



SUSTAINABLE
FINANCE
FRAMEWORK



KICB
KYRGYZ INVESTMENT
AND CREDIT BANK

CJSC «Kyrgyz Investment and Credit Bank»

Content

1. Introduction.....	3
1.1. Bank's Background.....	3
1.2. KICB's approach to sustainability	3
2. KICB's Approach to Sustainable Finance	4
3. Sustainable Finance Framework.....	5
3.1. Bond and Loan Issuances under This Framework	5
3.2. Use of Proceeds	5
3.3. Process for Project Evaluation and Selection.....	10
3.4. Management of Proceeds.....	10
3.5. Reporting.....	11
4. Product Scope	14
5. External Review	14
5.1. Second Party Opinion	14
5.2. Post-issuance Verification.....	14
6. Amendments to This Framework.....	14
Annex I.....	15
Annex II.....	16



1. Introduction

Kyrgyz Investment and Credit Bank (hereinafter - Bank/KICB) was established in 2001, with the aim of promoting economic development and attracting foreign investment to Kyrgyzstan. The mission of the Bank is to be a "Reliable bank for a better life," providing sustainable, responsible financial solutions that create value for all stakeholders. The Bank has built itself on the strong foundations of financial performance and sound governance, always leading innovative initiatives at the forefront of banking in Kyrgyz Republic, and looking for sustainable revenue generation.

KICB has an extensive branch network: as of the beginning of 2025, 23 branches and 31 sub branches in almost all regions of the country; a wide network of ATMs, payment terminals, and POS terminals throughout Kyrgyzstan.

KICB is the first bank in the Kyrgyz Republic to successfully issue corporate bonds in local currency in 2013 and continues to be at the forefront of developing innovative financing instruments, such as sustainable financing solutions in line with global trends and national goals. The Bank is a principal member of the international payment systems VISA International, Mastercard International, Union Pay International and the national payment system ELCART. For high-quality customer service, more than 1200 employees are involved in the work.

1.1. Bank's Background

For over two decades, KICB has been committed the growth and development of the Kyrgyz Republic. The Bank was founded to support the financial needs of local communities, contributing to business growth and improved living standards across the country. This sense of responsibility has remained a central pillar of KICB's approach to banking.

With focus on innovation, KICB provides customer-centric financial solutions supported by strong capital, diverse funding, and liquidity. Strategic

partnerships with global payment systems like VISA International, Mastercard International, UnionPay International enable the Bank to offer secure and efficient services, while its investment in technology enhances customer experience and accessibility.

With the vision of making a significant contribution to the prosperity of the Kyrgyz Republic with care for customers, the community and the environment, KICB continuously investing in its people, innovation and technology.

1.2. KICB's approach to sustainability

KICB is deeply committed to fostering sustainable growth, guided by environmental, social, and governance (ESG) principles. This is fully aligned with our corporate vision "Make a significant contribution to the prosperity of the Kyrgyz Republic with care for customers, the community and the environment". The Bank's objective is to mitigate its environmental footprint while increasing its positive social impact.

At the heart of its operations, KICB embraces sustainability not only as a business imperative but also as a fundamental responsibility toward future generations. KICB's approach to sustainability is embedded in its ESG policy, ensuring that its business model aligns with both national development objectives and global commitments, including the United Nations' Sustainable Development Goals (SDGs), the Paris Agreement, and the broader Agenda 2030.

By adopting the experience of leading organizations, the Bank intends to disclose to the fullest extent available information on its sustainability practices and issue relevant reports on its environmental impact, including within the framework of IFRS S1 and S2 standards.

Recognizing that long-term economic success must go hand in hand with environmental stewardship, social inclusion, and strong governance

practices KICB integrates these principles into its daily operations. This ensures that it not only creates financial value but also contributes to a sustainable, inclusive, and resilient economy.

As Kyrgyz Republic is transitioning towards a more sustainable financial system, KICB actively participates in this transformation. By integrating ESG principles into every aspect of our business, we contribute to the country's long-term sustainability goals while maintaining our leadership position in the financial sector.

