BANKING FOR THE FUTURE

KCB Group Sustainability Agenda

KCB

MARCH 2019

OUR SUSTAINABILITY HANDBOOK

About this Sustainability Handbook

This is a summarized version of the KCB Group Sustainability Agenda which highlights the progress we have made.

In this handbook, we take a look back over the last decade and track the impact we have had. The integration of Sustainability into our business has been progressive and steadily internalized by our employees, customers and the wider stakeholders in the industry. Through the lens of sustainability, we highlight the business activities for the year aligned to our Group Sustainability strategy

This book also highlights the integration process of the 8 Sustainable Development Goals (SDGs) that the bank has chosen in line with its objectives.

To download a copy of the KCB Sustainability Reports please visit the KCB Group Website at **www. KCB group.com**

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We value feedback and welcome any comments or suggestions you might have on our sustainability report and our performance, which can help us improve our reporting. Please contact us at sustainability@ KCB group.com

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TABLE OF **CONTENTS**

About this sustainability handbook 2
How we see sustainability 6
Our journey and milestones 8
KCB leadership on sustainability strategy execution and commitment 11
KCB sustainability governance framework 14
KCB sustainability metrics 16
Our stakeholders 18
Identification of the material issues and alignment with the bank`s strategy 30
Transforming the world through SDGs framework 32
KCB green agenda 32
Global partnerships 38
Sustainability into the future 42

We are **reimagining** what we believe a bank can and should offer.

Over the past decade, we have stretched ourselves to operate beyond **societal** expectations.

We are challenging the notion of banking as we know it, to uphold the **values** that matter most.

How we see sustainability

People

Planet

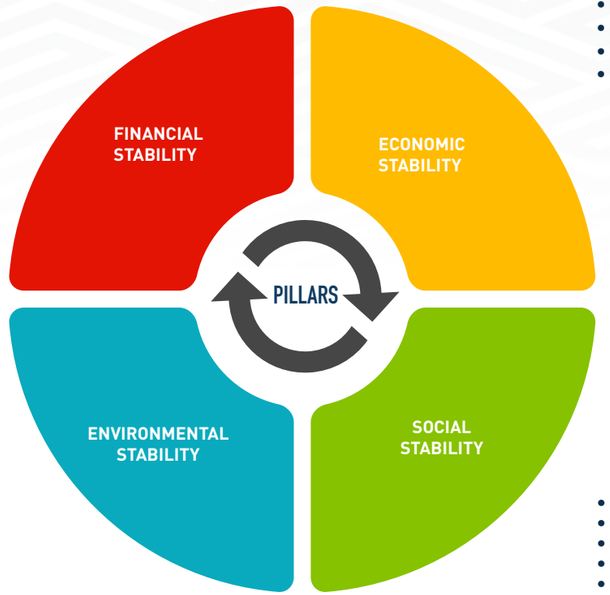
Profit

Sustainability is about ensuring long term business success while contributing towards economic and social development, a healthy environment and a stable society.

KCB has recognized the role of sustainability within the group and we have therefore implemented sustainability initiatives and embedded them into our business as part of our long term strategic vision. This has been done through our sustainability framework which addresses four key areas – financial stability, economic, environmental and social sustainability in line with the 3Ps: People, Planet and Profit.

KCB Sustainability Framework

- Financial Performance
- Economic Development
- Sustainable Banking Products and Services
- Embracing Technology and Innovation
- Regulatory Compliance



- Long Term Profitability
- Risk management mitigation
- Community Investment Strategy
- Marketing Strategy and Analysis

- Energy Efficiency
- Business Travel
- Resource Usage
- E-waste
- Water Management

- Employee Development
- Community Health and Well Being
- Corporate Social Responsibility
- Enterprise Development
- Employment Practices

Our Journey & Milestones

Ten years ago, when we started the KCB sustainability journey, there was little talk of sustainability except perhaps with respect to the concept of inclusion. A decade has now passed and the intensity with which the topic has become mainstreamed into our conversations has become apparent. Sustainability is no longer a strange topic. It has become embedded in the way we do things and the way we think. Below is a breakdown of our journey in summary

2007

KCB foundation established to implement the group's corporate social responsibility programs and as a sign of commitment to sustainable development to alleviate poverty and enhance well-being.

2008

Launch of KCB 's first sustainability report, showing the world that it was ready to share how it aimed to meet such goals and that it was holding itself accountable for such launched tuungane account for women and youth groups.

2009

KCB launched its green agenda. The environmental blue-print guided KCB 's focus on issues related to waste management, carbon and greenhouse gas emissions, as well as global warming.

2010

KCB insurance agency ltd commenced business.

2011

KCB pioneered agent banking (KCB mtaani) an alternative channel aimed at supporting the available channel network of branches and atms | launched internet banking solutions..

