



SUSTAINABLE FINANCING FRAMEWORK

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LIST OF ABBREVIATIONS AND ACRONYMS

BREEAM	Building Research Establishment Environmental Assessment Method
BOT	Bank of Tanzania
CO2	Carbon dioxide
CSP	Concentrated Solar heat & power generation Plants
ESG	Environmental, Social and Governance
EDGE	Excellence in Design for Greater Efficiencies
GBP	Green Bond Principles
GHG	Greenhouse Gas
GLP	Green Loan Principles
HVAC	Heating, Ventilation, and Air Conditioning
ICMA	International Capital Markets Association
IFC	International Finance Corporation
KWh	Kilowatt-Hour
LEED	Leadership in Energy and Environmental Design
LMA	Loan Markets Association
MW	Megawatt
MWh	Megawatt-Hour
NDCs	Tanzania's Nationally Determined Contributions
NEMC	National Environment Management Council
NMB	NMB Bank PLC
PUE	Power Usage Effectiveness
PV	Photovoltaics
RSB	Roundtable on Sustainable Biomaterials
SBG	Sustainability Bond Guidelines
SBP	Social Bond Principles
SDGs	Sustainable Development Goals
SLP	Social Loan Principles
SPO	Second Party Opinion
WLTP	The Worldwide Harmonized Light Vehicles Test Procedure



ABOUT NMB



NMB Bank Plc (“The Bank” or “NMB”) is Tanzania’s largest commercial bank and has been instrumental in the country’s socio-economic development for 25 years. The Bank boasts an extensive network and presence in-country, with an extensive branch and ATM network across all regions. NMB offers a wide range of domestic and international financial products and services that serve a customer base of 6 million across its three business divisions: Retail, Wholesale and Treasury.

Recognizing its role in catalysing change and creating a positive impact on the environment and communities, NMB has integrated sustainability as a core business strategy, serving under-banked populations using both traditional and digital channels, to facilitate greater financial inclusion in Tanzania.



NMB’s commitment to Sustainability

NMB is fully committed to the United Nations Sustainable Development Goals (SDGs), the Tanzanian Development Vision 2025 and the Tanzania’s Nationally Determined Contributions (NDCs). NMB has identified the following priority areas to continue to support the country’s development agenda and SDGs:

Environment and Climate Change Focus Areas:

The Bank is committed to its role in enabling climate mitigation and adaptation efforts of the country through both its lending activities, and by reducing the carbon footprint of its operations. Key focus areas include:

- Sustainable Agriculture and Food Security
- Sustainable Infrastructure
- Renewable Energy
- Clean Transportation
- Sustainable Fisheries
- Climate Adaptation
- Waste and Water Management

Social Responsibilities Focus Areas:

NMB aims to create a positive impact in Tanzania by addressing the country’s socio-economic challenges, with a key focus on:

- Financial Inclusion
- Gender Equality by promoting women participation in businesses
- Supporting the development of the agricultural sector
- Youth empowerment and job creation
- Improvement in the overall access to healthcare
- Education

NMB’s environmental and social focus areas enable NMB’s contribution to the following SDGs:



As part of NMB’s sustainability strategy in line with the Tanzania’s Nationally Determined Contributions (NDCs), the following targets have been set:

- Contribute to nation-wide target of reducing greenhouse Gas(GHG) emissions by 30%-35% by 2030
- Drive projects that build climate resilience including mitigation and adaptation; Greening the Bank’s loan portfolio by 5% by 2030

NMB’s Environmental and Social Risk Management Approach

NMB Bank is on a significant change journey to integrate sustainability in all functions and business areas. Promoting businesses and innovations with sustainability considerations as a core facet of our organisation purpose and focus is a priority in our investment and lending policies and guidelines. The Bank’s Sustainable Financing Framework represents a further step in our effort to incorporate environmental and social considerations in our operations.

Currently, through our lending strategy, we ensure that our clients adequately comply with the required statutory environmental and social regulations as periodically stated through the National Environment Management Council (NEMC), the specific sectoral regulatory agencies and the Office of the Vice President-Environment.

To further govern our environmental stewardship and social impact commitments, the Bank has put in place comprehensive and specific set of guidelines that are referred to as part of our sustainability risk management process. The Policies and Guidelines, inter alia, guide the bank when making end-to-end environment and social impact risk assessments as part of the Bank’s lending business, from the point of credit origination to business appraisal processes, approvals and monitoring stages.

