, as well as the systematic assessment of climate risk and vulnerability across housing and building infrastructure. These measures reflect the recognition that climate resilient housing is both a mitigation lever and a core adaptation priority, given the sector’s exposure to physical climate risks and its importance to inclusive urban development.

In parallel, Kenya has strengthened the policy and institutional architecture for housing delivery, most notably through the enactment of the *Affordable Housing Act, 2024*², which gives effect to the constitutional right to housing. Anchored in *Article 43 of the Constitution*³, the Act guarantees every Kenyan the right to accessible and adequate housing and defines “affordable housing” as housing that costs no more than thirty percent of income to rent or acquire. In doing so, it formalizes affordability thresholds that are directly relevant for social bond eligibility, targeting, and impact reporting.

¹ World Bank. *Kenya CCDR (2023)*: <https://openknowledge.worldbank.org/entities/publication/b59c453d-c2cb-421d-909d-7c05cb0d4580>

² [Affordable-Housing-Regulations-2024.pdf](#)

³ *Constitution of Kenya (2010), Article 43—Economic and Social Rights*. <https://klrc.go.ke/index.php/constitution-of-kenya/110-chapter-four-the-bill-of-rights/112-part-2-rights-and-fundamental-freedoms/209-43-economic-and-social-rights>

The housing agenda is further operationalized through Vision 2030⁴, the National Housing Policy⁵, and the Bottom-Up Economic Transformation Agenda (BETA)⁶. Within this framework, housing is positioned not only as a social imperative, but also as a strategic driver of economic growth, job creation, and sustainable urban development.

The Government of Kenya has committed to facilitating the delivery of at least one million affordable and decent housing units by 2027, increasing access to affordable housing from approximately 2 percent to 50 percent, while generating significant employment across construction, manufacturing, and related value chains. The program prioritizes lower income and lower middle-income households, where housing demand is most acute, and affordability constraints are most binding.

Implementation of the housing agenda relies on a multi-stakeholder ecosystem, with the Government playing an enabling and regulatory role and the private sector driving delivery and financing. Key institutions include the State Department for Housing and Urban Development, the Ministry of Lands and Physical Planning, County Governments, housing delivery agencies such as the National Housing Corporation and the Affordable Housing Board, as well as financial institutions, including the Kenya Mortgage Refinance Company (KMRC), commercial banks, and SACCOs, alongside developers, contractors, and development finance institutions.

2.2 KMRC's Systemic Role in the Housing Ecosystem & Contribution to the National Housing Agenda

Kenya's National Housing Strategy identifies housing as both a social necessity and an engine for economic growth. Yet the housing finance market has historically remained constrained by structural challenges, short-term bank funding models, high interest rates, limited long tenor capital, concentration of lending among a few institutions, exclusion of low- and middle-income

⁴ Kenya Vision 2030 positions affordable housing as a core component of the social pillar, aiming to transform Kenya into a newly industrializing, middle-income country providing a high quality of life by 2030. <https://repository.kippra.or.ke/items/a5d63a1b-cb5d-4078-b8c3-8bb23fa0b5dd>

⁵ The National Housing Policy operationalizes Kenya's constitutional right to accessible and adequate housing by providing the framework for housing development, human settlement planning, and mechanisms to increase access, affordability, and sustainability in the housing sector. **National Housing Policy for Kenya (Original Sessional Paper)** <https://repository.kippra.or.ke/bitstreams/1780d452-955b-4142-b35a-a018d23c3064/download>

⁶ BETA prioritizes affordable housing as a flagship economic driver, anchoring housing delivery within Kenya's broader transformation agenda by expanding access to affordable units, creating jobs across construction and manufacturing value chains, and strengthening urban development systems. **Fourth Medium Term Plan (MTP IV) 2023–2027 – Bottom-Up Economic Transformation Agenda (Official Publication)**. <https://www.planning.go.ke/wp-content/uploads/2024/03/MTP-IV-2023-2027.pdf>

households, and weak linkage between capital markets and housing finance. These constraints have not reduced demand for housing; rather, they have restricted the availability of affordable mortgage finance at scale.

Table 1: - KMRC’s Contribution to the National housing agenda.

Strategic Role	What KMRC Does	Strategic Intent /Value Added
1. Systemic Market Maker (Not a Retail Lender)	<ul style="list-style-type: none"> o Refinances mortgage portfolios from banks and SACCOs o Does not originate mortgages or take borrower credit risk o Standardizes underwriting, documentation, and eligibility 	Strengthens the entire mortgage ecosystem and improves market efficiency, rather than competing with primary lenders
2. Affordability Through Structural Reform	<ul style="list-style-type: none"> o Extends mortgage tenors o Enables fixed or predictable pricing o Lowers lenders’ cost of funds through long-term refinancing 	Reduced monthly repayments structurally (tenor + cost)
3. Bridge Between Capital Markets and Housing	<ul style="list-style-type: none"> o Issues medium- to long-term bonds o Channels institutional capital into standardized mortgage portfolios 	Transform mortgages into a scalable, investable asset class for pension funds, insurers, and DFIs
4. Crowd-In Private Capital	<ul style="list-style-type: none"> o Uses concessional funding strategically and temporarily o Demonstrates commercial viability of refinancing-based housing finance o Anchors de-risking mechanisms 	Catalyze sustained private and institutional capital while avoiding permanent state dependence
5. Expand Access Beyond Tier-1 Banks	<ul style="list-style-type: none"> o Refinances SACCOs and non-bank lenders o Reaches informal and semi-formal earners o Supports women and owner occupier homebuyers among the low- and middle-income brackets 	Democratize access to mortgage finance across income segments and geographies
6. Align Demand-Side Finance with	<ul style="list-style-type: none"> o Refinances mortgages linked to affordable housing developments 	Ensures mortgage finance reinforces affordable housing delivery and

Housing Supply		reduces supply–demand mismatches
7. Platform for Sustainability & Climate Objectives	<ul style="list-style-type: none"> o Integrates E&S risk management o Supports green and climate-resilient housing standards o Issues thematic (social/sustainability) bonds 	Housing finance is used as a vehicle to deliver climate resilience, inclusion, and broader national development impact

2.3 Strategic Outcomes and Market Progression

Since its establishment, KMRC’s operating model has progressively reshaped Kenya’s mortgage market by addressing the structural constraints that historically limited access to long-term housing finance. Predictable, long-tenor refinancing has enabled lenders to extend repayment periods, introduce fixed rate mortgage products, and lower the cost of funds passed on to borrowers. By bringing SACCOs into the refinancing ecosystem alongside commercial banks, the company has expanded the reach of mortgage lending to segments previously excluded from traditional banking channels.