2012

KCB launched its diaspora banking

2013

KCB launched its sustainability framework. Centred around four key pillars—financial, economic, social and environmental sustainability— outlining ways in which corporate strategy could help the group drive revenue, reduce costs, risks and build on its brand and reputation.

2014

KCB signed onto the un global compact | KCB m-benki was rolled out | KCB foundation launched mifugo ni mali program | biashara smart in partnership with safaricom | kshs. 850 Million availed to smes in the health sector.

2015

- KCB group approved its social and environmental management system (sems)
- Conducted 1st KCB suppliers conference
- Launched KCB mpesa
- Kenya Bankers Association launch the Sustainable Finance Initiative Principles

2016

Launch of KCB 2jiajiri program | inua program launched.

2017

- Adopted 8 of the 17 sustainable development goals
- Commenced application to gcf accreditation
- Emerged overall sustainability winner in the inaugural kba sfi awards

2018

- Adoption of the unep fi global banking principles
- Measurement of KCB group's carbon neutrality
- Released 1st sroi (social return on investment) report

LEADERSHIP POSITION ON SUSTAINABILITY **EXECUTION STRATEGY**

REDEFINING OUR PURPOSE

Group CEO and MD's message

Over the past decade, KCB Group has made considerable progress in terms of redefining herself to be more to our stakeholders than just a lender.

We have made a concerted effort to step beyond societal expectations of solely offering services in return for profit, to building long-term relationships necessary to offer the latest technology and create innovative solutions to reach customers previously left behind.

In 2007, we launched KCB foundation. To date, we have invested an estimated kshs. 1 Billion in customized community programs aimed at providing opportunities in enterprise development and education to those who would otherwise be left without. Over 10,000 people have received vocational skill building support through our 2jiajiri program alone.

The group has ramped up its international participation in sustainability related forums to share our experiences, while learning from others and adopting relevant best practices. We launched our first sustainability report in 2008, which helped pave the way for the launch of the our first integrated report in 2015.

In addition to this, we are committing ourselves to three larger initiatives, which include launching our first green bond by 2020, attaining carbon neutrality and providing products which increase access to finance for all by 2027. Our hope is that if we lead by example, others in the region will follow.

It is thanks to our stakeholders-staff, clients, shareholders, suppliers, and government, that we are here today. We invite them and challenge them to join us in not only envisioning the society in which they wish to operate, but in solidifying their contributions to its improvement as well.

Joshua Oigara
Group CEO and MD

> **"We have made a concerted effort to step beyond societal expectations of solely offering services in return for profit**
> **— Joshua Oigara**

Sustainability Governance Framework

The KCB Group Sustainability Framework is the guiding structure that enables proper execution of duties from every individual level. This framework enables a cohesive environment that propels the success of sustainability. Below is the framework and the roles of each respective team

Oversight

- KCB Group Board
- Board Strategy Committee
- Risk Committee
- Group CEO
- KCB Subsidiary Managing Directors

Role

1. Review, challenge, approve sustainability framework and strategy
2. Ensure resource availability for Implementation of sustainability Strategy

Implementation

- Chief Operating Officer
- Chief Financial Officer
- Director Information Technology
- Head of Corporate & Regulatory Affairs
- Director Credit
- Chief Risk Officer
- Director Human Resources
- Company Secretary

Role

1. Leadership and implementation of the sustainability strategy.
2. Development of innovative products and services that promote sustainability.

Communication & Monitoring

- KCB Legal Division
- KCB Group Corporate Communication Department
- Risk Division
- KCB Group Internal Audit

Role

1. Organizing and facilitating an Internal and external communications strategy on KCB program to stakeholders.
2. Provide proactive monitoring persuasive guidance and, reporting on the overall sustainability risks.

Working Group

- Business unit representatives on sustainability related matters.

Daily Management

- Sustainability Manager
- Head of Credit/Social and Environmental Manager

Role

1. Responsible for the day-to-day running of all sustainability programes for KCB and key coordinator with different units in getting the periodic reports.
2. Monitoring sustainability initiative across the business.

KCB Group Purpose

Simplifying your world to enable your progress

KCB Group Sustainability Agenda

Our Value Creation Process

Our role as a financial institution is to support and stimulate economic, social and environmental progress. We create value by providing products and services that help people to improve their lives and fuel economic growth.

Highlights

31.5%
Of wealth created in Employees-Salaries, Wages, and Other Benefits.

18.3%
Of our wealth created in Government Taxes.

24.6%
Of our wealth created was retained to support future business growth

Sustainability Metrics

In order to give a balanced view of sustainability performance, there must be key indicators in each of the three areas: environmental, economic and social:

1. Environmental Indicators:

These metrics should give a balanced view of the environmental impact of inputs i.e resource usage and outputs i.e emissions, effluent and waste and the products and services produced.