Therefore, in line with our sustainability ambitions, our loan appraisal process includes the screening of Environmental and Social (E&S) risks using E&S risk assessment tools to identify, manage and account for said risks. In addition, the Bank’s Environmental & Social Impact Management Policy, which is part of a broader Enterprise Risk Management Framework, guides the impact assessment process during loan evaluation. NMB has in place a Climate Risk policy that aligns to the existing E&S Impact Management policy and the Bank of Tanzania’s (BOT’s) Guidelines on Climate-Related Financial Risks Management.

As a steward of responsible banking, NMB will continue to incorporate industry best practices into:





Sustainable Financing Framework

This framework aims to provide a foundation under which NMB Bank PLC can execute and, where applicable, list green, social and/or sustainable liabilities (sustainable instruments) including, but not limited to, bonds, loans, and deposits. NMB’s sustainable instruments offer investors an opportunity to invest in assets that create positive environmental and social impact in Tanzania.

The framework is aligned with international best practice and guidance issued by the International Capital Markets Association (ICMA) and Loan Markets Association (LMA), namely:

- Green Bond Principles (GBP) 2021,
- Social Bond Principles (SBP) 2023,
- Sustainability Bond Guidelines (SBG) 2021,
- Green Loan Principles (GLP) 2023 and
- Social Loan Principles (SLP) 2023

Under this framework, NMB may issue 3 types of instruments:

- Green bonds/loans etc. where an amount equal to the net proceeds will be exclusively used to finance and/or refinance eligible loans falling within the Eligible Green criteria,
- Social bonds/loans etc. where an amount equal to the net proceeds will be exclusively used to finance and/or refinance eligible loans falling within the Eligible Social criteria,
- Sustainability bonds/loans etc. where an amount equal to the net proceeds will be exclusively used to finance and/or refinance eligible loans falling within both Eligible Green and Social criteria.

Scope

NMB will regularly review and update this framework in line with market developments, and incorporate best practice evaluation, management and reporting. This framework has been developed in line with the ICMA GBP, SBP and SBG, overlaid with LMA GLP and SLP, and covers the following key pillars:



Use of proceeds



Process for project evaluation and selection



Management of proceeds



Reporting

Use of Proceeds

The proceeds of the sustainable instruments under this framework will be exclusively used to finance new eligible loans/assets and/or refinance existing eligible loans/assets, in whole or in part, that meet the eligibility criteria detailed in the green and social categories below.

In addition, to qualify as eligible loans/assets, they should: not be used to refinance third parties, not be related to a provisioned amount of non-performing loans and not be an uncommitted transaction.

New loans are those whose origination and commitment was made up to 18 months prior to the issue of the sustainable instruments and at any time from the date of the issuance.



Existing loans are those which have reached financial close but have not passed the break-even point up to 18 months prior to the issuance or where the assets are not yet fully operational, and the additional long-term funds committed to new eligible loans/assets are replacing short-term funds or strengthening the financial terms of the climate-related assets.

NMB’s look back period for any financing using such proceeds is 18 months prior to the date of the sustainable instrument issuance.

Green Categories:

Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
Renewable Energy	  	<ul style="list-style-type: none"> • Renewable energy generation (Development, construction, installation and maintenance). • Manufacturing or importing of renewable energy technology (including inverters and storage batteries). 	<ul style="list-style-type: none"> • Solar, including Solar PV and Concentrated Solar heat & power generation Plants (CSP). For CSP, >85% of the generated electricity will be derived from Solar energy sources. • Wind (onshore and offshore) • Run of the river hydropower where 1) the used penstock/pondage capacity does not exceed 24hrs usage 2) a typical power plant would utilize less than two-thirds of a river’s total annual flow and 3) immediately below the powerhouse, all flows diverted to produce power are returned to the stream and the natural downstream flow patterns are preserved. • Geothermal with direct emissions below 100gCO2/kWh • Biomass or biofuels of sustainable origin for electricity generation and/or biofuel production. It will be demonstrated through compliance with internationally accepted certification schemes (e.g., Roundtable on Sustainable Biomaterials) or other evidence that the activity does not compete with food crop production or supply. <p>Specific exclusion</p> <ul style="list-style-type: none"> • Biomass or biofuels of non-sustainable origin. • Hydropower projects for which estimated reservoir emissions intensity is >100gCO2/kWh or power density greater than 5W/m2’ • Geothermal projects with emission intensity over 100gCO2/kWh • Hydrogen production through steam reforming processes using natural gas/oil or coal (grey/ black/blue hydrogen).



Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
		<ul style="list-style-type: none"> • Construction/ maintenance/ expansion of transmission infrastructure and distribution networks. 	<ul style="list-style-type: none"> • Grid expansion from renewable sources • Micro-grid infrastructure connected to renewable sources. • Infrastructure directly connecting
Energy Efficiency		<ul style="list-style-type: none"> • Upgrade and retrofit infrastructure and assets to increase energy and resource efficiency. 	<ul style="list-style-type: none"> • Refurbishment of residential or commercial buildings that increase energy efficiency by at least 20% • Replacement or upgrade of lighting, appliances, production machinery, industrial processes or products to increase energy efficiency by at least 20% • Replacement or upgrade of non-fossil fuels shipping infrastructure to increase energy efficiency by at least 20% • Fuel-switching investments renewable or green hydrogen fuels to avoid/reduce the use of fossil fuels such as coal, oil, kerosene and diesel • Other measures dedicated to improving the efficient use of energy and preventing system losses such as building insulation, smart energy management systems, green HVAC systems, power factor correction systems, non-fossil-fueled waste heat recovery systems • Finance/refinance expenditures that will result in improved Data centres' energy efficiency (average PUE of 1.5) or equipment that achieve green data centre certification such as (EDGE, BREEAM Excellent and outstanding, LEED Platinum or Gold, or equivalent) EDGE, LEED, BREEAM



Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
Pollution prevention and control	 	<ul style="list-style-type: none"> • Improved waste management • Activities that aim to promote circularity by maximizing resource efficiency, minimizing waste generation and promoting the reuse, recycling and regeneration of materials and products 	<ul style="list-style-type: none"> • Recycling or composting activities • Activities that divert waste from landfill and/or reduce pollution of rivers and oceans. • Landfill gas capture and utilization in permanently closed landfills. For instance, in closed or decommissioned landfill, the gas capture efficiency will be 75% or more. • Waste-to-energy projects limited to non-recyclable wastes where majority of recyclables are separated before incineration • Anaerobic digestion facilities to produce biogas using non-waste feedstock crops and digestate from bio-waste; forestry and agricultural residues including corn cobs and sugarcane bagasse. • Projects that promote the reuse, repair, and refurbishment to extend product lifespans. • Construction of coastal defences to prevent the pollution of rivers and oceans from coastal landfill sites. • Manure management with biodigesters to improve energy efficiency of aquaculture farming and processing facilities. <p>Specific exclusion:</p> <ul style="list-style-type: none"> • Waste-to-energy activities where removal of recyclables prior to incineration cannot be ensured. • Landfill gas capture for flaring
		<ul style="list-style-type: none"> • Reduced air emissions 	<ul style="list-style-type: none"> • Projects to replace refrigerants in mechanical cooling systems and refrigerant-based appliances with solutions that lower global warming potential.



Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
Sustainable water and wastewater management	   	<ul style="list-style-type: none"> • Activities that expand public access to safe and affordable drinking water. • Activities that provide access to adequate sanitation facilities. • Activities that improve water quality. • Activities that enhance water use efficiency. 	<ul style="list-style-type: none"> • Construction, maintenance and equipment for water supply and treatment infrastructure (i.e., pipework). • Water treatment facilities. • Wastewater discharge infrastructure. • Water-saving systems and technologies (e.g., smart meters). • Energy efficiency measures in water systems that improve efficiency. • Sustainable urban drainage systems. • Removal of invasive species to improve water catchments. • Water Storage Facilities. <p>Specific exclusion:</p> <ul style="list-style-type: none"> • Expenditures will exclude application to hard-to-abate industries. • Desalination projects that do not have an environmental risk mitigation strategy to address brine management. • Desalination plants exclusively powered by fossil fuel rather than grid electricity. • Desalination plants supplying water exclusively for fossil fuel activities. • Desalination plants with carbon Intensity >100gCO2/kWh
Green Buildings	  	<ul style="list-style-type: none"> • Green buildings that meet regional, national or internationally recognized standards or certifications. • Must achieve equal to or more than 20% emissions/energy performance improvements (or primary energy demand) over baseline. 	<ul style="list-style-type: none"> • Construction or acquisition of Certified (EDGE, BREEAM Excellent and outstanding, LEED Platinum or Gold, or equivalent) green commercial or residential buildings. • Certified greenfield projects, or the construction, reconstruction, retrofitting, renovation and/or operation of buildings to make them sustainable, improve resource efficiency and adopt environmentally sound technologies. • Replacement of existing heating/cooling systems in buildings with more efficient, non-fossil fuel powered systems, or installation of new renewable energy only cogeneration/ trigeneration/combined heat and power plants that generate electricity in addition to providing heating/cooling. • Waste heat recovery improvements.



Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
Clean transportation		<ul style="list-style-type: none"> • Projects that increase access to clean transportation. • Reduced air emissions. 	<ul style="list-style-type: none"> • Projects to finance the manufacture, retrofit or purchase of low-carbon transportation technology (e.g., electric, hybrid and green hydrogen), including vehicles, buses, tractors, trains and ships. For hybrids, emission threshold is as follows: i) passenger vehicles will be at or below 75 gCO₂/km; ii) buses will meet a direct emissions threshold of less than 50 gCO₂e/pkm based on a WLTP procedure; iii) heavy trucks are at or below 25 gCO₂/km per vehicle; iv) passenger rail will meet a universal threshold of less than 50 gCO₂e/km; v) freight will be below 25 gCO₂/tkm; or If the overall portfolio on average meets the threshold <25 gCO₂/tkm or 40.23 gCO₂/tmi • Electric vehicle charging stations and electric vehicle infrastructure for public transport and private use. • Rail transportation projects for public use, where for hybrid freight: passenger rail with direct emissions threshold of <50 gCO₂e/pkm or 80.47 gCO₂/pmi, • Manufacture or leasing of unpowered wagons with the condition that they are not designed nor used for the transportation of fossil fuels. • Acquisition, development, operation and maintenance of electric vehicle charging stations and electric infrastructure for public transport. • Schemes and incentives to support the purchase of zero-emission transportation and related infrastructure. • Mass transit infrastructure, including fossil-fuel-related projects with less than 50g CO₂ per passenger km and freight and water projects with less than 25kg of CO₂ per tonne. <p>Specific exclusions:</p> <ul style="list-style-type: none"> • Fossil-fuel-based transportation, supporting infrastructure and transportation dedicated to fossil fuel transport. • Systems and infrastructure dedicated to the transportation of fossil fuels.



Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
Climate change adaptation		<ul style="list-style-type: none"> Investments (i.e. assets, systems or activities) intended to address physical climate risk and strengthen resilience and adaptive capacity to climate-related hazards and natural disasters, and substantially decrease the direct economic losses from disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations. 	<p>These investments must:</p> <ul style="list-style-type: none"> Demonstrate an understanding of the climate risk faced by the asset, system or activity; Ensure proper risk reduction measures are in place along with flexible management plans that account for uncertainties; and Demonstrate that the regular revaluation of resilience benefits will be undertaken, and the results thereof addressed. Examples of investments include, but are not limited to; climate observation and early warning systems, flood control and prevention systems, early warning systems that protect against extreme weather, and porous pavement projects that focus on increased protection against river erosion. Bulk raw water infrastructure projects that document an improvement in drought resilience. Grey and blue/green infrastructure that improves stormwater run-off. <p>Specific Exclusions</p> <p>Large-scale agricultural projects that entail livestock and/or poultry farming or production will not be considered eligible</p>
		Livestock	<ul style="list-style-type: none"> Training and development to promote integrated cropland-livestock forestry practices (ICLFSs) and sustainable pasture and rangeland management practices for smallholders, that enhancing climate resilience livestock infrastructures and services.
Environmentally sustainable management of living natural resources and land use	 	<ul style="list-style-type: none"> Sustainable and climate-smart agriculture. 	<p>Projects that demonstrate:</p> <ul style="list-style-type: none"> Increased crop productivity of at least 20% without increasing greenhouse gas (GHG) emissions Reduction in at least 20% of energy use in agricultural traction (low or efficient tillage and other agricultural processes) Reduction in water consumption of at least 20% per unit of product (drip irrigation, switching to less water-intensive crops, water harvest and storage facilities)



Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
			<ul style="list-style-type: none"> • Improvement in existing soil carbon pools (Potentially eligible activities include but not limited to no-till farming, degraded land rehabilitation, erosion control measures, reduced tillage intensity and cover crops, crop rotation, higher inputs of organic matter to soil, processing and application of manure/digestate preferably with biogas capture for energy, perennial cropping systems, cultivation of deep rooting species, and peatland restoration and conservation) • Biological nitrogen fixation – reduction in at least 20% (per unit of product) of non-carbon dioxide GHG emissions from agricultural processes (e.g., N2O from fertiliser use) • Integrated cropland-livestock-forestry systems for smallholder farms and that comply with sustainable forestry management plan for smallholders. • Projects or activities that increase the resilience of agribusinesses against climate risks, including but not limited to sub-surface drip irrigation. • Large-scale agricultural operations will be considered eligible if they are sustainability certified by credible organizations such as: <ul style="list-style-type: none"> - Rainforest Alliance; - Roundtable on Sustainable Biomaterials - Roundtable on Responsible Soy Association Standard - Bonsucro Production Standard - Rainforest Alliance 2020 Sustainable Agriculture Standard • Greenhouses with sustainable practices with regards to energy, air and carbon management, water use, hydroponics or aeroponics <p>Specific Exclusion.</p> <p>Financing/refinancing of projects will exclude farms exclusively dedicated to livestock.</p>

