



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Document Summary

Policy Ref	Board	
Policy Summary	This policy applies to Nairobi Securities Exchange Plc and its subsidiaries	
Scope	NSE PLC	
Document Status	Approved	
Version	1.0	Effective Date: March 2018
Executive Responsible	Policy Owner	
Approval(s)	Board	Approval date(s): 19 th March 2018

CORPORATE, SOCIAL & RESPONSIBILITY POLICY

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1. PURPOSE

This Procedure outlines the requirements for the implementation and continuing monitoring of a Corporate Social Responsibility (CSR) Program. The NSE is committed to being a socially responsible corporate citizen and making a positive contribution, which is beyond any legal requirements. We recognize that in order to deliver sound financial results for our shareholders we must meet our responsibilities to clients, employees and the community as a whole. Social responsibility is fundamental to the long-term growth and sustainability of NSE and is therefore viewed as the basis on which NSE conducts its business.

As a responsible company, NSE recognizes that our activities (operations, products and services) have a wider impact and can therefore contribute to the environment in which we operate in. The NSE aims to take this into account by taking the necessary actions as is outlined in these procedures. NSE aims for CSR to be an integral part of our business. For this to happen there are key characteristics that must underpin our commitment to CSR. They are;

- a) Having a sound understanding of the roles in the society in which we operate e.g. the environment, investors, government
- b) Openness to new ideas, practices and ways of thinking and challenging our existing methods where necessary
- c) Building strong stakeholder relations – identifying the needs of our stake holders, engaging in consultations and balancing demands
- d) Valuing and harnessing diversity and adjusting our approach when necessary
- e) Building the capacity of our existing & potential investors

The NSE Vision, Mission and core values form the basis of these CSR procedures.

2. DEFINITIONS

For purposes of these procedures, unless otherwise stated, the following definitions shall apply:

Corporate Social Responsibility (CSR): CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

Corporate Social Investment (CSI): Any social development activity that is not undertaken for the purpose of generating business income”

Sustainability: A process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are in harmony and enhance both current and future potential to meet human needs and aspirations – *The World Commission on Environment and Development.*

3. SCOPE

NSE aims to set an example in the areas of Business Ethics, Economy, Rule of Law and Sustainability. The company achieves this by taking action in: integrity, legal compliance, anti-corruption, anti-bribery, environmental protection, climate control and energy conservation, corporate governance, good shareholder relations, encouraging innovation and continuous engagements with the public.

4. PROCEDURE

4.1 Procedures Detail

Lead responsibility for the planning, implementation and evaluation of NSE's CSR initiatives lies with the Head of Brand and Corporate Affairs. In some instances, a specific coordinator will be appointed, who will be responsible for managing the coordination of the CSR initiative.

4.2 Our Philosophy

Sustainable businesses must take Corporate Social Responsibility into consideration. NSE promotes its CSR activities based on the conviction that all Kenyans should have access to financial services and be able to optimize these services to meet their financial objectives. We are vigilant in our enforcement of corporate ethics and compliance amongst listed companies. We believe informed investors are the best deterrent against corporate malfeasance. We constantly work towards creating and improving financial literacy programs. At the same time, we pursue initiatives related to environmental preservation and philanthropy.

Our principles of social responsibility:

- a) Accountability;
- b) Transparency;
- c) Ethical behavior;
- d) Respect for stakeholder interests;
- e) Respect for the rule of law;
- f) Respect for international norms of behavior;
- g) Respect for human rights.

4.3 Protecting people

We will ensure that we:

- Don't risk the health and safety of our employees and community.
- Avoid harming the lives of local and indigenous people.
- Support diversity and inclusion.

4.4 Human rights

NSE is dedicated to protecting human rights. We are a committed equal opportunity employer and will abide by all fair labor practices. We'll ensure that our activities do not directly or indirectly violate human rights in any country.

4.5 Pro-activeness

4.5.1 Donations and Aid

NSE may preserve a budget to make financial donations. These donations will aim to:

- Advance financial literacy, education and community events.
- Alleviate suffering of those in need.