2. Economic Indicators:

A key element of sustainability is the success of industry in creating wealth. The economic indicators go somewhat further than conventional financial reporting in describing the creation of wealth or value, and in reporting its distribution and reinvestment for future growth. Both human and financial capital are considered.

3. Social Indicators:

These reflect the company's attitude to treatment of its own employees, suppliers, contractors and customers, and also its impact on society at large. Good social performance is important in ensuring a company's license to operate over the longer term.

"A key element of sustainability is the success of industry in creating wealth. The economic indicators go somewhat further than conventional financial reporting in describing the creation of wealth or value, and in reporting its distribution and reinvestment for future growth. Both human and financial capital are considered.

Our Stakeholders

We rely on input and support from a variety of internal and external stakeholders for the continued success and sustainability of our business. Our broad base of stakeholders include those we have a direct relationship with, and who we communicate with on a regular basis. These priority stakeholders include investors, employees, customers, regulators, government, and communities. More widely, there are those stakeholders we engage with on specific issues, who have an indirect impact on the business and who may be impacted by our business activities. Our stakeholders are highlighted below

Service Providers

- PR Agencies
- Marketing Agencies
- Photography Agencies
- Caterers
- Cleaning Agencies
- Printers

Investors

-Shareholders
-Fund Managers
-Analysts

Employees

-Long-term employees
-Short-term employees
-Executives

KCB

Regulators, key players & government

-National Treasury
-Central Banks
-Capital Market Regulators
-Securities Exchange
-Bankers Associations

Communities

-Beneficiaries
-Corporate Social Investment
-Partners
-Media
-Advocacy Groups

Customers

-Retail
-Corporate
-Asset Manager
-Intermediaries

MATERIAL ISSUES AND **STRATEGIC RESPONSES**

Identification of Material Issues

As a bank we are committed to doing our part to help safeguard our society. By embracing innovation and leveraging technology and foresight to create financial products and solutions with the greatest reach we have built and will continue to build upon our solid foundation through like-minded partnerships and sound governance, which are positioning it to take a lead in helping address the most relevant challenges the region faces. While representing potential risks as much as possible opportunities, the following themes are likely to significantly impact our ability to deliver in the short to long terms:

Identification of Material Issues

a Empowering youth and community

KCB Group understands the value in supporting today's youth to thrive, which in turn will support them in becoming potential bankable customers tomorrow

b Resource scarcity & environmental challenges

Internally, KCB Group has and will continue to practice sound resource consumption and management practices.

c Technology and Innovation

With the realization of the fierce competition that exists in the financial industry, KCB Group is focused on simplifying your world to enable progress.

d Cyber Security

KCB has made a concerted effort to meet technological challenges head on by installing, monitoring and constantly upgrading our state of the art security systems to safeguard the integrity of our systems and our customers personal data.

e Governance and Integrity

KCB Group has built a strong and qualified Board of Directors, established a clear governance policy , board charter and code of ethics to ensure it holds itself to the highest standards.

f Strategic Partnerships

KCB Group is open to forming new partnerships which contribute to its overall vision of becoming the preferred financial solutions provider in Africa with global reach.

Aligning Strategy with Material Matters

In general, company strategy is informed by industry risks and opportunities in relation to its strengths and weaknesses. In terms of sustainability, these factors are directly reflected in the material matters. Today, as more and more organizations adopt sustainable practices, strategy becomes the main driver of the ways in which a company creates shared value as well.

In order to achieve our overall Sustainability Strategy, our 10 point action plan that outlines the various short, medium and long-term initiatives that we are pursuing is aligned to these material issues. The bank went on to further identify and implement 8 of the 17 Sustainable Development Goals in order to propel our strategic progress against this plan.

SDGs Vision Statement

Through sound systems and partnerships, KCB Group is reimagining societal values. This vision includes a world free from poverty and inequality, resulting from employment and growth opportunities, which arise from enhanced innovation and infrastructure. We see a future with cities that are thriving sustainably and adhering to the principles of responsible consumption and production.

KCB Group Sustainability Agenda

Our 10 Action Points

10 POINT ACTION PLAN

Portfolio reimagining
New action point

Added-value partnership
New action point

Cyber security awareness & fortification
Redefines previous "Security" action point

Environmental footprint
Merges previous "Environmental impact"and "Energy conservation" action points

Responsible Lending

Financial Inclusion

Empowering youth and community
Redefines previous "Community investment" action point

Talent management and diversity
Merges previous "Employee development," "Capacity building" and "Diversity" action points

Ethics & integrity
Inclusive of previous "Security" action point

Product development & Innovation
New action point

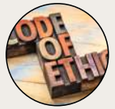
Material Issues in Summary

Empowering youth & community
In supporting youth and local communities today, KCB is further harnessing the opportunity to gain potential lifelong customers tomorrow.