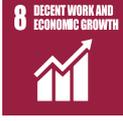


Green Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
		<ul style="list-style-type: none"> • Sustainable forestry 	<ul style="list-style-type: none"> • Sustainable forest management activities that increase carbon stocks or avoid deforestation • Reforestation on previously forested land • Afforestation on non-forested land no conversion of natural land is involved.
			<ul style="list-style-type: none"> • Sustainable fisheries and seafood: <ul style="list-style-type: none"> • Investments to meet, keep or exceed the relevant certification standard for the Fishing Industry. Following certifications are expected under the activity: <ul style="list-style-type: none"> - The Aquaculture Stewardship Council (ASC) - Aquaculture Stewardship Council Tilapia (ASC Tilapia) - Best Aquaculture Practice (minimum 2 stars), - Fisheries certified by the Marine Stewardship Council (MSC). • Traceability systems to ensure sustainability of operations, facilities and supply chain in the fishing industry (this investment should meet, keep or exceed the MSC certification for the chain of custody certification for suppliers of seafood products). • Increase productivity in an environmentally sustainable way through inter alia climate-smart fisheries and aquaculture innovations.

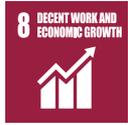


Social Categories:

In categorising social projects/assets, NMB will consider and formalise the target populations positively impacted by financed social projects. This consideration will include the reasoning for selecting the target population and mechanisms for addressing the target population through the social project. Target populations will be of a disadvantaged or vulnerable group, or if the general population is applicable to the types of activities/use of proceeds, the Asset Originating Business will consider whether the activity has the potential to exclude some vulnerable or disadvantaged populations.

Social Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
Affordable housing	 	<ul style="list-style-type: none"> Affordable and/or social housing targeting low- and middle-income population 	<ul style="list-style-type: none"> Construction or investment in affordable and/or social housing deemed as such in the applicable jurisdiction Investment in improving the quality of existing social and affordable housing facilities.
Access to essential services	   	<ul style="list-style-type: none"> Activities that expand access to education for previously underserved and disadvantaged or low- income groups. 	<ul style="list-style-type: none"> Construction and renovation of education facilities that improve the quality and capacity of the facility Projects that improve technological access within the education sector Student housing Financing and refinancing of expenditure for profit institutions under the category will be eligible if the underserved, disadvantaged or low- income portion of the population is served
		<ul style="list-style-type: none"> Activities that expand access to healthcare for previously disadvantaged or low-income groups, underserved and vulnerable individuals including sick and elderly people 	<ul style="list-style-type: none"> Construction, operation, maintenance and renovation of health facilities that improve the quality and capacity of the facility. Financing construction, maintenance, improvement and/or purchase of equipment for private hospitals and other private healthcare institutions which provide free or subsidized access to vulnerable communities¹ (living below poverty line, excluded and/or marginalized populations, People with disabilities, unemployed, Elderly, Sick and underserved). Projects that improve technological access within the healthcare sector.



Social Category	Alignment with Priority SDGs	Impact Area	Eligibility Criteria
Employment generation		<ul style="list-style-type: none"> Activities that generate employment through the potential effect of MSMEs financing 	<ul style="list-style-type: none"> Long-term working capital and credit to balance cash flow and support unforeseen expenses to micro and small business Poverty alleviation, employment programs and other programs that contribute directly to the stimulation of sustainable economic activities. Funding projects that promote growth of MSMEs Micro, Small and medium enterprises are categorised as per Tanzanian Specific guidelines <p>Specific exclusion:</p> <ul style="list-style-type: none"> MSMEs whose business activities could be considered harmful to the environment or are in contravention of any of the other criteria outlined above
Socioeconomic advancement and empowerment	  	<ul style="list-style-type: none"> Activities that promote gender equality and equal opportunities to women in MSMEs. 	<ul style="list-style-type: none"> MSMEs that are >50% owned or controlled by women. MSMEs businesses that have >30% women as workforce. Projects that aim to provide women and female-owned MSMEs with access to financial services, including affordable credit, payment and saving accounts and non-financial services such as financial and business training. MSMEs Projects and services that create job opportunities for women. MSMEs Products and services that specifically or disproportionately benefit women
Food security	 	<ul style="list-style-type: none"> Investments and financing in the agricultural sector and food systems to end hunger, achieve food security and significantly enhance nutrition. This aims to promote access to adequate food for low-income population. <p>For low-income population, we refer to the population that is living below the poverty line¹.</p>	<ul style="list-style-type: none"> Small scale irrigation and agriculture value chain development – with a view to improve productivity of small-scale producers. Provision of farm infrastructure and agriculture inputs for rural farmers. Small scale fishing and aquaculture sectors of the Blue Economy Financing/refinancing projects that promote food storage, such as cold rooms, warehouses or improved packaging etc.