As these system-level shifts took hold, the mortgage market has grown in both scale and diversity. Lenders have gained balance-sheet capacity to originate more mortgages, new institutions entered the sector, and more inclusive lending pathways have emerged. The refinancing model also strengthened the financial system by transforming mortgages into a credible long-term asset class capable of attracting institutional investment, while promoting stronger underwriting and credit discipline.

3. Sustainability Strategy and Environmental & Social Risk Management (ESRM)

As KMRC’s refinancing model continues to transform Kenya’s housing finance system, sustainability emerges as an inherent outcome of its system-level influence. By embedding environmental and social screening directly into the refinancing process, the company strengthens the climate resilience, quality, and inclusiveness of the housing stock being financed, particularly for women and previously underserved households. This ensures that the expansion of mortgage availability is matched by meaningful improvements in the type, safety, and affordability of homes across the market.

KMRC’s Sustainability Strategy (2024-2029) provides the operational backbone for this transformation, guiding how the company delivers its mandate in a manner that enhances affordability, resilience, and social inclusion. It ensures that the institution’s growing market influence is consistently directed toward long-term sustainable development outcomes. The full Sustainability Strategy, including detailed objectives, targets, and implementation actions, is available at: <https://www.kmrc.co.ke/resource/kmrc-sustainability-strategy>.

3.1 Sustainability Objectives and Strategic Pillars

The Sustainability Strategy has articulated how environmental, social, and governance considerations are embedded in the institution's mandate, operating model, and long-term risk management. Given the long-dated nature of mortgage refinancing, sustainability is treated as a core determinant of credit quality, collateral performance, and market stability, rather than a standalone policy objective.

Operating at a system level within Kenya's housing finance market, the company embeds sustainability directly into refinancing decisions. This approach influences both the **availability of mortgage finance** and the **quality, resilience, and inclusiveness of the housing stock** being financed.

The Company's sustainability commitments revolve around **eight overarching objectives**, which inform implementation, performance monitoring, and alignment with international standards:

- 1) Alignment with ESG & UNGC principles on Ethical Conduct, transparency, environmental stewardship and responsible lending
- 2) Contributing to priority SDGs, with a strong focus on SDG 1 (No Poverty), SDG 5 (Gender Equality) SDGs 6 (Clean Water & Sanitation), SDG 7 (Clean Energy), SDG 8 (Decent Work & Economic Growth), SDG 10 (Reduced Inequalities) SDG 11 (Sustainable Cities), SDG 13 (Climate Action), and SDG 17 (Partnerships)
- 3) Long-Term Financial Resilience: - Embedding ESG into risk frameworks to attract green and concessional capital
- 4) Social impact and inclusion: - Expanding affordable housing finance, strengthening financial literacy, and promoting gender & social equity
- 5) Environmental responsibility: - Supporting energy-efficient housing, resource conscious designs, and green certification.
- 6) Climate Risk Mitigation: Integrating climate risk assessments into credit models and supporting climate-resilient housing.
- 7) Stakeholder Engagement: - Collaborative work with PMLs, regulators, investors, and development partners
- 8) Driving continuous improvement through measurable KPIs and alignment with global reporting standards, including GRI and IFRS S1 and S2.

These objectives provide the strategic foundation for the material sustainability priorities described below.

3.1.1. Material Sustainability Priorities

Based on a formal materiality assessment conducted in 2022⁷, and supported by stakeholder engagement across the housing finance ecosystem, the Sustainability Strategy focuses on **seven validated material sustainability topics**. These priorities reflect the structural conditions of the sector, the risks KMRC manages, and the market outcomes it is positioned to influence.

1. **Sustainable Finance & Climate Action:** When KMRC reflected on what sustainability truly meant for a mortgage refinancing institution, the starting point was unmistakable, the homes financed today must remain viable, safe, affordable, and climate-resilient for the foreseeable future. Unlike short-term lenders, the company's exposure runs through the entire life cycle of a home and therefore through the entire arc of Kenya's changing climate, from intensified flooding to heat stress to shifting environmental regulations.

At its core, this topic recognizes that climate risk is not an abstract environmental concern, it is **credit risk**. The value, insurability, habitability, and long-term performance of mortgage collateral, depends directly on environmental conditions. Therefore, to remain a credible, resilient market-maker in Kenya's housing finance system, the company must actively steer the sector toward greener, safer, and more climate-aligned housing development. To translate this commitment into practice, KMRC intends to introduce new green/social/sustainable mortgage products, enabling PMLs to offer financing that rewards energy-efficient building designs, certified green homes, and the renovation or retrofitting of existing buildings to improve environmental performance. By linking refinancing eligibility to green standards, the company uses its role as a wholesale liquidity provider to shift the entire value chain, from developers to financial institutions (Banks & Saccos) to homeowners, toward more sustainable construction and purchasing decisions, transforming its structural function in the mortgage market into a lever for climate action.

2. **Housing Impact:** - Increasing home ownership lies at the heart of KMRC's purpose because **affordability** and **accessibility** to housing finance remain the most pressing social needs identified through the materiality assessment, reflecting the reality that low- and middle-income households continue to be excluded from Kenya's mortgage market. Housing Impact therefore focuses on expanding affordability through long tenor, fixed rate mortgages that reduce monthly instalments, supporting PMLs to extend lending deeper into underserved

⁷ KMRC published the results of the 2022 materiality assessment in its Annual Integrated Report 2023, which includes the validated material topics and the methodology used. The materiality outcomes are also reflected in the Sustainability Strategy. See link here/ [KMRC Annual Report 2023 - Kenya Mortgage Refinance Company](#) page 42.

segments, and strengthening borrower resilience through financial literacy, responsible lending, and improved credit assessment. In this way, Housing Impact represents the point where the company's development mandate meets its business function, translating wholesale liquidity into real socioeconomic outcomes for Kenyan families. It also complements Sustainable Finance & Climate Action by ensuring that affordability is not achieved at the expense of environmental integrity; instead, the two priorities work together to deliver homes that are not only financially accessible, but also energy efficient, climate resilient, and aligned to Kenya's long term sustainability goals.