4.5.2 Volunteering

NSE will encourage its employees to volunteer. They can volunteer through programs organized internally or externally. Our company may sponsor volunteering events from other organizations.

4.6 Protecting and preserving the environment

Environmental conservation is any activity we engage in to protect our planet and conserve its natural resources so that living things can have an improved quality of life. NSE has been at the fore front of environmental conservation with key sponsorships to environmental conservation programs. The NSE is committed to establishing a more focused approach to environmental conservation. The NSE is cognizant that its activities have both a direct and indirect impact to the environment. Apart from legal obligations, NSE will proactively protect the environment. Examples of relevant activities include:

- Undertaking awareness projects / sponsoring organization undertaking awareness projects on importance of the environment.
- Supporting causes that aim to conserve and preserve wildlife in the country.
- Complying with all relevant environmental legislation, regulations and approved codes of practice
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources.
- Managing and disposing of all waste in a responsible manner.
- Providing training for our staff so that we all work in accordance with these procedures and within an environmentally aware culture.
- Periodically communicating our environmental performance to our employees and other significant stakeholders.
- Developing our management processes to ensure that environmental factors are considered during planning and implementation.
- Monitoring and continuously improving our environmental performance.
- Whilst we do not have a high environmental impact, we will take consideration of environmental issues in the services we provide and endeavor to keep our environmental impact to an absolute minimum.

4.7 Supporting the community

To ensure consistency in our CSR strategy, we shall primarily undertake CSR activities that are related to financial literacy and sustainability; however the NSE will consider philanthropic activities every year through the NSE Charity Trading Day. NSE shall consider initiatives and proposals that are more specific to financial literacy and which call for skills and knowledge that allow an individual to make informed and effective decisions through their understanding of finances. We believe that it is our responsibility as the operator of the largest securities exchange in East Africa, to help create a more knowledgeable society by increasing both access and understanding of securities markets information. This in turn contributes to sustainable economic growth.

4.8 Sustainability products and services

NSE is committed to developing innovative investment products aligned to green and sustainable finance to broaden its product and service varieties and offer its customers a wider choice in how they can invest their money responsibly.

4.9 Sustainability education and awareness

NSE will devote resources to research and raise awareness of sustainable finance with its clients, government and the general public.

4.10 Funds Allocation

At the commencement of each fiscal year, the Board of Directors will agree on an amount which should be allocated to support the NSE CSR activities. The Head of Brand and Corporate Affairs will present a proposal of the activities the NSE will be involved in each fiscal year. All proposals for financial literacy will be considered on merits.

The industry best practice is to allocate 2% of the annual corporate budget to CSR initiatives. We recommend the same budgetary policy for NSE corporate social responsibility initiatives.

5 RESPONSIBILITIES

5.1 Compliance, Monitoring and Review

To achieve success of our CSR strategy, it will be critical to attain commitment at all corporate levels and to relevant stakeholders. The following activities will aim to raise awareness and achieve implementation of the CSR procedures:

- a) Inclusion of CSR activities in the Annual Financial Report.
- b) Inclusion of the CSR objectives in the annual corporate plan.
- c) Inclusion of the CSR procedure in the HR manual.
- d) Inclusion of CSR in the induction training program.
- e) Ensuring our suppliers and business partners are aware of the CSR procedures

Compliance with these procedures will be continuously monitored and subject to review by the Board of Directors. Compliance will be reported to stakeholders through the company's annual report.

5.2 Reporting

Each line manager is responsible for ensuring that the principles set out in these procedures are communicated to, understood and observed by all employees and for ensuring compliance in their area of responsibility. Employees who reasonably suspect that there has been a breach of these procedures must report it to their line manager, senior management, or through other mechanisms established by the company to report such breaches.

6 RELATED LEGISLATION AND DOCUMENTS

Relevant Regulation and Codes of Practice

7 APPROVAL AND REVIEW DETAILS

This policy will be reviewed at least every two years and is subject to Board approval