2. KICB's Approach to Sustainable Finance

KICB takes a comprehensive and proactive approach to sustainable finance, guided by its ESG Policy. This approach is aligned with global frameworks, including the Paris Agreement, and national regulations, reflecting the Bank's commitment to fostering positive environmental and social impact while mitigating any potential negative outcomes.

As Kyrgyz Republic transitions to a sustainable financial system, KICB is actively developing and implementing sustainable finance products and services that support the country's transition to a low-carbon economy and the achievement of national development objectives. The Bank's sustainable finance initiatives focus on channeling finance toward industries and sectors that directly and indirectly support the effective management of resources to protect and enhance the natural environment.

KICB supports the allocation of funding resources to businesses that are committed to reducing their carbon footprint, improving resource efficiency, and minimizing environmental impact. This includes not only businesses in environmental services but also equipment manufacturers and other industries that implement green solutions. Through green and social finance products, KICB aims to create lasting positive impacts in both environmental and social areas.

Under sustainable finance management, the Bank has established several green and social sustainable finance products, including:

- "Warm house" - SME and Retail Green loans
- "Energy efficient" - SME and Retail Green loans
- "Mykty ayim" - Women SME and Retail Packages.

KICB's focus on positive environmental impact is inspired by the Green Taxonomy¹ of Kyrgyz Republic which aligns EU Taxonomy² and identifies eligible project categories under four key themes:

- (i) Climate change mitigation
- (ii) Sustainable Water and Wastewater Management
- (iii) Pollution prevention and control
- (iv) Environmentally sustainable management of living natural resources and land use.

As for the positive social impact, we are focusing on financing products and services to improve health and well-being of the communities in underdeveloped regions, facilitate equal opportunity and generate employment.

Additionally, KICB finances products and services that improve health and well-being in underserved regions, foster equal opportunities, reduce inequalities and create jobs³. These social initiatives align with KICB's broader commitment to sustainable development.

KICB uses its own resources as well as borrowings from international funding facilities to develop financing solutions for energy efficiency and renewable energy projects, which it considers as crucial areas in sustainability initiatives.

^{1,2} Please see Annex I for Green Taxonomy Kyrgyz republic and EU Specific Environmental Objectives of Green Eligible Projects.

³ Please see Annex II for Specific Social Objectives of Social Projects.

3. Sustainable Finance Framework

In order to meet the commitments described above, KICB has elected to create a Sustainable Finance Framework covering its own financing needs and loan portfolio. The framework is in accordance with the ICMA Green Bond Principles (GBP)⁴ 2021, with June 2022 Appendix I (Use of Proceeds Transactions), ICMA Social Bond Principles⁵ (SBP) 2023, ICMA Sustainability Bond Guidelines⁶ (SBG) 2021, LMA Green Loan Principles 2025⁷, LMA Social Loan Principles 2025⁸, ICMA Harmonized Framework for Impact Reporting 2024⁹, ICMA Harmonized Framework for Impact Reporting for Social Bonds 2024¹⁰.

3.1. Bond and Loan Issuances under This Framework

For each Sustainable Finance Instrument (Please see Section 4 for Product Scope of this Framework), KICB asserts that it adopts the following core components, as set out in this Framework:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

This Framework may be updated and amended from time to time in the manner described in Section 5 (Amendments to this Framework) below. Updated and amended Framework will be published on KICB's website and will replace this Framework, and any Sustainable Financing (Borrowing) Instruments subsequently issued will be subject to the updated and amended Framework. SPO report will be valid as long as Framework remains unchanged. For the avoidance of doubt, any change in the eligibility criteria stated in this framework may not necessarily apply to bond instruments issued prior to this Framework.

3.2. Use of Proceeds

An amount equal to the net proceeds of any Sustainable Finance Instrument issued by KICB are allocated to finance and/or re-finance, in whole or in part, new and/or existing eligible loans/financing as described below. The look-back period for the refinancing eligible projects is 2 years.

