Sustainable Finance Framework

Sambaza Ridge Property Limited
(a wholly-owned SPV of Naivas Limited)

Green Bond Framework

Financing a greener distribution network for Kenya, aligned with the ICMA Green Bond Principles 2025.

Naivas Limited

June 2026

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1. About Naivas

Naivas Limited (thereafter "Naivas") is a proudly Kenyan retailer that has grown from a single store in Rongai, Nakuru County, into the country's largest supermarket chain by sales and branch network. Headquartered in Nairobi, Naivas serves millions of customers through a nationwide footprint of over 100 branches, each one rooted in the communities it serves and guided by a deep understanding of Kenyan households.

Naivas offers a thoughtfully curated selection of products that reflect the everyday realities of Kenyan families. From fresh produce to modern lifestyle essentials, our assortment is built around quality, variety, and affordability.

At the heart of Naivas is a simple but powerful promise: Naivas saves you money. This commitment shapes everything we do, from the way we source our products, to how we manage our operations to ensure we manage an efficient operation that delivers real value to our customers.

Vision

Naivas' vision is to become the consumer brand of choice in East Africa.

We aim to go beyond retail by building trusted spaces that uplift, connect, and enrich everyday life.

Mission

Our mission is clear: to provide an affordable, world-class shopping.

Purpose

Our purpose is to give our customers a premier shopping experience, offering great value for their everyday family needs, working with our partners to deliver sustainable economic growth whilst protecting our environment and supporting the communities we serve.

Customers can shop from a wide range that includes fresh products such as produce, meat, and bakery, as well as a broad range of grocery items. In addition, Naivas offers a large general merchandise assortment covering categories such as electronics, kitchen and dining and apparel. This diversity ensures that Naivas remains a one-stop destination for convenience and value.

Naivas' success is built on collaboration. We employ over 12,000 staff, work with over 1,000 suppliers, and take an active approach to engaging the communities in which we operate. This includes an active focus on SMEs in Kenya and a support towards local production.

2. Our Approach to Sustainability

Sustainability is not a standalone initiative for Naivas. It is about running a better, more resilient business; one that values its people, protects the environment and delivers long-term profitability built on trust and integrity.

Naivas' Sustainability Strategy (2026 – 2030) is based on a triple bottom line framework:

- People – Our staff, suppliers and communities
- Planet – Our environment and resources
- Profit – Our business integrity and governance

	To Naivas this means:	What we commit to:	By When:	SDG Alignment:
People	• Taking care of everyone who makes our business run - our 12,000+ staff, the Kenyan farmers and SMEs that supply us, and the customers who walk through our doors every day. • It means fair wages, safe workplaces, gender equality in leadership, and ensuring the food we sell is safe for our consumers and traceable.	Workplace Safety: 40% reduction in injury rate vs. 2025 baseline	2028	
		Gender Equity in Management: 40% women in management roles	2030	
		Supplier development & Safety: 500 suppliers certified; top 200 audited annually	2030	
Plant	• Using our size responsibly. • With over 100 stores across Kenya, the choices we make about waste, water and energy add up fast. • It means sending zero waste to landfill, tracking and cutting our water use, and finding practical ways to reduce our carbon footprint.	Zero Waste to Landfill: 100% waste diverted from landfill —all stores	2028	
		Water Use Reduction: 20% reduction per store	2030	
		Fuel Use Tracking & Efficiency: 10% fuel efficiency improvement	2030	
Profit	• Being a business that our shareholders, lenders, regulators and Kenyans can trust. • Profit is not just about this year's margin, it is about long-term financial health through transparency, good governance and smart cost management. • It means publishing what we do, holding ourselves to measurable targets, and unlocking better financing as a result.	Annual Sustainability Report: IFRS S1-aligned report published annually	June 2026 onwards	
		ESG Dashboard: Quarterly KPI dashboard live for ExCo and Board	Q4 2026	
		Sustainable Finance: Issuance of green bond	2026	

Naivas' Vision is brought to life through the Sustainability Strategy in the following ways:

Our Values	How We Bring Them To Life	Intended Outcomes
Striving for Excellence	• Taking accountability to deliver outstanding performance • Simpler ways of working - better for staff, better for customers • Working collaboratively with partners to realise savings • Providing customers great value through efficiency	• Safety • Gender Equity • ESG Dashboard
Doing the Right Thing	• Putting our customers first, always • Acting ethically and with integrity • Respect and commitment for each other • Reducing waste and creating more sustainable ways of working with our partners	• Zero Waste • Reporting & Transparency
Naivas Kilocal*	• Respecting our diverse cultures • Investing in our people • Supporting the communities we serve • Supporting local businesses and helping our country to grow	• Supplier Development • Food Safety • Water • Fuel

**Derived from a mix of Swahili and English, "Kilocal" is commonly used to describe something authentically Kenyan, homegrown, or reflective of local culture and identity*

Naivas formalised its approach around ESG in 2020, when DFIs (IFC, DEG) first invested in the business. This led to the first Environmental and Social Action Plan (ESAP), which became the foundational document around which Naivas' ESG programme was built. This plan has been reviewed and enhanced annually since then, including annual auditing by an independent third party.

Naivas' sustainability programme explicitly aligns to internationally recognised frameworks and standards, including but not limited to:

- IFC Performance Standards — the foundational reference for Environmental and Social (E&S) management in relation to project-level activities
- GRI Standards — informing the structure and content of Naivas' sustainability reporting.
- IFC EDGE — the green building certification standard under which the upcoming distribution warehouse will be assessed and certified.

Naivas has maintained proactive and constructive engagement with Kenya's environmental, social, and occupational health and safety regulatory framework. Naivas operates under the oversight of key regulatory bodies, including the National Environment Management Authority (NEMA), the Directorate of Occupational Safety and Health Services (DOSHS), the Kenya Bureau of Standards (KEBS), and relevant county governments across all operating regions.

2.1 Governance

The ESG Committee serves as the primary governance body overseeing sustainability matters at Naivas. It is responsible for setting strategic direction, providing oversight, and holding management accountable for effectively identifying, managing, and delivering performance on ESG matters that could materially affect the company's operations, growth, and stakeholder trust. The Committee is chaired by a senior executive and comprises of heads of key business functions, specifically the:

- CEO of Naivas
- Chief of Operations
- Chief of Administration
- Chief of Human Resources
- Chief of Finance
- General Counsel
- Head of Supply Chain
- Head of ESG
- Head of Operations

The Committee's mandate spans eight core areas: Strategy, Capital Allocation and Trade-offs; Policy Governance and Compliance Control; ESG Risk, Materiality and Controls; Performance Management and Accountability; Supply Chain, Human Rights and Ethical Operations; Stakeholder Trust, Reputation and Social Impact; Data Integrity, Controls and Assurance; Reporting, Disclosure and Board Engagement; and Incidents, Breaches and Crisis Oversight. Through this mandate, the Committee ensures that ESG considerations are systematically integrated into Naivas' strategic planning, operational execution, and capital allocation decisions. While management retains responsibility for execution; the Committee retains responsibility for challenge, direction, and assurance.

The ESG Committee meets monthly, with meetings formally documented through minutes and tracked action items. This structured approach supports accountability, follow-through on agreed actions, and continuous improvement in ESG performance across the Group.

2.2 Corporate Social Responsibility

Corporate social responsibility is woven into the Naivas story. The Naivas football teams, comprising a men's, ladies and youth team, which draw their players from underserved communities, has been a cornerstone of Naivas CSR engagement. The sponsorship of the teams focuses not just on the sporting aspect, but also on supporting academic development and entry into the labour market. Beyond this, Naivas regularly runs nationwide activities, the most recent of which is the Books & Dreams campaign, which mobilises staff, customers, and partners to donate books and stationery to schools across Kenya. All Naivas stores also have their own local community engagements, regularly making visits and donations to organisations in need, such as orphanages.

Guided by the core value of Naivas Kilocol, our engagement with the communities we serve is central to our philosophy as a responsible business.

3. Naivas' ESG Risk Management

Compliance is a cornerstone of how Naivas operates. We adhere strictly to Kenyan legal statutes and uphold the highest standards of corporate responsibility, working closely with financial institutions, professional associations, government bodies, and aligning with key regulatory frameworks, to maintain trust and transparency.