Resource scarcity & environmental challenges
KCB Groups has, and will continue to practice sound resource consumption and management practices.

Technology & innovation
Our 2.9 million active mobile customers in Kenya and in the region now have direct access to financial services at their fingertips.

Cyber security
KCB continue to meet these challenges head on by installing, monitoring and constantly upgrading our state of the art security systems



Governance & integrity
It is therefore important for those operating within the banking sector to uphold themselves to the highest governance standards, both internally, as well as when working with external stakeholders.

Strategic partnerships
KCB Group is open to forming new partnerships which contribute to its overall vision of becoming the preferred financial solutions provider in Africa with global reach

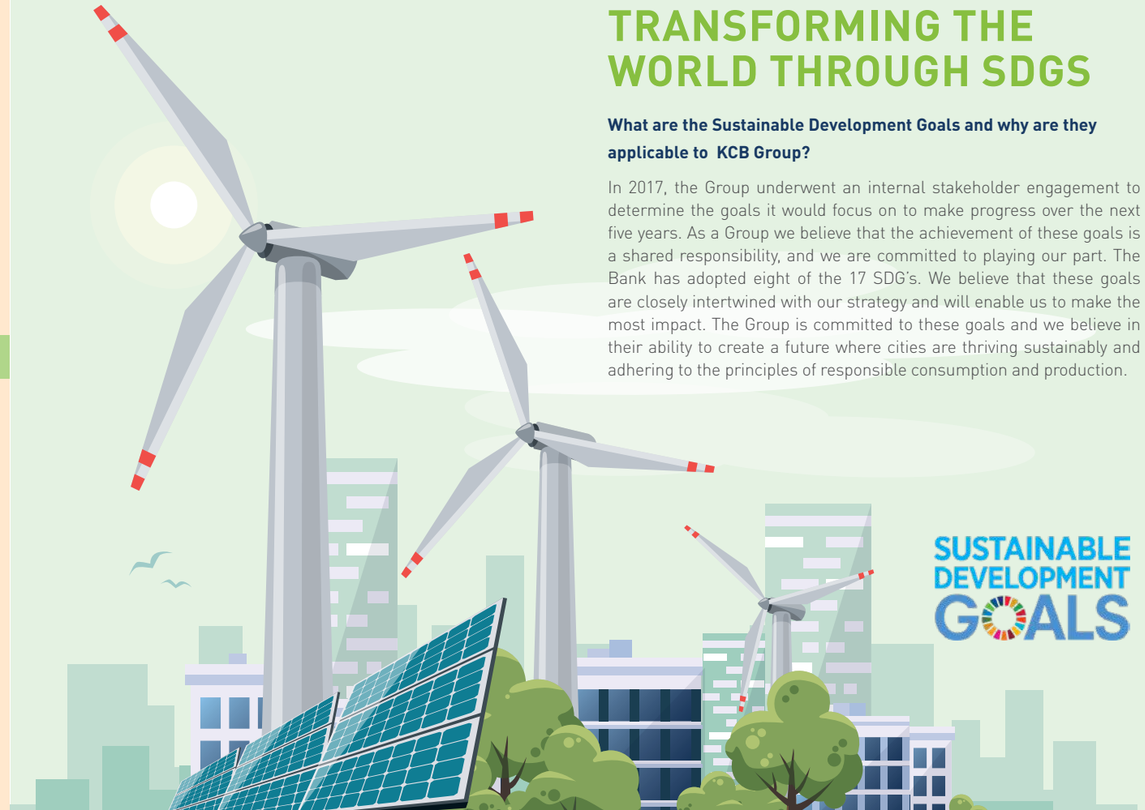
Material Issues ▶ **Strategic Pillars**

Business Strategic Objectives

- Excellence in Customer Experience.
- Best in class information technology.
- Achieve Stronger International Business Performance.
- Champion our sustainable business priorities.
- Experientially grow our digital financial services and Fintech.
- Management emerging risks in a difficult environment.

How they all relate

Relationship between material matters, SDGs and action plan



TRANSFORMING THE WORLD THROUGH SDGS

What are the Sustainable Development Goals and why are they applicable to KCB Group?

In 2017, the Group underwent an internal stakeholder engagement to determine the goals it would focus on to make progress over the next five years. As a Group we believe that the achievement of these goals is a shared responsibility, and we are committed to playing our part. The Bank has adopted eight of the 17 SDG's. We believe that these goals are closely intertwined with our strategy and will enable us to make the most impact. The Group is committed to these goals and we believe in their ability to create a future where cities are thriving sustainably and adhering to the principles of responsible consumption and production.