Eligible Green Projects

Eligible green projects are those that contribute to environmental objectives such as climate change mitigation and adaptation, sustainable use and protection of natural resources, substantial contribution to pollution prevention and control, and support the transition to a low carbon economy initiative.

The table below outlines the categories of eligible green projects under the ICMA Green Bond Principles (GBP) including a non-exhaustive list of example projects and expenditures that are consistent with the related criteria for each GBP category as outlined by the ICMA. Eligible green projects are also mapped to the United Nations SDGs.

⁴ ICMA Green Bond Principles - Green Bond Principles 2021, with June 2022 Appendix I

⁵ ICMA Social Bond Principles - Social Bond Principles 2023


⁶ ICMA Sustainability Bond Principles - Sustainability Bond Guidelines 2021

⁷ LMA - Green Loan Principles 2025

⁸ LMA - Social Loan Principles 2025

⁹ ICMA Handbook - Harmonized Framework for Impact Reporting for Green Projects (June 2024)

¹⁰ ICMA Handbook - Harmonized Framework for Impact Reporting for Social Projects (September 2024)






			<p>establishment, acquisition, expansion, upgrades, maintenance and operation of clean (zero-emission) vehicles and associated infrastructure</p> <ul style="list-style-type: none"> ○ Fully electric vehicles and components ○ Green hydrogen vehicles and components ○ Hybrid electric vehicles (passenger transport), below the threshold of 50g CO₂e/p-km for passenger vehicles and 25g CO₂e/t-km for freight vehicles ● Infrastructure to support electric vehicles charging stations <p><i>For the avoidance of doubt, freight transport dedicated to transporting fossil fuels are excluded.</i></p>	
2	Sustainable Water and Wastewater Management	Water and Wastewater Management	<p>Financing or refinancing construction, operation and maintenance of sustainable water and wastewater management projects, facilities and related infrastructure</p> <p>Projects that reduce water withdrawal, consumption, recycling and/or improve the efficiency of resources, that includes:</p> <ul style="list-style-type: none"> ○ Water recovery, recycling, reuse, saving technologies and water metering ○ Water recovery systems and water efficient sanitary installations <p>Water treatment plants:</p> <ul style="list-style-type: none"> ○ Drinking water treatment, storage and sustainable supply systems <p>Wastewater treatment and sewage treatment plants:</p> <ul style="list-style-type: none"> ○ Anaerobic digestion of sewage sludge ○ Wastewater recycling/reuse ○ Construction, extension and operation of domestic wastewater collection and treatment systems <p><i>For the avoidance of doubt sustainable water and wastewater treatment powered by fossil fuels are excluded.</i></p>	 
3	Pollution prevention and control	Waste Management	<p>Financing or refinancing the establishment, acquisition, expansion, upgrades of waste</p> <ul style="list-style-type: none"> ● Collection, transport and transfer of non-hazardous waste, including municipal solid waste and commercial and industrial waste linked to recycling projects ● Development, construction, installation and/or maintenance of waste sorting and processing (and related infrastructure) linked to recycling projects 	 
4	Environmentally sustainable management of living natural resources and land use	Resilient agriculture	<p>Financing or refinancing projects related to increasing climate resilience in the agricultural practices</p> <ul style="list-style-type: none"> ● Adoption of modern technologies related to sustainable agriculture and agronomic practices, environmentally sustainable animal husbandry, soil and water management, hydroponic farming/organic farming methods, drip irrigation, terracing, swales for return agricultural irrigation flow, digital sensors, biotechnology projects such as biological crop protection etc. 	

Eligible social projects

Eligible social projects are those that address social challenges and achieve positive social outcomes. The table below outlines the categories of eligible social projects under the ICMA Social Bond Principles (SBP), including a non-exhaustive list of example projects as well as a description of the criteria with target population for qualified social activities. Eligible social projects are also mapped to United Nations SDGs.