Environmental risk management at Naivas is managed by the Environmental Officer, overseeing performance, compliance, and risk mitigation across all branches and central facilities. The Environmental Officers role includes tracking and analysing monthly resource use (energy, water, fuels), managing waste compliance, vendor oversight, and regulatory engagement with NEMA. It also covers internal audits, EIA processes, Extended Producer Responsibility reporting (Packaging Producer Responsibility Organization (PAKPRO)), and development of the company's carbon footprint framework, alongside pilots like the Ciata Energy Management System (EMS). Naivas is digitising data into Power BI dashboards and advancing formal energy and water plans, with ISO 50001 certification as a longer-term goal.

3.1 Environmental and Social Management System (ESMS)

Naivas has established and adopted a comprehensive Environmental and Social Management System (ESMS), comprising more than 15 formal policies and procedures. Collectively, these documents represent a significant investment in institutional capacity and form the procedural foundation for identifying, assessing, and managing ESG risks across the organisation, in a systematic, auditable, and internationally aligned manner.

Policy / Procedure	Primary Purpose
Energy Management Plan v1.0	Enhance energy efficiency and integrate sustainable practices across all operations; roadmap to ISO 50001.
Water Management Plan v1.0	Promote sustainable water use, rainwater harvesting, greywater reuse, and pollution prevention.
Waste Management Plan v3.0	Minimise environmental impact through responsible waste segregation, tracking, and NEMA-licensed disposal.
Life and Fire Safety Procedure v1.2	Ensure all buildings meet fire safety standards including NFPA 101 compliance, detection, suppression, and evacuation.
Emergency Preparedness & Response Plan v1.2	Framework for identifying, preparing for, and responding to emergencies across all outlets.
Transport Safety Manual v1.2	Ensure safe and NTSA-compliant transport operations including driver screening, fatigue management, and fleet maintenance.
Third Party Management Plan v1.2	Define ethical, legal, and ESG expectations for all suppliers and contractors, including audit mechanisms.
Stakeholder Engagement Plan v1.2	Structured engagement with internal and external stakeholders to build trust and align decisions.
External Communication & Grievance Policy v1.2	Transparent and fair system for managing external communications and grievances with a centralised register.
Security Management Plan v1.0	Safeguard Naivas assets, personnel, and operations from security threats through risk assessment and CCTV/access controls.
Food Safety Policy	Establish a group-wide Food Safety Management System (FSMS) aligned to legal and customer requirements.
Identification of Risks & Impact Procedure v1.2	Structured methodology for identifying, assessing, and mitigating E&S risks across the enterprise.

4. The Issuing Entity of the Green Bond

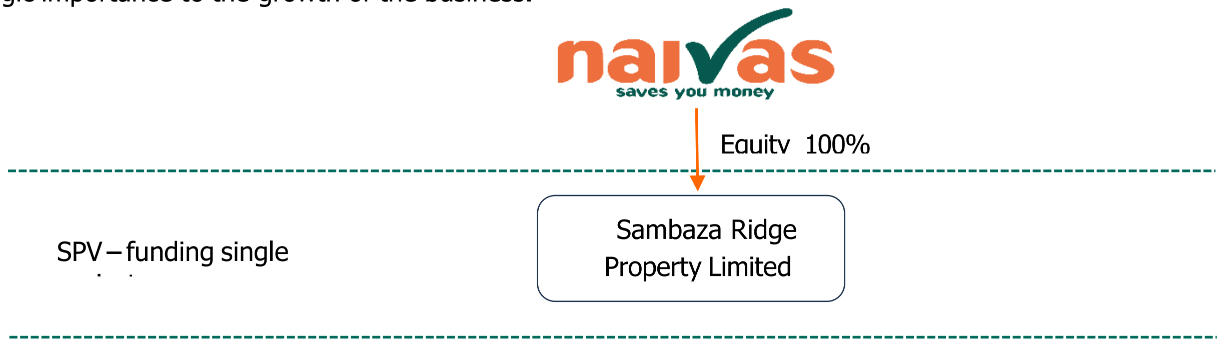
The bond will be issued by Sambaza Ridge Property Limited, a special purpose vehicle (SPV) established for the purpose of developing and owning a green, IFC EDGE-certified warehouse facility (DC). The proceeds of the bond will be applied exclusively towards the construction and development of this green property.

