

Environmental, Social, and Governance (ESG) Policy

1. Introduction

Mission and Vision:

Sevi is dedicated to providing affordable finance to entrepreneurs which is a crucial condition for further growth of micro and small companies, contributing to economic growth and a dignified life for entrepreneurs, their employees and families. We believe merchant finance based on real orders and delivery is the best way to loan to low-income clients because it limits default risks. We believe using new digital technologies can unleash the full potential of this model. We empower entrepreneurs with access to ethical and affordable credit to grow their business.

2. Scope

This policy applies to all employees, management, and stakeholders of Sevi. It encompasses our operations, investments, partnerships, and community engagements.

3. Objectives

- To minimize our environmental impact.
- To promote social well-being and equitable growth.
- To uphold the highest standards of governance and ethical conduct.
- To foster long-term sustainable value creation for our stakeholders.

4. Environmental Commitment

Sustainable Operations:

- **Resource Efficiency:** Sevi supports small entrepreneurs to buy stock on credit, encouraging them to buy larger orders and thus minimize on transport at movements. Sevi adopts practices that reduce energy consumption and minimize waste within its operations, i.e. in our offices and facilities, such as LED lighting, energy-saving appliances, and automated systems to reduce energy consumption.
- **Green Office Practices:** Implementing paperless processes, using digital platforms, offering water dispensers and reusable water cups.

Green Financing:

- **Support for Sustainable Projects:** Prioritize financing for projects that promote environmental sustainability, such as sustainable agriculture and eco-friendly supply chains.
- **Environmental Criteria for Lending:** Integrate environmental considerations into the credit assessment process, ensuring support for businesses with sustainable practices.

5. Social Responsibility

Financial Inclusion:

- **Access to Capital:** Provide financial services to underserved communities, particularly MSMEs, to promote inclusive economic growth.
- **Affordability and Accessibility:** Ensure that financial products are affordable and accessible to marginalized populations.
- **Gender equality:** Promote equal rights to access to finance for women and use of enabling technology to enhance the empowerment of women.
- **Credit assessment:** Thorough credit appraisal to prevent over indebtedness.
- **Credit policy:** Adhere to a strict credit policy to prevent misuse or the misinforming of a customer both during sales, onboarding, verification and recovery.

Community Engagement:

- **Local Development Projects:** Invest in local communities through projects that improve education, healthcare, and infrastructure.
- **Volunteerism and Philanthropy:** Encourage employees to volunteer in community projects and support philanthropic initiatives.

Employee Welfare:

- **Diverse and Inclusive Workplace:** Promote diversity and inclusion within the workplace, ensuring equal opportunities for all employees.
- **Professional Development:** Offer continuous learning and career development opportunities for employees.
- **Health and Safety:** Maintain a safe and healthy working environment for all staff members as well as provide an additional health cover to staff.

6. Governance Principles

Ethical Conduct:

- **Code of Conduct:** Adhere to a strict code of conduct that governs ethical behavior and integrity in all business dealings.
- **Anti-Corruption Measures:** Zero tolerance to corruption and ensure compliance with anti-corruption laws and regulations.
- **Child labor:** Zero tolerance to child labor and active reporting of child labor when observed with stakeholders.

Transparency:

- **Open Communication:** Maintain transparent communication with stakeholders, providing clear and accurate information about business practices and performance.
- **Financial Reporting:** Ensure accurate and transparent financial reporting in compliance with regulatory standards.

Regulatory Compliance:

- **Adherence to Laws:** Comply with all relevant local and international regulations, including AML, data protection and KYC standards.
- **Regulatory Engagement:** Engage proactively with regulators to ensure compliance and promote industry best practices.

7. Monitoring

ESG Metrics:

- **Performance Indicators:** Develop and track KPIs for environmental, social, and governance aspects to measure progress.
- **Impact Assessment:** Regularly assess the impact of our services and business operations.

8. Continuous Improvement

Innovation:

- **Sustainable Solutions:** Embrace innovative solutions and technologies that enhance ESG impact and operational efficiency.
- **Product Development:** Develop financially appropriate products that address specific social challenges.

Training and Development:

- **Employee Education:** Provide ongoing training on policies and best practices to employees at all levels.

Feedback Mechanisms:

- **Stakeholder Feedback:** Establish channels for receiving and addressing feedback from stakeholders on ESG strategies and performance.
- **Continuous Learning:** Learn from feedback and best practices to continuously improve ESG policies and practices.

9. Sevi Approach to ESG

Credit Scoring System: Sevi uses a comprehensive credit scoring system, analyzing over 1,000 data points to provide appropriate credit plans to borrowers, preventing over indebtedness and ensuring low default rates. The credit scoring model has undergone multiple iterations to improve accuracy and effectiveness.

Risk Management: Sevi employs in-house credit operations and debt collection teams to manage borrower verification and collections. This multi-faceted approach ensures high repayment rates and lowers the portfolio at risk, while maintaining outstanding ethical behavior and integrity standards.

Insurance: Sevi is providing a collective insurance to its borrowers to support those who are not able to repay for legitimate reasons e.g. sickness.

Financial Education: Sevi provides financial education through its digital platform to borrowers before and while issuing loans, emphasizing the importance of planning, timely repayments and financial health. This initiative helps borrowers improve their financial literacy and climb up the financial ladder.

Regulatory Compliance: Sevi is regulated and licensed by the Central bank of Kenya, ensuring consumer protection and adherence to Kenyan law. This regulatory framework promotes transparency and risk mitigation for all stakeholders.