Transforming the world through SDGs

1 NO POVERTY

- KCB Group is committed to do its part in ending poverty in all its forms. We believe that eliminating poverty has the trickle down benefit of helping achieve many of the other SDGs as well, especially those related to hunger (SDG No. 2), health (SDG No. 3) and education (SDG No. 4).
- As a regional financial services provider, we believe our contribution to inequality and poverty reduction begins with our ability to expand access to finance to all, by making banking more accessible to everyone through services like KCB M-Benki, KCB M-PESA, Sahl Banking, and table banking, to name a few.
- Through some of our Foundation programs such as; Mifugo ni Mali, 2Jiajiri and scholarships, KCB has been contributing for years in the fight against poverty.
- **ACHIEVEMENT:** Through the government social protection program, Inua jamii which seeks to cater to the elderly and orphans, KCB has disbursed KShs. 40.7 billion on behalf of the government.

8 DECENT WORK AND ECONOMIC GROWTH

- The Group has heavily invested in mobile technology such as KCB M-BENKI, KCB M-PESA, and MobiGro and our growing product line is aimed at making life easier for our customers through diversification, technological upgrading and innovation.
- Through the KCB Foundation program Mifugo ni Mali we are intent on increasing income for people in the agricultural and livestock sectors by offering them training & mentorship opportunities as well as giving them access to credit to grow their businesses.
- **ACHIEVEMENT:** We believe in empowering the youth and through Foundation's 2jiajiri program we have been able to elevate the lives of 10,020 youth.
- We will continue to put in place programmes that reduce the proportion of youth not in employment, education or training.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- The Bank understands the value and purpose behind expanding access to banking, insurance and financial services for all.
- We will continue to do so by increasing access of small-scale industries and other enterprises to financial services, including affordable credit, and their integration into value chains and markets
- Moving forward, our hope is that we will finance more clients in the green building, renewable energy and other infrastructure sectors.

10 REDUCED INEQUALITIES

- KCB Group believes that reducing the number of people living in poverty cannot be achieved without reducing existing inequalities.
- Internally, KCB aims to continue to reduce inequalities by targeting to have 50% of women in managerial positions by the year 2020.
- Externally, we will continue to implement the plausible recommendations on our Social Return on Investment study to improve the program reach and ability to help reduce inequalities.

11 SUSTAINABLE CITIES AND COMMUNITIES

- In spite of the efficiency gains that can be realized by high city density, rapid urbanization exerts pressure on fresh water supplies, sewage, the living environment and public health.
- Through our KCB S&L Mortgages we purpose to ensure that everyone has access to adequate, safe and affordable housing.
- On the other hand, our Bancassurance product provides protection from direct economic losses caused by disasters, including water-related disasters, with a focus on protecting the poor and person in vulnerable situations.
- Since 2014 Bancassurance has had 4,164 claims and disbursed a sum of KShs. 1.1 billion

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Since the launch of our Green Agenda in 2009, KCB has taken the initiative to become a responsible consumer and producer.
- In 2017, we opened the doors of our new green office building in Nairobi's Upper Hill district.
- The building relies upon natural light to minimize the need for electrical lighting during the day and solar hot water heating and is set up to harvest rainwater for use within the building.
- We are committed to considerably reduce waste generation through prevention, reduction, recycling and reusing.
- As we move forward we continue to encourage the suppliers we work with to adopt sustainable practices in their operations as a prerequisite for working with KCB .
- The Bank hopes to finance more clients in the green building, solar and other infrastructure sectors.

Transforming the world through SDGs

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- The Group has a zero tolerance position to all forms of corruption, bribery and unethical business practices at the workplace, and requires all persons associated with the Group to adhere to standards defined in the Group Code of Ethical Conduct.
- KCB is at the forefront of adopting best practices in corporate and risk management and will continue to be a proponent of governance standards.
- Moving forward we will continue to develop effective, accountable and transparent institutions at all levels, while also ensuring responsive, inclusive, participatory and representative decision-making at all levels.

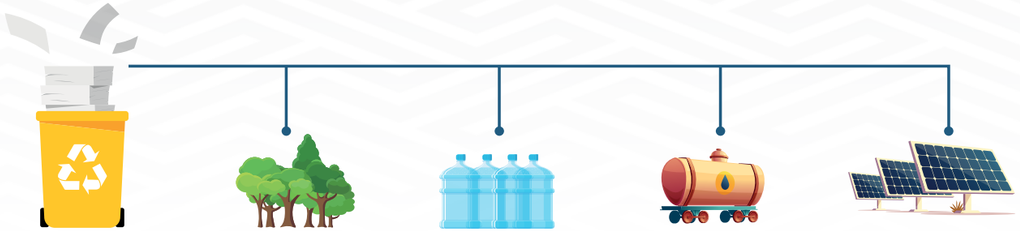
17 PARTNERSHIPS FOR THE GOALS

- KCB understands that we require partnerships if we are to achieve the Sustainable Development Goals. The potential to innovate and give back to society is strengthened by our partners.
- Together with the MasterCard Foundation, KCB is promoting financial inclusion for at least two million smallholder farmers and pastoralists in Kenya and Rwanda, 60 percent of whom are female.
- Since the Bank launched its Sustainability Framework in 2013, we developed a measurement system to track our contributions to sustainable development: we call it the 10 Point Action Plan.
- This year, the Group is introducing an updated Action Plan to track KCB 's progress for the next five years.
- Moving forward we will continue to encourage and promote effective public, public, private and civil society partnerships