3. **Leadership & Governance:** - The Company's governance structure is designed to reinforce the systemic role it plays in Kenya's housing finance market by shaping lender behavior, strengthening investor confidence, and supporting the credibility of the country's growing sustainable finance landscape. Guided by strong corporate governance principles, the Board provides rigorous oversight of ESG risks, sustainable finance goals, and long-term strategic direction. Internally, the company prioritizes robust risk management, sound internal controls, and disciplined compliance frameworks, an essential responsibility given its public-interest mandate and its function as a wholesale liquidity provider. This commitment to accountability and transparency is embedded across the company, aligning decision-making practices with global sustainable finance expectations and reinforcing trust among stakeholders. Ultimately, strong governance enables KMRC to balance its dual identity i.e. operating as a disciplined, capital-markets issuer while fulfilling its development role as a public-private institution dedicated to expanding affordable, sustainable homeownership.
4. **Partnerships:** - As a wholesale refinancing institution, KMRC understood early that its impact would only be as strong as the ecosystem around it. The materiality assessment made it clear that partnerships across PMLs, regulators, DFIs, industry associations, and government agencies are not simply supportive; they are **mission critical**. The company's business model requires a coordinated housing finance market where lenders can originate quality mortgages, regulators can embed enabling policies, and development partners can provide catalytic capital. This topic therefore focuses on building long term, trust-based relationships that strengthen the mortgage value chain: enhancing PML capacity on E&S risk management, collaborating on market reforms that promote longer tenures and lower funding costs, crowding in concessional and private capital, and contributing to Kenya's sustainable finance architecture. By elevating partnerships as a priority, KMRC positions itself as a convenor and systems builder helping align the entire ecosystem toward resilient, inclusive housing finance.
5. **Employee Welfare:** - The company's long-term effectiveness depends on the strength, well-being, and professionalism of its people. The materiality assessment underscored that

employee welfare is not only a social obligation but also a strategic enabler, particularly in a technical, risk-sensitive sector such as housing finance. This priority focuses on building a resilient, skilled, and motivated workforce capable of delivering on the company's development mandate and sustainability ambitions.

Through the implementation of human resource policies, the company emphasizes a supportive work environment built on fair employment practices, continuous professional development, health and well-being initiatives, and a culture of ethical conduct. By investing in its human capital, the company strengthens internal capabilities to manage ESG risks, innovate sustainable finance solutions, support PMLs effectively, and maintain operational excellence.

6. **Customer Experience:** - The experience of end-borrowers directly reflects the ultimate impact of the company's refinancing activities. Borrower perceptions around affordability, transparency, repayment stability, and responsible lending play a critical role in strengthening the confidence in Kenya's mortgage market.

Through the refinancing criteria, capacity building, and market guidance, the company promotes practices that enhance borrower experience, such as transparent mortgage terms, predictable payments through fixed rate structures, and improved credit assessments. By encouraging PMLs to adopt customer-centric approaches, and by monitoring service quality through structured feedback mechanisms, KMRC contributes to a more trusted, inclusive, and resilient housing finance market where households can enter and sustain homeownership with confidence.

7. **Corporate Social Investment (CSI) & Community Impact:** -While the company's core mandate is market-driven, the materiality process confirmed that the company's societal footprint extends beyond mortgage refinancing. CSI therefore focuses on strengthening the company's contribution to broader community well-being, particularly in areas aligned to its housing-related mission.

Through targeted CSI initiatives, such as building the capacity of PMLs to deliver affordable housing finance to end beneficiaries, KMRC enhances social outcomes that complement its core business. These initiatives are designed to be strategic, scalable, and aligned to national priorities, reinforcing the company's identity as a responsible public-interest institution. CSI also plays a role in deepening community trust, strengthening KMRC's social license to operate, and ensuring that the benefits of sustainable housing finance extend into surrounding communities.

3.1.2 KMRC Climate-Related Targets (2024–2029)

- Increase the share of KMRC’s refinancing portfolio allocated to **climate-aligned housing**, including energy-efficient and climate-resilient residential properties, over the 2024–2029 strategy period. These includes properties meeting recognized green building standards or achieving meaningful improvements in energy or primary energy demand, in line with the eligibility criteria under the Sustainable Finance Framework.
- Strengthen the integration of **climate-related risk considerations** into KMRC’s Environmental and Social Risk Management (ESRM) framework, including the systematic application of environmental and social risk assessments across all refinanced mortgage portfolios.
- Enhance **climate-risk awareness and capacity** among participating Primary Mortgage Lenders through guidance, engagement and ongoing compliance monitoring related to environmental and social requirements.
- Incorporate **climate-related considerations** into portfolio and collateral risk analysis, including stress testing and scenario analysis where relevant, as part of KMRC’s broader risk management practices.
- Implement climate-related targets on a **phased basis**, with periodic review to reflect improvements in data availability, regulatory guidance and market practices.
- Monitor and track progress against climate-related targets **annually**, with disclosure provided through KMRC’s sustainability and sustainable finance reporting processes.

Table 2: Sustainability Priorities, Targets & KPIs

KMRC has defined ESG priorities, targets and KPIs for the five-year **period 2024–2029**. Performance against these KPIs will be tracked and reviewed annually to ensure alignment with the set targets and ongoing conformance throughout the strategy period.

Material Priority	Strategic Targets / Objectives 2024-2029	Illustrative KPIs
1. Sustainable Finance & Climate Action	<ul style="list-style-type: none"> • Issuance and refinancing of green, social, and sustainable mortgages. • Integrate climate risk screening into lending and refinancing processes. 	<ul style="list-style-type: none"> • % of KMRC refinanced loans meeting defined eligibility criteria. • # of PMLs applying climate risk due diligence. • Value/volume of green/social/sustainable mortgage products introduced.