The issuer is owned solely by Naivas, and its activities are limited to:

- the construction, development and ownership of the DC; and
- the raising of financing secured against the DC and its associated cashflows.

The Issuer does not conduct any other trading or operational activities, and Naivas will be the sole tenant of the DC under a long-term operating lease agreement.

While Naivas does not own any real estate, the decision to participate in the ownership of the DC was taken due to its strategic importance to the growth of the business.



5. Green Bond Framework

5.1 Purpose of the Framework

The Green Bond Framework (the "Framework" or "GBF") enables Sambaza Ridge Property Limited to issue a use-of-proceeds Green Bond.

It outlines the processes followed for selecting, evaluating, managing, and reporting of the Eligible Green Asset (the "Project"). Proceeds raised under the bond will be used exclusively to finance the qualifying green asset that supports the achievement of specific objectives aligned with Naivas' sustainability strategy and, by extension, the United Nations (UN) Sustainable Development Goals (SDGs).

This Framework[1] is aligned with international best practice and guidance published by the International Capital Market Association (ICMA) including the following principles:

- ICMA Green Bond Principles (GBPs) 2025
- Developed in line with these principles, the Framework covers the following four core components:
- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The SPV will regularly review and update this Framework in line with market developments to incorporate best practice evaluation, management, and reporting.

[1] This Framework has been prepared in accordance with the latest ICMA Principles version updates, as at the time of publication.

5.2 Use of Proceeds

The net proceeds of issuances under the GBF will be exclusively used to finance and/or refinance in whole or in part the Eligible Green Asset. The table below provides an overview of the Eligibility Criteria:

Eligible Green Asset Category (ICMA)	Impact Area	Contribution to UN SDGs	Eligibility Criteria

Green Buildings	• Green buildings that meet regional, national, or internationally recognised standards or certifications. • Minimum 20% improvement in water and energy use and/or carbon emissions compared to the building's own pre-renovation levels	 	Financing or refinancing new and/or existing buildings achieving acceptable certifications and ratings limited to: • IFC (International Finance Corporation) EDGE "Certified" or above • Leadership in Energy and Environment Design ('LEED') "Gold" certification • Green Star 4 category or above • BREEAM "Excellent" or above, or • Other equivalent internationally recognised certification/ threshold

Sambaza Ridge Property Limited intends to allocate the net proceeds of this Green Bond to fund the acquisition of land and the construction of the green certified development of their DC.

5.3 Process for Project Evaluation and Selection

The selection of the green distribution centre as an Eligible Green Asset was initially performed by a Naivas Steering Committee (SteerCo), which met on a weekly basis and reported to the Board of Naivas.

The SteerCo comprised:

- Naivas CEO
- Naivas Director
- Naivas CCO
- Naivas COO
- Naivas CFO
- Project Team

The Project Selection Process undertaken was as follows:

1. The SteerCo assessed the green distribution centre's alignment to Naivas' ESG priorities and overall environmental objectives.
2. An evaluation of any existing or potential risks associated with the Project, with a focus on environmental, social, and financial considerations, and in accordance with applicable policies and procedures outlined in Naivas' ESMS Framework.
3. Compliance with applicable Kenyan regulation, including environmental impact assessments where required.
4. The Project is reviewed to ensure alignment with the principles and guidelines outlined in this GBF.
5. The selected Eligible Green Asset is then approved for inclusion in the Green Bond issuance for finance/refinance.

Following the establishment of the dedicated SPV, a SteerCo at SPV-level will be formed to assume responsibility for governance and oversight of the Project. This SPV SteerCo will report to the SPV Board, which will be composed of appropriately experienced Naivas senior leadership, in line with the Naivas SteerCo. The SPV Board will retain ultimate decision-making authority.

5.4 Management of Proceeds

Sambaza Ridge Property Limited will endeavour to fully allocate the net proceeds from its Green Bond to the Eligible Green Asset (i.e. Distribution Warehouse), as soon as reasonably practicable, but no later than 12 months after the issuance date. A Green Bond Tracking Register will be maintained to monitor the deployment of bond proceeds to the project until full allocation of funds is achieved.

Unallocated net proceeds will be managed by the Issuer's treasury and may be held in a liquidity portfolio, including cash, cash equivalents, money market instruments or other short-term liquid investments.