KCB GREEN AGENDA

KCB Green Agenda

KCB has over the years been embracing sustainability as a mainstream issue in its banking operations. The KCB Green Agenda is an environmental blue-print that will see KCB focusing a lot more on issues to do with waste management, carbon and greenhouse gas emissions as well as global warming.



For every tonne of paper recycled saves

17 trees

7000 gallons of water

380 gallons of oil

and enough energy to power an average house for six months

(Source: Green bang).

Sustainability management focuses on three basic components of business life today: economic sustainability, environmental sustainability and social sustainability. Economic sustainability is about the enterprise; the markets it serves, the way it delivers returns to stakeholders and how it contributes to the economic development of those markets. Social sustainability is really about people; both within and outside the organization, the policies around how the organization meets its obligations to these people and all relevant conventions, laws and regulations that the organization has to follow.

Reduced Costs, hence bottom-line impact

Reduced emissions, waste, hence environmental impact

Increased stakeholder responsibility, hence integrity and respect

A sustainable business

How we Measure our Success in the Green Agenda

Solar panels
Fitted with solar panels to reduce the consumption of power

Natural lighting
Design corporates use of natural lighting during the day

Energy efficiency
Low wattage energy saving technology is employed

Ventilation
Tapping of natural ventilation with no mechanical systems employed

Global Partnerships

Water harvesting
Facilities for rainwater harvesting and greywater recycling have been installed

Atrium
An atrium and triple storey landscaped sky courts allows for natural ventilation

Social and Environmental Management Systems(SEMS) Policy

Sustainability management focuses on three basic components of business life today: economic sustainability, environmental sustainability and social sustainability.

Since 2015, KCB has incorporated a social and environmental management system (SEMS) into our lending process. The system is aligned with IFC Performance Standards and adheres to the principles of best practice. SEMS is enabling the Bank to better identify and manage exposure from environmental and social risks posed by our clients.

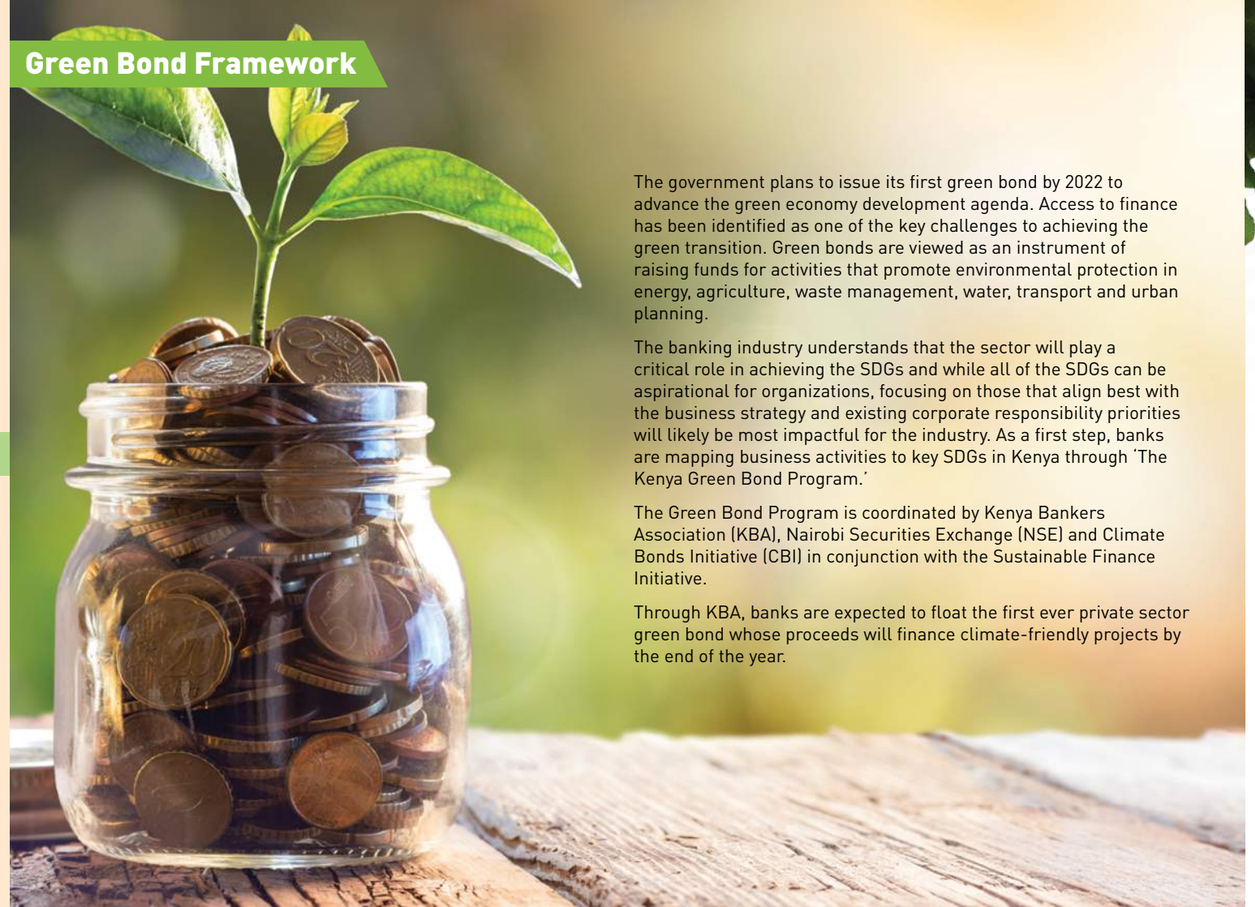
This system ensures that all facilities that are beyond some threshold of exposure are screened for E&S risks under a very elaborate framework / template referred to as Environmental and Social Due Diligence checklist.