2. Housing Impact	<ul style="list-style-type: none"> • Expand affordability through long tenor, fixed rate mortgages. • Increase access for low- and middle-income households. • Strengthen borrower resilience through responsible lending and financial literacy. 	<ul style="list-style-type: none"> • % of refinanced loans benefiting low/middle income borrowers. • Average mortgage tenor of refinanced loans.
3. Leadership & Governance	<ul style="list-style-type: none"> • Strengthen governance oversight of ESG risks. • Enhance transparency and alignment with global sustainability reporting standards. • Maintain disciplined risk management and compliance systems. 	<ul style="list-style-type: none"> • # of ESG oversight sessions by Board/committees. • ESG disclosures published annually aligned to international standards • Corporate Governance assessment rating (Regulatory rating score)
4. Partnerships	<ul style="list-style-type: none"> • Deepen collaboration with PMLs, regulators, DFIs, and industry bodies. • Support sector reforms promoting long tenor housing finance. • Catalyze private and concessional capital for affordable housing. 	<ul style="list-style-type: none"> • # of PMLs trained on E&S and housing finance practices. • Capital mobilized through partnerships (KES or USD). • # of joint initiatives with government/DFIs/regulators etc.
5. Employee Welfare	<ul style="list-style-type: none"> • Strengthen staff skills in ESG, risk, and sustainable finance. • Promote employee wellbeing, inclusion, and ethical culture. • Build an institutional structure that supports KMRC's long term mandate. 	<ul style="list-style-type: none"> • % staff completing sustainability/ESG training annually. • Retention rate and gender diversity ratios. • Number of staff participating in professional development programs. • Employee satisfaction or engagement score
6. Customer Experience	<ul style="list-style-type: none"> • Enhance end borrower experience across affordability, transparency, and repayment predictability. • Promote customer centric lending standards among PMLs. • Improve service quality monitoring across the refinancing value chain. 	<ul style="list-style-type: none"> • Uptake of fixed rate mortgages refinanced through KMRC.
7. Corporate Social Investment (CSI) & Community Impact	<ul style="list-style-type: none"> • Support CSI initiatives aligned with housing, resilience, and financial inclusion. • Build community trust and 	<ul style="list-style-type: none"> • # of CSI projects implemented per year. • Community beneficiaries reached (e.g., training, awareness programs).

	<p>strengthen social license.</p> <ul style="list-style-type: none"> • Expand impact driven programs benefiting previously underserved communities. 	
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3.1.3 Financing of ESG Objectives

KMRC finances the delivery of its ESG objectives through an integrated approach embedded in its core business and financial planning processes. ESG priorities are supported through the Company's product mix, including refinancing of affordable, green and climate-resilient housing, as well as through annual operating expenditure related to risk management, ESG governance, data collection, reporting and capacity building. Capital investments in systems and tools further support ESG implementation. As such, ESG-related expenditure is approved and monitored through KMRC's normal budgeting and strategic planning cycle rather than through a standalone ESG budget.

3.2 ESRM framework, Governance, and integration into decision-making

Environmental and Social Risk Management (ESRM) lies at the heart of the company's business model. KMRC's exposure to environmental and social risk arises directly from the nature of its assets. The Company refinances mortgage portfolios backed by residential housing units across the country. The quality, safety, legality, and resilience of those properties therefore determine the stability of the refinancing portfolio. If homes are constructed in flood-prone areas, built without proper approvals, located on disputed land, or become uninhabitable due to environmental conditions, borrowers may be unable to repay and collateral value may deteriorate. Climate change, urban expansion, and evolving building standards further increase these risks over time. For a refinancing institution operating at system level, such risks do not remain isolated at borrower level, they can affect lender portfolios and, ultimately, the broader housing finance market.

For this reason, environmental and social risk management is embedded within the core refinancing process. The Company has an established Environmental and Social Risk Management System (ESMS) designed specifically for mortgage refinancing. The system was informed by a material risk assessment to identify the most relevant risks affecting housing assets and borrower sustainability. The system in place is also aligned to international best practices including IFC performance standards & the world bank Environmental and Social risk framework.

3.2.1 The Baseline ESRM Layer – Applied to All Refinanced Portfolios

Every refinancing request undergoes a structured risk review before approval. The process is applied systematically to all portfolios and is integrated into refinancing decision-making rather than treated as a separate compliance exercise.

The review process begins with screening the mortgage pool to ensure alignment to the eligibility Criteria. Mortgages that do not meet the criteria and deemed ineligible and dropped from the refinance pool. Mortgage portfolios are also checked against the E&S exclusion criteria and regulatory compliance requirements. Where mitigation actions are necessary, participating lenders must address the issues before or during the refinancing period.

After approval, risk management continues throughout the life of the facility. Participating lenders provide periodic compliance information, and the company performs portfolio monitoring, thematic reviews, and supervisory engagements. This ensures that risks are not only assessed at entry but managed over time as environmental conditions and property characteristics evolve.

Through this approach, environmental and social considerations directly inform credit quality, protecting both PMLs and end borrowers while reinforcing the stability of the refinancing market.

Environmental and social risk management therefore functions not only as a safeguard but as an enabling mechanism allowing the company to confidently mobilize sustainable capital to scale affordable housing finance while maintaining portfolio resilience. ESRM constitutes a structured set of policies, procedures, and tools that integrate E&S considerations into all refinancing decisions. [KMRC E&S Policy | Word]. The ESMS is fully aligned with national law, the Kenya Bankers Sustainable Finance Initiative (SFI) Principle 3, the IFC Performance Standards, and the World Bank Environmental & Social Framework (ESF).

3.2.2 ESRA Workflow: How the Company Applies ESRA

Step 1 — Portfolio Screening and Categorization

Every refinancing request undergoes an initial screening using:

- PML E&S Screening
- The List of Excluded Activities
- ESRA eligibility criteria under the E&S Policy

These tools help classify each portfolio by risk level and determine eligibility for refinancing.

Properties or loan types that present inherent high risks (e.g., encroachment on protected areas, non-compliant developments) are immediately excluded.