5.5 Reporting

Sambaza Ridge Property Limited will publish annually an Allocation Report and an Impact Report, for the green bond issued in reference to this Framework until full allocation is achieved.

The allocation report will include:

- the total amount of proceeds allocated to eligible asset
- the balance of any unallocated proceeds
- the amount and the percentage of new financing versus refinancing (as applicable)

The Impact Report will provide information on the associated environmental impact metrics and outcomes of the Green Bond Instrument(s), subject to the availability of suitable information and data. The Impact Report will include annual impact indicators as outlined below.

A summary of the impact of the green bond issued may include the indicative metrics set out below:

Green Buildings	• Green building certification obtained • Estimated annual CO_2 equivalent emissions reduction/avoidance (tonnes CO_2eq/year) • Total energy saved (kWh) • Energy saved per square metre (kWh/m^2) • Reduction in energy use (%) • Reduction in water consumption (% and m^3) • Reduction in embodied carbon in materials (%) • Direct and indirect job creation/households impacted

The Allocation Report and Impact Report will be made available to the bond holders annually and via the Naivas website: https://corporate.naivas.info/

Exclusions:

The following businesses, activities, and projects are not eligible for financing under this Green Bond Framework, including but not limited to:

- Manufacture and production of finished alcoholic beverages
- Fossil fuel exploration, extraction, production and/or distribution
- Lethal defence goods including small arms
- Manufacture and production of finished tobacco products
- Child labour
- Forced labour

5.6 External Review

5.6.1 Second Party Opinion (Pre-Issuance)

Agusto & Co. has been appointed to provide a Second Party Opinion (SPO) and will review the alignment of the Green Bond Framework with ICMA's Green Bond Principles 2025. The SPO will be made available on Naivas' website.

5.6.2 Post-Issuance Independent Verification

Naivas will procure annually, post a green bond issuance until full allocation, an external, independently verified report on the Allocation & Impact Report of the applicable green bond proceeds.

The limited assurance report will be provided by an independent, suitably qualified verifier and will be made available to investors via the Naivas website, starting at the one-year anniversary of the green bond issuance until full allocation has been achieved.

6. Naivas Disclaimer

This Framework has been prepared solely for informational purposes in connection with the proposed issuance of green bonds.

This Framework does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation regarding any securities, nor does it constitute legal, investment, financial, tax, or other professional advice. Any decision to invest in Green Bonds should be made solely on the basis of the applicable offering document and definitive transaction documents relating to a specific Green Bond issuance, and not on the basis of this Framework.

No regulatory authority has approved, endorsed, or verified this Framework or any Green Bond issued pursuant to it.

The Issuer intends to allocate the net proceeds of Green Bonds issued under this Framework to eligible green projects as described herein. However, no assurance is given that such allocation will be achieved as planned or that any project will meet any particular environmental, sustainability, or other objective. Projects and allocations may be amended, delayed, substituted, or discontinued due to regulatory, commercial, operational, financial, or other factors.

This Framework does not form part of, and is not incorporated into, any offering document or transaction documentation relating to any Green Bond and does not give rise to any rights or obligations. The rights of Green Bond holders shall be governed exclusively by the terms of the relevant transaction documents. Failure to comply with this Framework or to achieve any anticipated environmental or sustainability outcomes will not constitute an event of default or give rise to any remedy unless expressly provided for in the relevant transaction documents.

Any second-party opinion, verification, certification, or external review obtained in connection with this Framework represents an opinion as at its date and is not a guarantee of the environmental performance, sustainability characteristics, or continued classification of any Green Bond or underlying project.

This Framework may contain forward-looking statements, estimates, targets, and projections which are subject to risks and uncertainties, and actual outcomes may differ materially. Certain information may be based on third-party sources or estimates, and no representation or warranty is made as to its accuracy or completeness. The classification of any Green Bond as "green" or similar is based on market standards in effect at the time of issuance, which may change over time.

To the fullest extent permitted by law, the Issuer and its directors, officers, employees, advisers, and agents shall not be liable for any loss or damage arising from reliance on this Framework or the information contained herein. This Framework is intended for professional, institutional, and qualified investors only, and distribution may be restricted by law.

This Framework shall be governed by and construed in accordance with the laws of the Republic of Kenya.