MSEs/ SMEs NMB's definition - Enterprise size (Turnover)

MSE: Turnover of up to TZS 150 million

SME: Turnover between TZS 150 million- TZS 15 billion

Corporates: Turnover above TZS 15 billion

Exclusionary criteria:

NMB's internal, non-exhaustive exclusion list, which is in alignment with Country's legal requirements and IFC's exclusion list of project and activities, details a list of economic activities that should not be financed by the Bank.

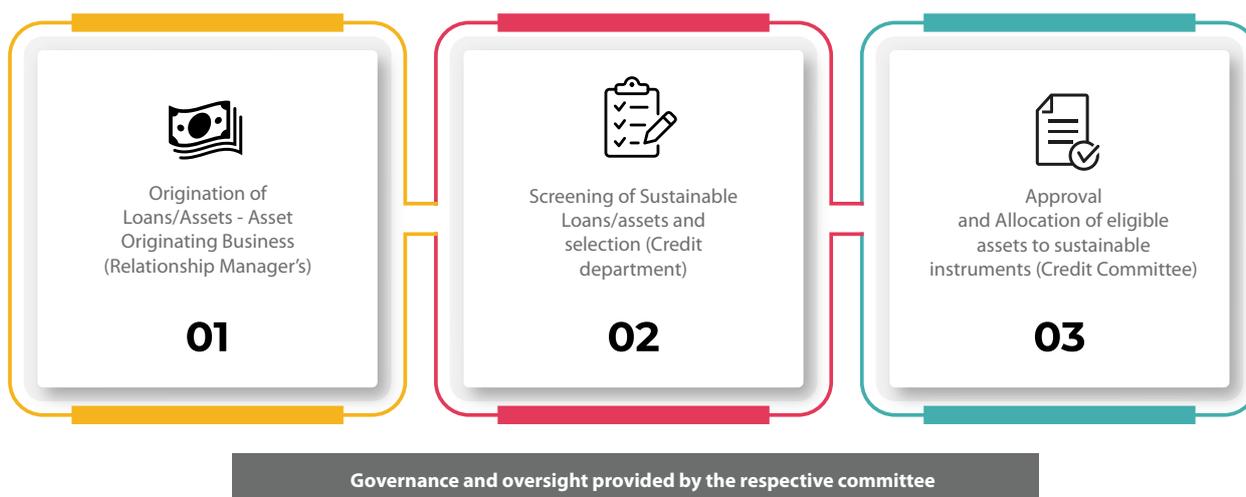
In this regard, NMB commits to not knowingly using the proceeds of the green, social and/or sustainability instruments for the financing of assets/ projects included in the below exclusionary criteria:

1. Production or activities involving exploitative forms of forced labour, child labour or human trafficking.
2. Production or trade in any product or activity deemed illegal under Tanzania laws or regulations or international conventions and agreements.
3. Production or trade in weapons and munitions or other activities related to war industry.
4. Gambling, casinos and equivalent enterprises.
5. Trade in wildlife or wildlife products protected by national or international law or regulations.
6. Production or trade in radioactive materials.
7. Financing of Tobacco (specific for this framework).
8. Production or trade in unprotected asbestos fibers as well as their use.
9. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest.
10. Production or trade in products that contain high toxic chemicals.
11. Production or trade in pharmaceutical products subject to gradual elimination or international bans.
12. Production or trade in pesticides or herbicides or any other agrochemical subject to gradual elimination or international bans.
13. Production or trade in ozone depleting substances subject to gradual elimination or international bans.
14. Production, trade or manufacture of illegal drugs or psychotropic substances.
15. Activities which, because of their nature, are deemed against NMB's environmental policy (under Credit Policy) or Tanzania laws.
16. Activities which, because of their nature, are deemed against the ethical and moral principles established in the NMB's Code of Conduct and complementary laws.
17. Projects in any part of the value chain of generation of power or heat using fossil fuels (coal, oil or gas), as well as projects that are directly linked to power or heat generated on the base of fossil fuels (specific for this framework). Excluded Fossil Fuel Activities means
 - a. mining, prospecting or exploring for Fossil Fuels;
 - b. producing, processing or refining Fossil Fuels or using waste heat from the burning of Fossil Fuels
 - c. generating power or heat using Fossil Fuels, storing or transmitting that power or heat or refurbishing or rehabilitating power generation plants that use Fossil Fuels; or
 - d. storing, transporting, distributing or trading in Fossil Fuels, or developing, acquiring, constructing, operating or maintaining any infrastructure for the storage, transport, distribution of, or trade in, Fossil Fuels.
 - e. the production and provision of goods, services or other outputs (including advisory or financial services and utilities) for exclusive use in connection with any activity referred to in (a) to (d) above.