Step 2 — Environmental & Social Due Diligence (ESDD)

After initial screening, deeper due diligence is conducted to ensure the proposed portfolio complies with:

- KMRC E&S policy

- E&S covenants within loan agreements

This includes reviewing:

- Land acquisition and tenure status
- Health and safety of properties
- Borrower vulnerability
- Climate risks (e.g., flood zones, landslides, riparian land)

Step 3 — Risk Evaluation & Decision Making

The Risk Department synthesizes screening and due diligence results to:

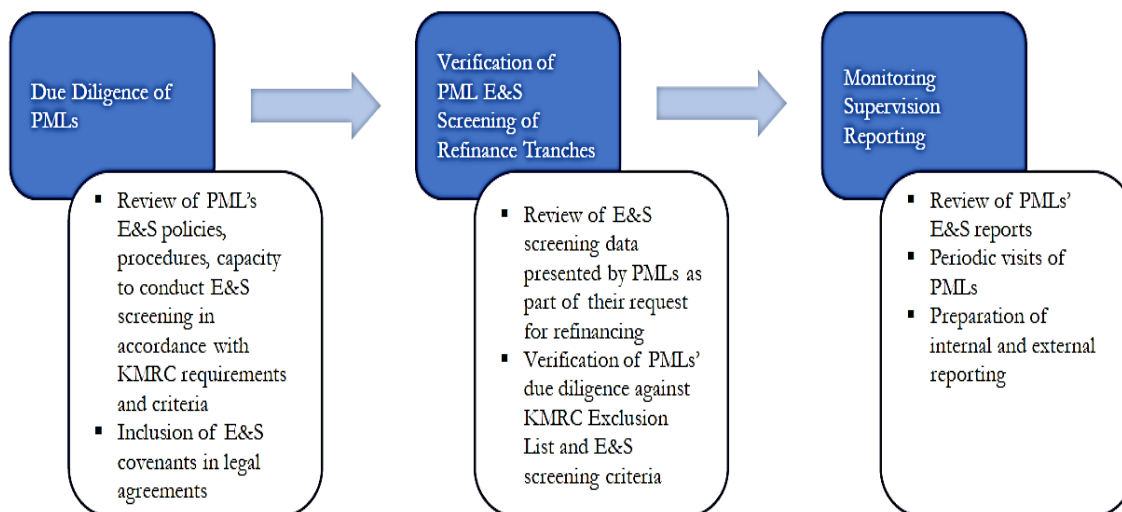
- Approve refinancing requests that meet E&S requirements
- Reject or defer non-compliant portfolios
- Require PMLs to undertake corrective actions where anomalies are detected (e.g., developing/updating policy documentation, improving borrower disclosure, disclosing E&S risk incidents etc.)

Step 4 — Portfolio Monitoring

Once refinancing is approved, the company continuously monitors E&S compliance across the life of the facility through:

- Periodic E&S compliance reports from PMLs
- Thematic audits and annual reviews
- Supervision guided by the ESMS

Figure 3: - Structured approach to E&S risk management



Some of the E&S risks and opportunities include:

- **Environmental Risks:** Climate change impacts on housing markets, environmental compliance gaps in PML portfolios, and risks tied to property valuation and construction practices.
- **Environmental Opportunities:** Growth of green and climate resilient housing finance; alignment with Kenya's Green Economy Strategy; expansion of green mortgage offerings; and climate- -aligned refinancing initiatives.
- **Social Risks:** Housing affordability gaps, stakeholder expectations around inclusion, and potential social impacts embedded within the mortgage value chain.
- **Social Opportunities:** Enabling affordable housing for moderate to low-income earners; gender inclusion in mortgage access; community empowerment initiatives within the CSI strategy.

4. Sustainable Finance Framework

This framework was developed to equip the company with a clear, credible, and internationally aligned structure for mobilizing sustainable capital while advancing its Sustainability Strategy. As the mission of the institution is to make homeownership more affordable through the provision of long-term refinancing to PMLs, the Framework enables the company to further scale this mandate by issuing green, social, and sustainability debt instruments that directly finance climate-resilient and socially inclusive housing across Kenya.

This framework is aligned to international best practice and guidance published by the International Capital Market Association (ICMA) & the Loan Market Association (LMA), including:

- Green Bond Principles (June 2025)
- Social Bond Principles (ICMA, 2025).
- Sustainability Bond Guidelines (ICMA, 2021).
- Green Loan Principles (LMA, March 2025); and
- Social Loan Principles (LMA, March 2025).

Under these frameworks, KMRC will issue green, social and/or sustainability instruments (including bonds, or loans aimed at expanding affordable housing finance for low- and middle-income households. The proceeds of such instruments will be utilized to finance or refinance, in whole or in part, eligible assets that meet the criteria outlined in this framework.

This Framework is structured around the four core components of the ICMA Principles including.

- (i) Use of Proceeds.
- (ii) Process for Project Evaluation and Selection.
- (iii) Management of Proceeds; and
- (iv) Reporting.

Periodic Review and Amendment Procedures

The Sustainable Framework shall be reviewed periodically to ensure its continued relevance, robustness, and alignment with KMRC's mandate, sustainability objectives, and evolving market expectations including but not limited to any changes in market standards like updates to the ICMA Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.

Any proposed amendments to the Framework will be assessed by management and reviewed through the company's internal governance structures.

Communication and Disclosure of Amendments

To ensure transparency and maintain stakeholder confidence, any updated versions of the Framework will be published on the Company's website. Where relevant, investors and other stakeholders will be notified through investor updates, offering documents, allocation and impact reports, or other appropriate communication channels. If amendments materially affect eligibility criteria, use of proceeds, or reporting commitments, the Company will disclose the nature of the changes, the rationale, and the effective date.

Continuity and Integrity

Amendments to the Framework will not affect the allocation or management of proceeds from previously issued instruments, except where required to maintain compliance with applicable standards or regulations. The company remains committed to ensuring that all outstanding sustainable finance instruments continue to adhere to the core principles of transparency, integrity, and impact.



4.1 Use of Proceeds

Eligible Categories

The company has outlined eligible home loans in line with both green and social categories referenced in the ICMA Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Eligible home loans shall contribute to the sustainability objectives and align with internationally recognized standards such as the ICMA GBP, the Kenya Green Finance Taxonomy, IFC EDGE green building criteria, and national affordable housing guidelines.

Eligible categories aligned to ICMA includes.