^{11,12} In accordance with the law of the Kyrgyz Republic on Energy Efficiency of Buildings (of July 26, 2011 №137) and according to requirements of Annex 1 Approved by the Resolution of the Government of the Kyrgyz Republic dated August 2, 2012 № 531 REGULATION on the procedure for energy certification of buildings).

Table 2. Categories of eligible social projects

Project Category	Sub-Category	Activities	Description of Eligibility Criteria / Target group(s)	UN SDGs
1	Employment generation and financial inclusion	Financial inclusion and employment generation	SMEs ¹³ , micro-enterprises that qualify for at least 1 of the below: <ul style="list-style-type: none"> Operating in developing and underdeveloped regions of Kyrgyz Republic Owned and/or operated by migrants, youth (up to 30 years old) and other vulnerable groups¹⁴ Target group: MSMEs in areas with high unemployment or low income Youth-owned businesses	
	Diversity and equal opportunity	Financing and refinancing businesses owned by women and/or focusing on creating employment for women	Women owned (at least 51%) or led businesses <ul style="list-style-type: none"> In case the women ownership is below 51%, women to assume at least one of the managerial roles at the company and has at least 20% female ownership Has a workforce of at least 51% women or the overall operational management responsibility is held by a woman (or women) Target group: Businesses owned or led by women, independently from location and socioeconomic level	
2	Access to essential services	Access to education and healthcare	Financing or refinancing construction and/or operation of educational and healthcare facilities <ul style="list-style-type: none"> Financing educational institutions including primary and secondary schools, universities and tertiary education centers, technical/vocational training centers and programs Financing construction, refurbishment and modernization of healthcare facilities and medical equipment, healthcare technology Target group: General public, Aging population in lower socioeconomically developed areas	
3	Affordable basic infrastructure	Water and Sanitation	Financing and refinancing water accessibility and sanitation <ul style="list-style-type: none"> Financing of projects related to the creation and development of the basic infrastructure related to clean drinking water and sanitation Target group: Low income, Vulnerable groups, Excluded and/or marginalized populations and/or communities	
4	Affordable housing	Housing	Financing or refinancing social and affordable housing <ul style="list-style-type: none"> Financing affordable housing and construction of homes for low-income¹⁵ individuals 	
5	Food security and sustainable food systems	Food security and sustainable food systems	Financing or refinancing access to safe and adequate nutrition <ul style="list-style-type: none"> Funding for projects, that provide physical, social and economic access to safe, nutritious and adequate nutrition, that meets dietary needs and requirements; Financing or refinancing of farmers in the low-income areas Target group: Low income, Vulnerable groups, Smallholder farmers	

¹³Small and medium-sized enterprises which are classified based on internal SME Lending Procedure and Basic Scheme of the classifier of types of enterprises (Approved by the Resolution of the Government of the Kyrgyz Republic dated February 17, 1998, No. 78, as amended by the Resolution of the Government of the Kyrgyz Republic dated August 29, 2002, No. 590).

¹⁴For definition of vulnerable groups, please refer to the definition of United Nations accessible at <https://www.un.org/en/fight-racism/vulnerable-groups>

¹⁵For definition of low-income individuals please refer to the statistical information of the National Statistic Agency of Kyrgyz Republic and Government-supported affordable housing mortgage financing scheme.



For the avoidance of doubt, financing related to the following activities is excluded from financing under the Bank's sustainable financing instruments:

- a)** the production of or trade in any product or activity deemed illegal under the (i.e. national) laws or regulations of Kyrgyz Republic, or international conventions and agreements, or subject to international phase out or bans, such as:
 - I.** Production of or trade in products containing PCBs.
 - II.** Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans.
 - III.** Production of or trade in ozone depleting substances subject to international phase out.
 - IV.** Production or use of or trade in persistent organic pollutants.
 - V.** Trade in wildlife or production of or trade in wildlife products regulated under CITES.
 - VI.** Transboundary movements of waste prohibited under international law.
- b)** Production or trade in weapons and munitions.
- c)** Production or trade in alcoholic beverages (excluding beer and wine).
- d)** Production or trade in tobacco.
- e)** Gambling, casinos and equivalent enterprises.
- f)** Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source to be trivial and/or adequately shielded.
- g)** Forced evictions.
- h)** Thermal coal mining or coal-fired electricity generation capacity.
- i)** Upstream oil exploration.
- j)** Upstream oil development projects, except in rare and exceptional circumstances where the proceeds of the project exclusively target the reduction of GHG emissions or flaring from existing producing fields.
- k)** Activities involving force-feeding of ducks and geese.
- l)** The keeping of animals for the primary purpose of fur production or any activities involving fur production.
- m)** The manufacture, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally.
- n)** The export of mercury and mercury compounds, and the manufacture, export and import of a large range of mercury added products.
- o)** Activities prohibited by Kyrgyz Republic legislation or international conventions relating to the protection of biodiversity resources or cultural heritage.
- p)** Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- q)** Shipment of oil or other hazardous substances in tankers, which do not comply with IMO requirements.
- r)** Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit.
- s)** Production or activities involving harmful or exploitative forms of forced labor /harmful child labor.
- t)** Commercial logging operations for use in primary tropical moist forest.
- u)** Production or trade in wood or other forestry products other than from sustainably managed forests.

3.3. Process for Project Evaluation and Selection

3.3.1. Environmental and Social Management System

KICB has an Environmental and Social Management System (hereinafter "ESMS") which aims to proactively evaluate and manage the activities financed and/or refinanced by Bank in terms of environmental and social risks. ESMS is implemented to limit credit, liability and reputational risks at the portfolio and transaction level in the Bank's basic credit policy. Above-mentioned system primarily aims to comply with national legislation, international agreements to which our country is a party, and environmental and social principles and criteria and contains the exclusion list of activities.

KICB applies ESMS in order to identify the environmental and social risks and/or opportunities that may arise as a result of the financing provided and to manage them effectively. The ESMS, which is the basic process for the management of environmental and social risks in credit processes, is applied to all customers with whom our bank has a credit relationship.

3.3.2. Sustainable Finance Selection and Evaluation

Sustainable finance eligibility assessment process ensures that the proceeds of the KICB instruments issued are allocated to new lending or existing projects/expenditures based on compliance with the Eligibility Criteria outlined in Chapter 3.2. of this Sustainable Finance Framework, as well as undergoing the bank's general lending policies and minimum environmental and social requirements stipulated by national laws and regulations.

The process of evaluation and selection of eligible green and social projects financed and/or refinanced through Sustainable Finance Instruments will be selected based on criteria according to Section 3.2 described in the Framework, and further will be assessed by the responsible officers according to the existing lending procedures in the Bank for Corporate, SME/retail and micro loans, including but not limited to assessment of E&S risks, analysis of financial performance, credit history, collateral structure etc. Approval of eligible green and social projects financed or refinanced through sustainable Finance Instruments is performed by the Credit Committees

composition and approval authorities in accordance with Delegation Arrangements Manual depending on the loan amount. The Management Credit Committee is delegated to approve projects up to USD 1m and consists of five members, including four Management members responsible for lending, underwriting, legal and banking activities and the CEO, the Chairman of the Committee. The eligible projects are considered by the Credit Committee based on recommendation of responsible officers and the decision on each project is based on voting system (majority of votes).

Framework is prepared by the Sustainable Finance Working Group - a cross functional working group of relevant business areas within KICB (Underwriting Department, Treasury Department, Corporate Customers Relationship Department, SME & Retail Credit Department, Micro Credit Department, Credit Administration Department, Legal Department, ESG-coordinator, and relevant business teams).