¹NMB Bank Plc aligns with the World Bank's definition of poverty line as those with income of less than USD 1.90 per day (in Purchasing Power Parity term)



Process for project evaluation and selection



The process for project evaluation and selection follows a three-step approach, namely, asset origination, asset screening and allocation, and asset approval.

Origination of Assets: Assets are originated by the Asset Originating Businesses.

Screening of Sustainable Loans/ Assets and Selection:- The asset origination businesses ensure adherence to NMB's Environmental and Social Management System (ESMS), which will be periodically updated to align with local and international E&S good practice, including the IFC Performance Standards (where applicable), and screen assets against the investment categories and eligibility criteria detailed in this framework. Loans/ Assets that do not meet the defined eligibility criteria in the framework are removed. Furthermore, loans/ assets that are deemed ineligible in relation to ESG Assessment process under ESMS are also removed. The remaining loans/assets are further evaluated by the sustainability experts within the bank (under business and credit functions), after which the qualifying ones are considered as potential Sustainable Loans/Assets.

Assets approval: The final approval of the selection and evaluation of projects eligible for green, social or sustainable loans throughout the life of NMB's Sustainable issuances is owned by the relevant bank's Credit Committee ("CREDCO"). Identified eligible assets are therefore approved by the relevant Credit Committee. Approved eligible assets are allocated to sustainable instruments by the Treasury team.

The respective committee together with Treasury will be responsible for governing the framework to ensure consistency of approach and oversight. The Committee and Treasury are responsible for ensuring that eligible assets/projects are not allocated to more than one green, social or sustainability bond/loan at a given time.

Management of Proceeds

NMB intends to allocate the proceeds from the green, social or sustainable instruments to eligible loans/assets, which will be selected in line with the use of proceeds criteria and project evaluation and selection criteria process presented above. The net proceeds of the sustainable financing will be credited to sub-accounts in the respective business lines. The receipt and allocation of proceeds will be tracked by the Credit Administration department and reported to Treasury. Disbursements will be made within eighteen (18) months, depending on when each project/business milestone is reached.

To ensure appropriate earmarking for the purpose of internal monitoring and external reporting of proceeds, NMB established a sustainable asset register (SAR) that contains all Eligible Loans/Assets financed by or able to be financed by the Bank's Green, Social and Sustainable instruments and their drawn value. Eligible Loans/ Assets financed will also be tracked with a specific mark in the Bank's IT system to ensure strong governance and oversight of the portfolio.

Where applicable, unutilized proceeds will be invested in accordance with the Bank's liquidity asset management investment policy until disbursement. This is mainly in short term money markets products from Sovereign, Supranational, Agencies, Development Banks, and Financial Institutions. In case loans/assets are no longer eligible or have been repaid early, NMB will replace these with other eligible assets/projects to the extent feasible or remove them from the eligible project portfolio.

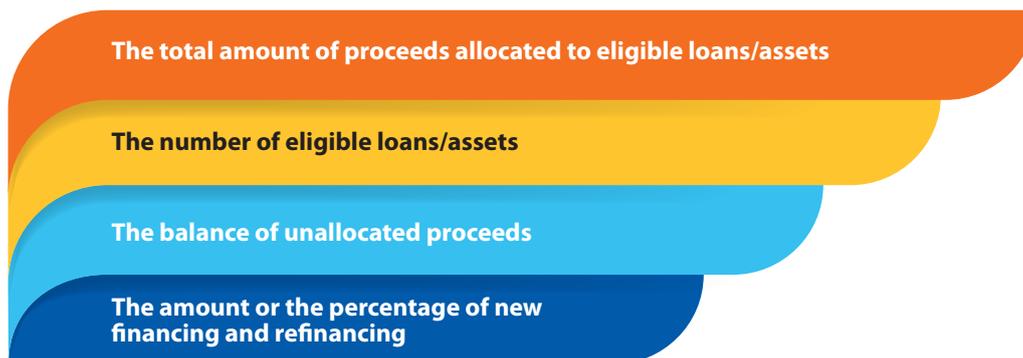


Reporting

Impact and Allocation Reporting

NMB will prepare and publish an annual impact and allocation report with respect to the instruments issued under this framework. This report will be made available on the Investor Relations page of the NMB website. NMB will report on the allocation and impact of instrument’s proceeds within the Eligible Loan/Asset portfolio at least at a category level.