Table 3: - Eligible Green Categories — Climate-Resilient and Resource-Efficient Housing

Eligible Green Category (ICMA GBP)	Eligibility Criteria	Contribution to CBK Green Taxonomy	Applicable UN SDG
Green Residential Buildings	<p>Refinancing pools of mortgages that are tied to buildings which comply with one of the following criteria:</p> <ul style="list-style-type: none"> • Residential units that meet green building standards certification requirements 	<p>Climate Change Mitigation – aligns to taxonomy activities referenced in the CBK Green Taxonomy⁸:</p> <p>7.1 Acquisition and ownership of residential buildings.</p>	 

⁸The Central Bank of Kenya (CBK) Green Finance Taxonomy provides a standardized national classification system for identifying environmentally sustainable economic activities. Its primary objective is to guide financial institutions in assessing, categorizing, and reporting green financing in line with Kenya’s climate mitigation and adaptation priorities, support the transition to a low-carbon and climate-resilient economy, and reduce greenwashing through a common definitional framework. The Taxonomy is aligned with Kenya’s Nationally Determined Contributions (NDCs) and international best practice. It is available on the CBK website at <https://www.centralbank.go.ke/kenya-green-finance-taxonomy-climate-risk-disclosure-framework/>.*





	<ul style="list-style-type: none"> •Refurbished buildings must achieve equal to or more than 20% emissions/ energy performance improvements (or primary energy demand) <p>When applying the $\geq 20\%$ primary energy demand or energy performance improvement requirement, the company will rely on third-party-verified calculations embedded within recognized green building certifications (such as EDGE), which use standardized energy-modelling tools to assess and validate the efficiency gains.</p> <p>Alternatively, buildings must at least:</p> <ul style="list-style-type: none"> •have Leadership in Energy and Environment Design “Gold” certification. •be in the Green Star 4 category or above. •be Excellence in Design for Greater Efficiencies (EDGE) certified by the International Finance Corporation’s EDGE partners. <p>Moreover, additional certification focused on the health and well-being of tenants may be considered.</p>	8.1 Construction of New Buildings	 
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Table 4: - Eligible Social Categories — Affordable and Inclusive Housing

Eligible Social Categories (as per ICMA)	Eligible Social Assets definition and eligibility criteria	Target Population	Applicable UN SDG
Affordable Housing⁹	Refinancing of residential affordable housing units that meets the Affordable & Social Eligibility Criteria where the underlying mortgage loans support access to	<ul style="list-style-type: none"> • Owner occupier homeowners falling within 	

⁹ KMRC’s Eligibility Criteria for “Affordable Housing” is designed to be consistent with the Affordable Housing Act, 2024, which defines affordable housing as housing that is adequate and costs not more than 30% of a person’s

	<p>homeownership for previously underserved groups, including middle to low-income households, vulnerable persons, and women-headed households. This includes mortgages for units offered at concessional mortgage terms; units specifically allocated to low-income or disadvantaged populations in line with the Affordable Housing Act, 2024; All qualifying loans must meet affordability parameters as per the eligibility criteria and relevant PML underwriting standards.</p> <p>These are pools of mortgages that fit within the criteria below.</p> <ul style="list-style-type: none"> •Mortgages priced below prevailing market mortgage rates – below 10% •Affordable Mortgages/Middle Income: - Between Kes. 4Million and Kes 10.5Million •Social Mortgages/Lower Income: - Below Kes. 4Million 	<p>the low to lower middle-income population</p> <ul style="list-style-type: none"> •Borrowers from the informal sector, with lower levels of income/undocumented income 	
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monthly income to rent or acquire, and operationalizes affordability through income-based housing categories (including social housing for low-income households and affordable housing for defined income brackets). In alignment with this national definition and targeting approach, KMRC operationalizes “affordable housing” through refinanced mortgage pools that (i) fall within KMRC’s defined affordability loan/value bands for affordable mortgages, and (ii) are offered at concessional or below-market pricing (as specified in this Framework), while (iii) requiring PMLs, where borrower income data is available, to evidence affordability consistent with the Act’s 30% affordability principle.

Socioeconomic advancement and empowerment	Refinancing of residential mortgages for women ¹⁰ borrowers or women-headed households, including: (i) residential mortgages where the primary borrower is a woman; (ii) residential mortgages where a woman is an active co-borrower with real economic participation; or (iii) residential mortgages supporting women-headed households. Affordable Mortgages/Social Mortgages: - Below Kes 10.5Million	Women borrowers or women-headed households	 
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KMRC Exclusion List

This list is intended to outline the criteria under which KMRC, as part of its acceptance criteria for the collateral, will not refinance primary mortgage/housing loans underwritten by member Primary Mortgage Lenders where such loans are deemed by the company to be associated with the following:

1. Real estate construction deemed illegal or non-compliant according to Applicable Laws.¹¹
2. Properties or land associated with illegal forced evictions of previous owners or occupants.¹²

¹⁰ KMRC's gender-inclusive eligibility approach (women borrowers / women-headed households) is consistent with the Affordable Housing Act, 2024 (s.49(3)) provisions recognizing women within affordable housing allocation considerations and aligns with KMRC's Sustainability Framework commitments to deepen women's access to housing finance (including reported portfolio outcomes for women borrowers).

¹¹ Examples include unauthorized construction; housing construction in zones not designated as residential; encroachment on public / government land or private land etc.

¹² Permanent or temporary removal against their will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Prohibition on forced evictions does not, however, apply to evictions carried out by force in accordance with national law and is conducted in a manner consistent with basic principles of due process, including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force. These criteria will apply where land associated with such evictions was subsequently used for construction of housing developments in which Participating Financial Institutions are seeking to originate mortgages.

3. Properties built on land from which government agencies or builders have removed / involuntarily resettled local communities, including squatters or encroachers, without proper compensation.¹³
4. Properties involving outstanding land disputes.
5. Properties built in locations and / or in a manner that involve significant degradation or conversion of critical habitats¹⁴ and/or legally protected areas.¹⁵

These exclusions apply to all Eligible Loans and are operationalized through the Environmental & Social Risk Assessment (ESRA) process. The ESRA (sec 3.2.2) forms the baseline screening layer within KMRC's ESMS and ensures that any activity listed under the Exclusion List is systematically identified and removed from the refinancing pool prior to eligibility validation.