3.4. Management of Proceeds

The Sustainable Finance Instruments proceeds will be managed by KICB in a portfolio approach. KICB intends to allocate the proceeds from the Sustainable Finance Instruments to the Eligible Green and Social loans Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. Net proceeds will be credited to a sub-account and automatically entered into the system in accordance with the framework to be tracked.

KICB will strive, over time, to achieve a level of allocation for the Eligible Green and Social loans that matches or exceeds the balance of net proceeds from its outstanding Sustainable Finance Instruments, within 24 months from the time of issuance of each instrument.

Eligible projects financed by sustainable finance instruments will be monitored at least once a year by the responsible officer for each project to ensure compliance with the eligibility criteria described in this Framework.

Projects not complying with the "Use of proceeds" criteria will be removed from the eligible project portfolio and will no longer receive financing from the sustainable financing instrument. To the extent possible, any excluded project will be replaced by another green or social project. The Bank may engage an independent external consultant to review the process of revenue management under the Sustainable Financing Instrument.

While, any Sustainable Finance Instruments net proceeds remain unallocated, KICB will hold, at its own discretion, in its consolidated balance sheet, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Loans/Financing Portfolio.

3.5. Reporting

Reporting with respect to each Sustainable Finance Instrument will take place on a portfolio basis, within 12 months following the funding date of such Sustainable Finance Instrument, and annually thereafter until any Sustainable Finance Instrument is outstanding.

KICB will report on an aggregated basis for all of its outstanding Sustainable Finance Instruments at the level of the eligible Green and Social categories.

KICB will align its impact reporting with the portfolio approach described in the "Handbook - Harmonized Framework for Impact Reporting for Green Projects (June 2024)"¹⁶ and "Harmonized Framework for Impact Reporting for Social Projects (September 2024)"¹⁷.

KICB will report on the allocation and impact of the Sustainable Finance Instruments within its Annual Report and / or via a separate Sustainable Finance Reporting document that will be made available to investors at the **KICB's website**¹⁸.

Within its allocation report, KICB will provide the following information, on an aggregated basis:

- total amount of proceeds allocated to Eligible Green or Social Projects;
- total amount allocated per Eligible Green or Social Project Category;

- share of proceeds used for new financing vs refinancing;
- the amount of remaining unallocated proceeds.
- the geographic location of the assets, at country level.

Where feasible, KICB will report on the environmental and / or social outputs and impacts of the Eligible Loans/Financing funded with the Sustainable Finance Instruments' proceeds.

KICB will include the contribution of each Eligible Category to the UN SDGs within the impact report.



¹⁶ ICMA Handbook - Harmonized Framework for Impact Reporting for Green Projects (June 2024)

¹⁷ ICMA Handbook - Harmonized Framework for Impact Reporting for Social Projects (September 2024)

¹⁸ Official web of KICB <https://kicb.net>

The impact reporting may include, depending on the availability of data, potential key environmental and social impact indicators that may cover but are not limited to the following:

Table 3. Potential Key Environmental and Social Impact Indicators for Green Eligible Projects.

Project Category	Sub-Category	Example Impact Indicators	
1	Energy efficiency products and services	Annual energy savings (% or MWh)	
		Annual CO2 emission avoided (tCO2e)	
	Renewable energy	Capacity of renewable energy plant(s) constructed (MW)	
		Annual amount of renewable energy generated (MWh)	
		Annual CO2 emission avoided (tCO2e)	
	Green buildings	Building certification standard	
		% of water use reduced/avoided (%)	
		Annual CO2 emission avoided (tCO2e)	
		Annual energy use reduced/avoided (%)	
	Clean transportation	Annual CO2 emission reduced/avoided (tCO2e)	
		Number and type of clean transportation infrastructure financed	
		Estimated reduction in fuel consumption (%)	
		Number of clean vehicles deployed (e.g. electric)	
Number of charging stations			
2	Sustainable Water and Wastewater management	Water and Wastewater Management	
			Increase in water use efficiency (%)
			Amount of water treated or managed (m3)
			Annual water savings (%)
			Amount of wastewater collected (m3)
			Amount of wastewater treated (m3)
			Amount of wastewater treated and/ or managed and/or re-used and/ or recycled (m3)
Amount of treated and disposed and/or reused sewage sludge			
3	Pollution prevention and control	Waste Management	Amount of waste prevented, reduced and/ or recycled (in tons)
4	Environmentally sustainable management of living natural resources and land use	Resilient agriculture	Number of resilient agriculture projects and manufacturing companies financed