The allocation report will provide:



The Impact report will provide:

A summary of the impact of the allocated portfolio for a sustainable instrument may include the metrics set out but not limited to below, as well as relevant project narratives, to the extent that the data is available from clients and subject to permitted disclosures in accordance with relevant confidentiality agreements and privacy, competition or other relevant regulation,

Indicative Impact indicator	
Renewable energy	<ul style="list-style-type: none"> • Total installed capacity MW • Annual Generated Renewable Power (MWh/year) • Number of people with access to clean energy services • Estimated number of jobs created by renewable energy projects • Estimated annual CO2 equivalent emission reduction (tons CO2eq/year)
Energy efficiency	<ul style="list-style-type: none"> • Annual energy savings (MWh/year or in TZS) • Estimated annual CO2 equivalent emissions reduction/avoidance (tons CO2eq/year)
Pollution prevention and control	<ul style="list-style-type: none"> • Percentage of annual waste reused or recycled before and after the project • Total installed capacity MW from waste to energy • Annual absolute (gross) amount of waste that is separated and /or collected, and treated (including composted) or disposed of (% of total waste)
Climate change adaptation"	<ul style="list-style-type: none"> • Description of the specific climate risk being addressed by the investment and how the project improves resilience to climate change.



<p>Environmentally sustainable management of living natural resources and land use</p>	<ul style="list-style-type: none"> • Annual non-GHG emission reduction (e.g., reduction of N2O fertiliser emissions) • Productivity gains due to climate-smart agriculture (tonnes of product type/ha year) • Reduction in post-harvest losses (tonnes of product type/year) • Area (ha/year) of biodiversity conserved • Area (ha/year) of forestation or reforestation • Amount/size (ha/year) of sustainable agriculture, animal husbandry, fisheries.
<p>Sustainable water and wastewater management</p>	<ul style="list-style-type: none"> • Annual Volume of water saved/recycled (m3/year) • Annual Volume of wastewater treated for reuse (m3/year) • Additional number of people with access to safe drinking water
<p>Green buildings</p>	<ul style="list-style-type: none"> • Total m2 of green buildings funded • Total m2 of energy efficient property funded • Estimated annual CO2 equivalent emissions reduction/avoidance (tons CO2eq/year) • Number of mortgages provided to green certified houses/residential projects • Number of people benefitted • Number of green buildings funded by eligible certification (where applicable)
<p>Clean transportation</p>	<ul style="list-style-type: none"> • Annual GHG emission reductions (tCO2eq/year) • Number of people with access to sustainable transport systems • Level of service (passenger.km/year) • Number of low carbon vehicles financed • Number of electric vehicles charging points installed
<p>Affordable housing</p>	<ul style="list-style-type: none"> • Number of people with access to safe, affordable and sustainable housing • Number of affordable and sustainable housing units built • Size of affordable mortgage book (TZSbn) and value of new business in a particular year (TZSbn).
<p>Access to essential services</p>	<ul style="list-style-type: none"> • Number of education facilities financed • Spend on education (TZSm) • Number of people provided with financial literacy training • Number of people with access to education facilities or courses • Additional student projected intake • Number of healthcare facilities financed • Number of new or existing healthcare facilities that have experienced increases in capacity from financing, i.e. additional hospital beds • Number of people with access to healthcare • Number of households with access to childcare facilities.
<p>Socioeconomic advancement and empowerment</p>	<ul style="list-style-type: none"> • Number of females, youth and/or previously marginalised groups with increased access to affordable credit, payment services, saving accounts or non-financial services • Number of female-owned enterprises funded • Estimated number of jobs created"
<p>Employment generation</p>	<ul style="list-style-type: none"> • Number of MSEs/SMEs financed and value of MSE/SME loans (TZSbn) • Estimated number of jobs created.
<p>Food Security</p>	<ul style="list-style-type: none"> • Number of agri-businesses financed • Number of small holder farmers engaged • Number of farmers reached"



External Review

This framework and/or issuances under this framework will be reviewed by an experienced second-party opinion provider or independent verifier, as deemed appropriate. The second-party opinion or independent verification will be made available along with this framework to investors on NMB's website. NMB will request, on an annual basis, starting one year after issuance and until maturity (or full allocation), a limited assurance report of the allocation of the green, social and/or sustainability bond/loan proceeds to eligible loans/assets, to be provided by Bank's independent auditor (Internal Auditor) and verified by the second party opinion provider. For issuances that will be listed on the DSE and/or other international stock exchanges, these independent reports will serve as confirmation of the instrument's green, social and/or sustainable status.

NMB Bank PLC Disclaimer

NMB Bank Plc will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Bank and the SPO Provider. The updated Framework, if any, will be published on our website and will replace this Framework.

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