4.2 Process for Home loan Evaluation and Selection

KMRC applies an integrated governance model for the evaluation, selection, and oversight of Eligible Loans under this Framework. The governance responsibilities are embedded within the company's existing refinancing approval structures. This includes coordination between the Refinancing Unit, Risk & Compliance, Finance & Treasury, and other relevant teams in the implementation of this Framework.

When a participating mortgage lender (PML) seeks refinancing from KMRC, it submits a pool of mortgage loans originated in the ordinary course of its lending activities. All refinancing transactions are subject to a consistent, documented evaluation process designed to ensure alignment with the terms of credit, eligibility criteria, and environmental and social requirements.

¹³ Resettlement activities should follow the process through which adverse social and economic impacts are minimized through (i) providing compensation for loss of assets at replacement cost defined as the market value of the assets plus transaction costs and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected. These criteria will apply where land associated with such resettlement / displacement was subsequently used for construction of housing developments in which Participating Financial Institutions are seeking to originate mortgages

¹⁴ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitats of significant importance for critically endangered or endangered species as defined by the IUCN Red List of Threatened Species; habitats of significant importance for endemic or restricted-range species; habitats supporting globally significant concentrations of migratory species and /or congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes. Primary Forests or forests of High Conservation Value (HCV) shall be considered Critical Habitats. HCV areas do not directly correspond with definitions for modified, natural and critical habitat. The HCV Resource Network, an internationally recognized group, provides information and support on the evolving usage of HCV to ensure a consistent approach. <https://www.hcvnetwork.org/>.

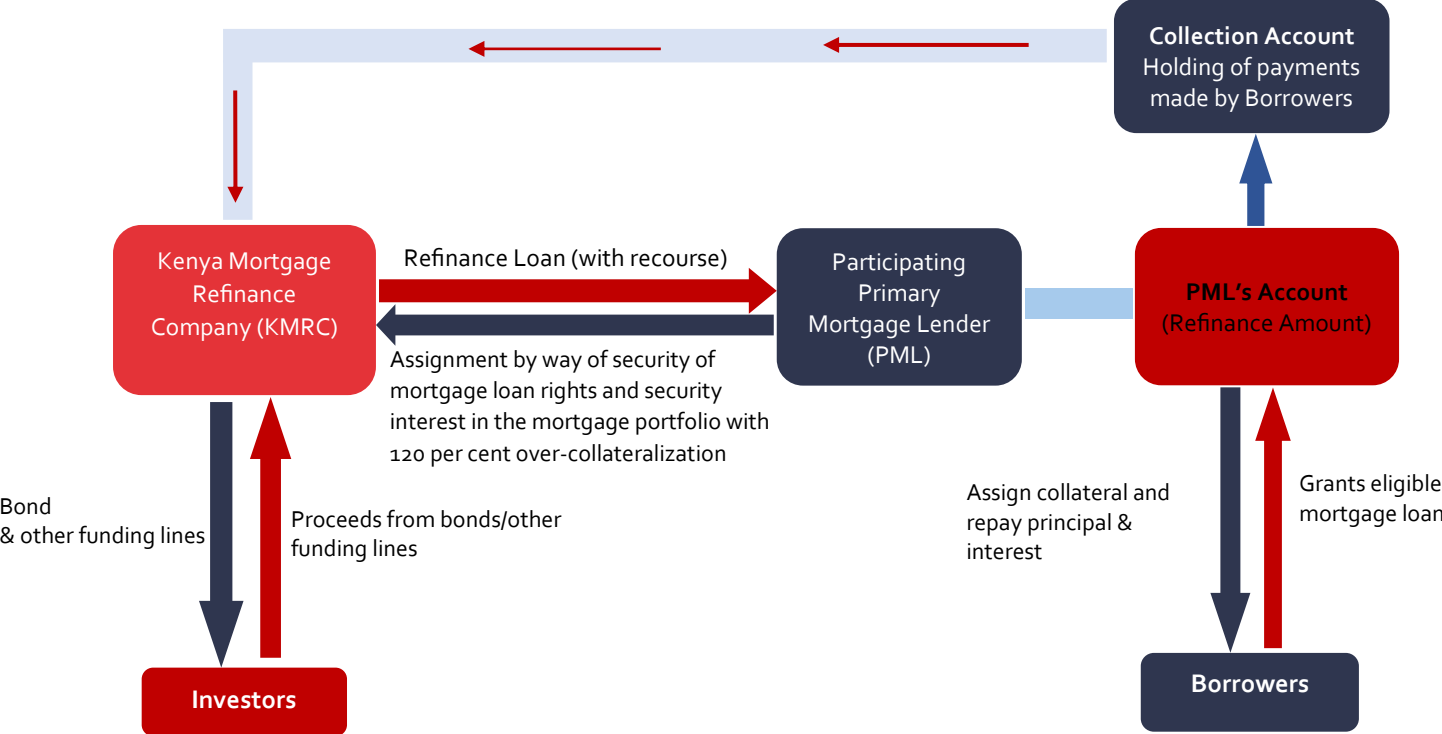
¹⁵ These criteria will apply where land associated with such degradation or conversion was subsequently used for construction of housing developments in which Participating Financial Institutions are seeking to originate mortgages and/or these impacts are likely to occur or continue post-construction.

The process begins with a portfolio level due diligence review conducted by the Refinancing Unit, including an onsite review at the PML premises. This review assesses the submitted mortgage pool against the approved eligibility criteria, covering credit quality, valuation integrity, exclusion criteria, and environmental and social acceptability. Valuation reports are reviewed to confirm that no loans relate to excluded activities, and environmental and social screening is applied in line with the Environmental and Social Risk Management (ESRM) framework.

Only portfolios that satisfy this baseline requirements are considered eligible for refinancing. Once the technical review is completed, the proposed refinancing is submitted through the standard internal approval and governance channels. The same governance structures responsible for approving refinancing transactions also validate which underlying loans qualify as “Eligible Loans” under the Sustainable Finance Framework, ensuring full integration between sustainability eligibility and existing oversight mechanisms.

Following approval, refinancing agreements are executed and funds are disbursed to the PMLs. Eligible loans are then recorded in the Mortgage Refinance System (MRS), which serves as the authoritative register for tracking refinanced assets, allocation of proceeds, and subsequent allocation and impact reporting. Only loans recorded in the MRS and, where applicable, originated within the defined **look-back period of 12months** are eligible to be financed using proceeds from sustainable bond issuances.