Table 4. Potential Key Environmental and Social Impact Indicators for Social Eligible Projects

Project Category	Sub-Category	Example impact Indicators	
1	Employment generation and financial inclusion	Business support and employment creation	Number of loans to SMEs and/or microenterprises
			Amount of loans granted to SMEs and/or microenterprises
			Amount of loans and number of jobs created / preserved and corresponding loans provided
	Equal opportunity	Amount of loans and number of women-owned businesses financed, breakdown by target population	Amount of loans and number of businesses owned by vulnerable groups financed
			Increase in the involvement of vulnerable groups in the workforce (%)
			Number of jobs created for vulnerable groups in the workforce (%)
2	Education	Amount of loans and number of educational institutes financed	
		Amount of loans and number of people with increased access to educational services	
	Healthcare	Amount of loans and number of people with increased access to healthcare services	
		Amount of loans and number of healthcare facilities built/upgraded	
3	Affordable basic infrastructure	Water and Sanitation	Amount of loans and number of people provided with adequate and equitable water and sanitation
4	Affordable housing	Housing	Amount of loans and number of individuals/ families benefiting from affordable housing
5	Food security	Access to food	Number of people provided with safe, nutritious, and sufficient food
			Amount of loans and number of smallholder farmers financed



4. Product Scope

Under the Framework, KICB can issue Green, Social, Sustainability or Thematic bonds, loans or other instruments. KICB will allocate the proceeds from the Sustainable Financing (Borrowing) instruments issuance to a portfolio of loans provided to clients that meet the use of proceeds eligibility criteria of this Framework.

Thematic instruments refer to Gender or other thematic labels focusing on specific environmental, social or sustainability objectives.

- A. Green Bonds and Loans: bonds/loans/syndicated loans/treasury financing where product purpose is towards financing and/or refinancing of eligible green projects which meet the eligibility criteria presented in Section 3.2.
- B. Social Bonds and Loans: bonds/loans/syndicated loans/treasury financing where product purpose is towards financing and/or refinancing of eligible social projects which meet the eligibility criteria presented in Section 3.2.
- C. Sustainability Bonds and Loans: bonds/loans/syndicated loans/treasury financing where product purpose is towards financing and/or refinancing a mix of eligible green and social projects which meet the eligibility criteria presented in Section 3.2.
- D. Gender Bonds and Loans (gender themed borrowing instruments) where product purpose is towards financing and/or refinancing eligible social projects aimed at supporting the advancement, empowerment and equality of women and which meet the criteria presented in Section 3.2.

5. External Review

5.1. Second Party Opinion

KICB recognizes the value of external reviews, hence external independent third parties are engaged to provide a second party opinion of the Framework. Accordingly, KICB will engage with an external party to obtain an External Review in the form of a Second Party Opinion (SPO) on the KICB Sustainable Finance Framework, and to have the confirmation on alignment with market standards, guidelines and principles laid out in this Framework. A Second Party

Opinion entails an assessment of the alignment of the issuer's green, social, sustainability, or sustainability-linked bond issuance/ Framework/ program with the relevant Principles. In particular, a Second Party Opinion can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to environmental and/or social sustainability.

This Second Party Opinion will be made public and will also be published at the website of the SPO provider and at the **KICB's website**.

5.2. Post-issuance Verification: Verification on the Allocation of Proceeds

KICB may request, on an annual basis, starting one year after funding and until full allocation of a Sustainable Finance Instrument's proceeds, a limited assurance report of the allocation of such Sustainable Finance Instrument's proceeds to Green and Social Eligible Loans/Financing, provided by its external auditor or any other qualified party.