SEMS encourages the following:-

- Green operations
- Green Energy
- Green Procurement
- Green office

> “Since 2015, KCB has incorporated a social and environmental management system (SEMS) into our lending process. The system is aligned with IFC Performance Standards and adheres to the principles of best practice.

Green Bond Framework



The government plans to issue its first green bond by 2022 to advance the green economy development agenda. Access to finance has been identified as one of the key challenges to achieving the green transition. Green bonds are viewed as an instrument of raising funds for activities that promote environmental protection in energy, agriculture, waste management, water, transport and urban planning.

The banking industry understands that the sector will play a critical role in achieving the SDGs and while all of the SDGs can be aspirational for organizations, focusing on those that align best with the business strategy and existing corporate responsibility priorities will likely be most impactful for the industry. As a first step, banks are mapping business activities to key SDGs in Kenya through 'The Kenya Green Bond Program.'

The Green Bond Program is coordinated by Kenya Bankers Association (KBA), Nairobi Securities Exchange (NSE) and Climate Bonds Initiative (CBI) in conjunction with the Sustainable Finance Initiative.

Through KBA, banks are expected to float the first ever private sector green bond whose proceeds will finance climate-friendly projects by the end of the year.

SUSTAINABILITY REPORTING

Sustainability reporting is basically expanding the traditional reporting framework to take into account ecological and social performance in addition to financial performance (Annual reports). KCB does Sustainability Reporting in accordance to the Global Reporting Initiative (GRI).

The GRI provides a comprehensive sustainability reporting framework that is widely used around the world and across industries. Sector supplements have further been developed, following GRI's traditional consensus-seeking, multi-stakeholder process, whereby participants are drawn from global business, civil society, labour, academic and professional institutions. The Finance Sector Supplement was co-developed with United Nations Environment Programme- Finance Initiative (UNEP FI).

Through this process, KCB Group as an organization has identified its significant impacts based upon identified material issues on the economy, the environment, and/or society and discloses them in accordance with a globally-accepted standard. Ever since beginning our Sustainability journey, KCB Group has published four Sustainability Reports adhering to GRI standards.

As a signatory of the UN Global Compact, we are also required to release an annual reporting document to showcase our continuous committment to the Principles

Global Partnerships

Across the world, companies are working together with other like-minded companies to offer new products and services as a way of meeting customer demand. KCB Group is open to forming new partnerships which contribute to its overall vision of becoming the preferred financial solutions provider in Africa with global reach.

Below is a list of partners and signatories the bank is committed to.

SUSTAINABLE DEVELOPMENT GOALS

UNEP FINANCE INITIATIVE

GRI

UN GLOBAL COMPACT United Nations Global Compact

EQUATOR PRINCIPLES

KENYA BANKERS ASSOCIATION

GBA Global Banking Alliance for Women Building Women's Wealth Worldwide

UNEP FINANCE INITIATIVE PRINCIPLES FOR RESPONSIBLE BANKING

Global Partnerships

UNEP FINANCE INITIATIVE

UNEP FI – UNEP-FI is a global partnership between United Nations Environmental Programme (UNEP) and the financial sector aimed at understanding the impacts of environmental & social considerations on financial performance. In November 2017, the KCB Group Head of Corporate and Regulatory Affairs, Judith Sidi Odhiambo participated in a panel discussion at the Sub Saharan Global Roundtable in Johannesburg, South Africa.