Figure 4: - KMRC Mortgage Refinance Process



4.3 Management of Proceeds

KMRC applies a structured project (mortgage pool) evaluation and selection process to ensure that only eligible mortgage loans are included in the Eligible Portfolio. This process is fully integrated into the company's refinancing operations and aligned with the E&S Risk Management System (ESMS) and eligibility criteria defined in the Refinancing policy and process.

Once a financing instrument is issued, the company receives the net proceeds and manages them under a controlled internal allocation process. The objective is to allocate an amount equivalent to the net proceeds exclusively to eligible mortgage loans. Responsibility for managing the bond proceeds rests with the Finance & Treasury function. The Refinancing Department confirms which loans qualify as eligible, while Treasury ensures that funds are directed at an approved mortgage portfolio.

At the time of issuance, proceeds are not always immediately allocated. Between issuance and allocation, the funds are held in dedicated bank accounts managed in accordance with the treasury and liquidity management policies. During this temporary holding period, proceeds may be invested in short-term, low-risk, liquid instruments that are consistent with the company's investment guidelines, and that do not conflict with the exclusion criteria of the Framework.

KMRC intends to allocate the full amount equivalent to the net proceeds within a maximum period of **thirty-six (36) months** from the date of issuance. If, at any point, an asset ceases to meet the eligibility criteria, the corresponding amount will be removed from the eligible pool and replaced by another qualifying loan within the timelines defined in the master service and refinance agreement. Where KMRC borrows in the form of a multi-tranche facility, only the specific tranche that is designated, documented, and aligned to the Framework will be labelled as Green, Social, or Sustainability. The labelling will not extend to the entire facility, but solely to the tranche whose proceeds are allocated to eligible mortgage loans.

4.4. Reporting

The Company will provide clear, timely, and comprehensive reporting on both the allocation of proceeds and the resulting environmental and social impacts of activities financed under its Sustainable Finance Framework. Reporting will occur at least **annually** and will continue until an amount equivalent to the net proceeds has been fully allocated. The information will be made publicly available through the Company's website and relevant investor communication channels. Sustainability and ESG disclosures are prepared within the Integrated Reporting Framework(IIRC), ensuring that financial and non-financial information is presented in an integrated and coherent manner.

The allocation report will present the **total amount raised** under each instrument, the **portion allocated to eligible mortgage loans**, and the **balance of unallocated proceeds**. Where proceeds remain unallocated, the report will also describe where those funds are temporarily held in accordance with the treasury management approach described in the Management of Proceeds section. In line with ICMA best practice, allocation disclosures will also be provided at the level of each eligible portfolio category, clearly indicating how proceeds have been distributed across categories such as Affordable Housing, Green Housing, and other qualifying segments.

In addition to allocation reporting, the Company will provide impact reporting based on information obtained from participating lenders and internal verification records. The impact section will describe the environmental and social characteristics of the financed mortgage portfolio, including the reach of affordable housing financing and the environmental performance attributes of qualifying properties, where data is available. Impact reporting will also be presented by project category, outlining category-specific indicators such as the number of affordable units financed, energy-efficient or EDGE-certified homes supported, geographic distribution of units, and social inclusion metrics (e.g., financing to women borrowers or vulnerable groups), subject to data availability. For Green Loans, KMRC will also provide lenders with periodic information on the impacts and progress of the underlying eligible green mortgage loans, including updates on the environmental performance of financed properties, aligned with the annual reporting cycle under this Framework.

An independent external reviewer may perform verification of allocation and selected impact indicators in line with market practice. Any external review or assurance statement will be published together with the report. Through this reporting process, investors will remain up to date on how proceeds have been allocated and the outcomes associated with the financed assets over time.

Table 5: - Indicative Impact Indicators

<p>Affordable Housing indicators</p>	<p>Refinanced pool of mortgages that fit within the criteria below.</p> <ul style="list-style-type: none"> •Mortgages priced below prevailing market mortgage rates – below 10% •Affordable Mortgages/Middle Income: - Between Kes. 4Million and Kes 10.5Million •Social Mortgages/Lower Income: - Below Kes. 4Million •Geographic distribution of refinanced mortgages
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Socioeconomic advancement and empowerment	Number & Percentage of Refinanced pool of mortgages allocated to women/women headed households
Environmental indicators:	Number of units that meet green building standards certification requirements or energy performance thresholds (e.g. IFC EDGE/BREEAM/LEED/other local/international standards, where relevant).

Methodologies & Assumptions

The methodologies used, including baseline assumptions and data sources, any methodological changes between reporting periods will be disclosed clearly to ensure transparency, consistency, and comparability.

Annual Impact Reports Publication channels:

- **KMRC website** –Investor Relations page: (*Annual Reports - Kenya Mortgage Refinance Company*)
- **Annual Report / Sustainability Report** – with a dedicated section summarizing allocation and impact results and linking to the detailed report. (*Annual Reports - Kenya Mortgage Refinance Company*)

5. External Review and Assurance

To enhance credibility and align with investor expectations, the Company will obtain a Second Party Opinion (SPO) on the Sustainable Finance Framework from an independent external reviewer. Following Issuance, external verification (e.g., limited assurance) may also be sought on the allocation of proceeds and, where feasible, external review of selected impact indicators and methodologies in line with evolving market practice.

Any external opinions/assurance reports will be published alongside the annual report. The expected allocation timeline will be 24 months after receipt of proceeds.

6. Disclaimer

This Sustainability Framework is intended to serve as a general guiding structure for the development and issuance of sustainable finance instruments in alignment with recognized market best practices, including the ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, and Sustainability Linked Bond Principles. It is intended to support transparency, consistency, and credibility in sustainable finance structuring.

This Framework does not constitute a binding policy or legal commitment and is not intended to replace or override applicable laws, regulations, contractual obligations, or regulatory guidance. Its application should be tailored to the issuer's specific context, including its strategic priorities, operating environment, risk profile, regulatory requirements, and stakeholder expectations.

Accordingly, the design, structuring, and implementation of any sustainable finance instrument may differ from the illustrative approaches outlined in this Framework and will be subject to issuer's discretion and applicable approvals.