6. Amendments to This Framework

The Framework is prepared by the Sustainable Finance Working Group – is a cross functional working group of relevant business areas within KICB (Underwriting Department, Treasury Department, Corporate Customers Relationship Department, SME & Retail Credit Department, Micro Credit Department, Credit Administration Department, Legal Department, ESG-coordinator, and relevant business teams).

The Framework will apply to any Sustainable Finance Instruments and will be in force as long as any Sustainable Finance (Borrowing) Instrument is outstanding. The Sustainable Finance Working Group will review this Framework on a regular basis and such review may result in an update or amendment of this Framework. The updated Framework, if any, will be published on KICB's website and will replace this Framework. Any changes and update will only be applied to the subsequent green, social or sustainable bonds/loans to be issued by KICB.

Annex I

Table 5. Specific Environmental Objectives of Green Projects

Category	Objectives
Energy efficiency	<p>Environmental objective: climate change mitigation</p> <p>Substantial contribution to climate change mitigation: improving energy efficiency in all sectors, except carbon-intensive sectors, and at each stage of energy generation, including enabling activities.</p>
Renewable energy	<p>Environmental objective: climate change mitigation</p> <p>Substantial contribution to climate change mitigation: generating, storing or using renewable energy or climate-neutral energy (including carbon-neutral energy), including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid.</p>
Green buildings	<p>Environmental objective: climate change mitigation</p> <p>Substantial contribution to climate change mitigation: improving energy efficiency</p> <p>Environmental objective: sustainable use and protection of water resources</p> <p>Substantial contribution to climate change mitigation: improving water efficiency, facilitating water reuse</p>
Clean transportation	<p>Environmental objective: climate change mitigation</p> <p>Substantial contribution to climate change mitigation: increasing clean or climate-neutral mobility</p>
Sustainable water and wastewater management	<p>Environmental objective: sustainable use and protection of water resources</p> <p>Substantial contribution to climate change mitigation: protecting the aquatic environment from the adverse effects of urban and industrial wastewater discharges by ensuring adequate collection and treatment of urban and industrial waste waters</p> <p>Substantial contribution to climate change mitigation: protecting human health from the adverse effects of any contamination of drinking water by ensuring that it is free from any micro-organisms, parasites and substances that constitute a potential danger to human health</p> <p>Substantial contribution to climate change mitigation: improving water efficiency, facilitating water reuse</p>
Pollution prevention and control	<p>Environmental objective: substantial contribution to pollution prevention and control</p> <p>Substantial contribution to climate change mitigation: reducing air, water and soil pollutant emissions other than greenhouse gasses.</p> <p>Substantial contribution to climate change mitigation: improving levels of air, water or soil quality in the areas in which the economic activity takes place whilst minimizing negative impacts on, and risks to, human health and the environment.</p> <p>Substantial contribution to climate change mitigation: minimizing significant adverse effects on human health and the environment of the production and use of chemicals.</p>
Environmentally sustainable management of living natural resources and land use	<p>Environmental objective: Substantial contribution to protection of healthy ecosystems</p> <p>Substantial contribution to climate change mitigation: sustainable agricultural practices, including those that contribute to halting or preventing deforestation and habitat loss.</p>

Annex II

Table 6. Specific Social Objectives of Social Projects

Category	Objectives
Employment generation and financial inclusion	Social objective: Employment generation, women empowerment
Access to essential services	Social objective: Good Health and Well-being and Quality Education
Affordable basic infrastructure	Social objective: Basic infrastructure development and access to drinking water and sanitation
Affordable housing	Social objective: Reduce inequalities
Food security and sustainable food systems	Social objective: Reduction in malnutrition rates, Increased rates of agricultural productivity, Share of target population with adequate food supply, Reduced rates of poverty for farmers, Increased rates of economic, social and environmental resilience for farmers, Increased efficiency of local resources