UN GLOBAL COMPACT United Nations Global Compact

UN GLOBAL COMPACT – In September 2017, KCB Group CEO, Joshua Oigara was the only CEO from Africa participating in a panel discussion at the UN Global Compact Leader's Summit in New York.

EQUATOR PRINCIPLES

The Equator principles are a financial industry benchmark for determining, assessing and managing social environmental risk in project financing.

Global Partnerships

We are focused on enhancing our global partnerships for sustainable development through multi – stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources in order to support the achievement of the SDGs

SUSTAINABLE DEVELOPMENT GOALS

SDGs – In 2017, the KCB Group underwent an internal stakeholder engagement that resulted in the alignment and adoption of 8 out of the 17 sustainable development goals within the business operations.

KCB Group is committed to the following Sustainable Development Goals

SDG 1 – No Poverty
SDG 8 – Decent work and economic growth
SDG 9 – Industry, innovation and infrastructure
SDG 10 – Reduced inequalities
SDG 11 – Sustainable cities and communities
SDG 12 – Responsible consumption and production
SDG 16 – Peace, justice and strong institutions
SDG 17 – Partnerships for the goals

GRI 4 – As adopted by KCB Group, they have been developed primarily to be used together as a guide for organizations preparing a sustainability report which is based on the reporting principles and focuses on material topics.

KBA Sustainable Finance Initiatives – On 31st March, 2015 during the second CEO Roundtable on Sustainable Finance, the Kenya banking industry through its umbrella body, Kenya Bankers Association adopted the sustainable finance initiative guiding principles. These principles enable banks to balance their business goals with the economy's development priorities and socio environmental concerns.

Global Banking Alliance – the group joined the alliance for women in 2016. Membership in the Alliance provides financial institutions access to a unique global community of peers that have proven the business case for serving women.

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

UNEP FI Principles for Responsible Banking -Currently, the larger sustainable financial community is in the process of adopting these principles that will see them engage and accelerate the fundamental changes in our economies and lifestyles necessary to achieve shared prosperity for both current and future generations.

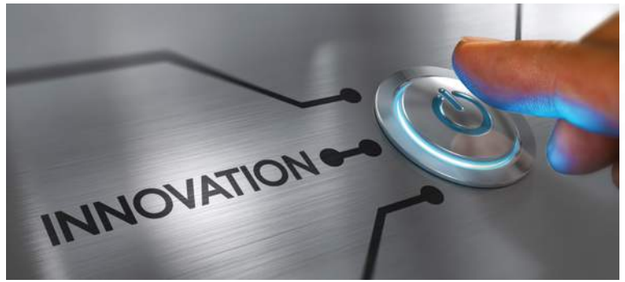
Sustainability into the Future

These trends suggest that sustainability efforts are now well-integrated into the corporate fabric of a growing number of companies

Some of the key trends that have impacted the banking and sustainable development arena in 2018 that we should take a keen interest in customer centricity, emergence of Fintech, cyber-crime threats, and technological management.

1. Customer centricity has proven to be the backbone of any financial institution hence in 2018, financial institutions have to develop a much deeper, holistic understanding of their customers. They need to be able to understand their customers' needs, and be present with a relevant solution at the time of need. Better customer service is rapidly becoming a baseline expectation, yet most banks are far from delivering it.

2. Technology resources at most banks are becoming difficult to manage; as such, modernizing core operating infrastructure is an obvious priority. Modernization was ranked as the most important information technology (IT) trend for nearly a quarter of global banking respondents in the 2016 Ovum ICT Enterprise Insights survey.



3. Innovation in the face of Fintech is the single most important factor driving sustainable top- and bottom-line growth in banking over the next five years. Innovation is doing things differently.

4. The potential for cyber risk has been increasing with greater interconnectedness in the banking ecosystem, rapid adoption of new technologies, and continued reliance on legacy infrastructure designed for a different age.

Moving forward

Over the next five years, KCB Group will continue to implement the relevant Sustainable Development Goals into its business and operations. The Bank will also monitor its progress in achieving the targets set forth within the 10 Point Action Plan, most notably those that directly relate to the eight SDGs we adopted.

The Group will also remain committed to building support for SDG adoption within the larger business community. We will continue to seek out more opportunities to work with the government, private sector, and civil society and pursue possibilities for future collaboration.

KCB Bank has three flagship goals that will drive our efforts and ability to contribute to achieving our set SDGs. These are:

Launching the first green bond by 2020

Achieving 50% carbon neutrality by 2022

Increase financial services for all and achieve complete carbon neutrality by 2028

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