KCB

FRAMEWORK
FOR GREEN, BLUE, SOCIAL & SUSTAINABILITY BONDS

For People. For Better.

MOODY'S
SQS2
SUSTAINABILITY QUALITY SCORE

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Introduction Group Presentation

About KCB Group Plc

KCB Group Plc is a non-operating holding company, whose subsidiaries provide banking and financial services across the fast-growing East Africa Community. The Group operates banking subsidiaries in seven countries across East Africa, and strategic Bancassurance, Investment Banking, Corporate Trustee and software development businesses. The Group is headquartered in Nairobi and traces its roots to 1896.

KCB has the largest branch network in the region with 460 branches, 1,247 ATMs and over 1.4 million merchants & agents offering banking services on a 24/7 basis in East Africa. This is complemented by mobile banking and internet banking services with 24-hour contact center services for our customers to get in touch with the Bank. KCB has a vast network of correspondent relationships totaling over 200 banks across the globe, and our customers are assured of a seamless facilitation of their international trade requirements wherever they are.

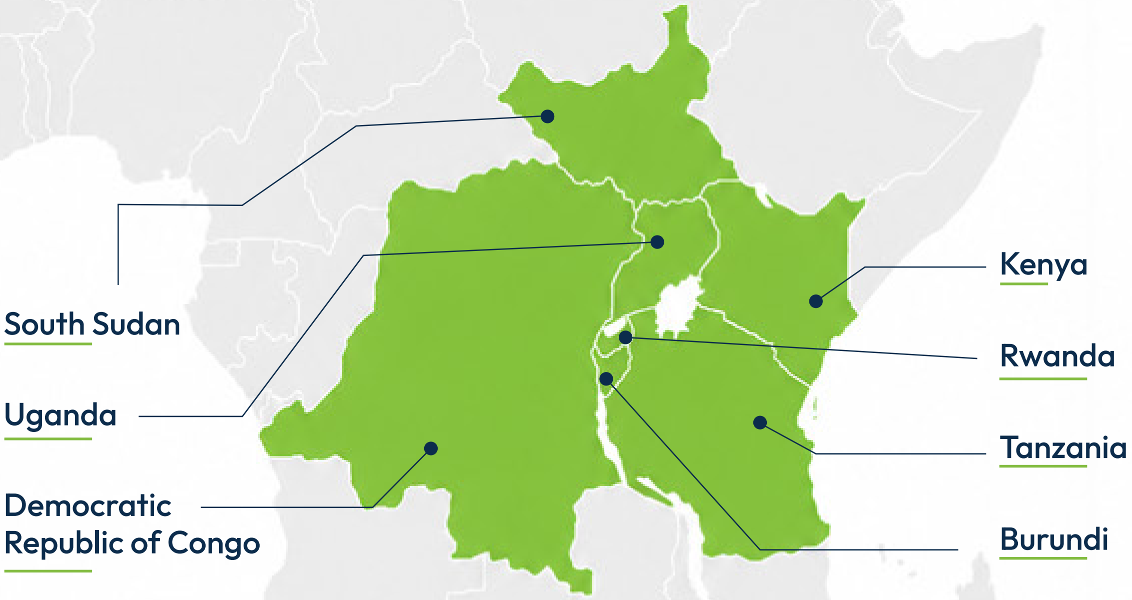
Our wide regional footprint, strong balance sheet, robust technology, and exceptional talent, enable us to facilitate seamless service, intra-regional trade, and investment flows, while generating strong, sustainable shareholder returns, opening doors of opportunity for millions of people in the region, and creating meaningful impact in the communities we serve.

Geographical Footprint

We are a regional powerhouse and the largest banking Group in East Africa with a well-diversified footprint cutting across the width of Africa from the coasts of the Indian Ocean to the Atlantic Ocean.

Between these two coasts, we deliver leading solutions that avail unmatched convenience, bring our purpose to life, drive sustainability and match our aspiration to play a meaningful role in the lives of our customers and the communities we serve.

In Kenya, we are an industry leader with the largest market share. Outside **Kenya**, we operate in **Tanzania**, **South Sudan**, **Uganda**, **Rwanda**, **Burundi**, and the **Democratic Republic of Congo**. Our subsidiaries, KCB Bank Kenya and Trust Merchant Bank have representative offices in **Ethiopia** and **Belgium** respectively.



7 Countries
Across East Africa

1 Headquarters
Nairobi, Kenya

2 Representative offices
Ethiopia and Belgium

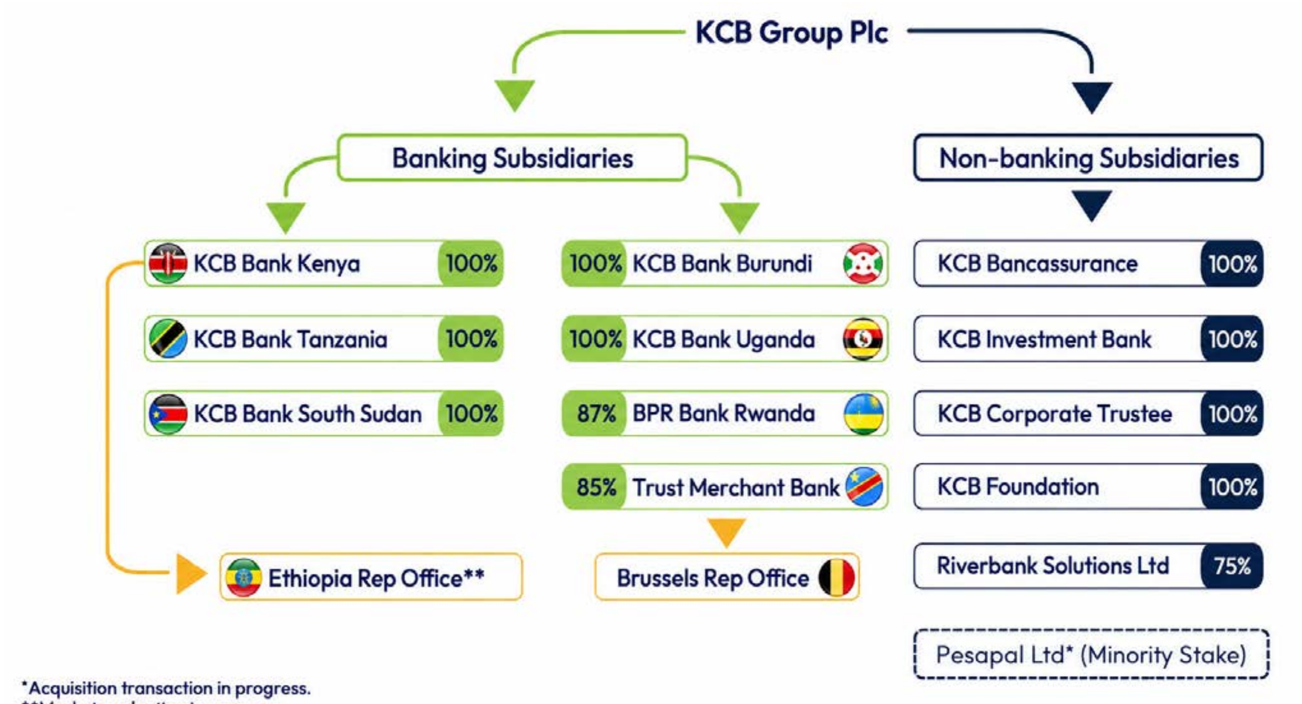
East Africa Strong Regional Presence
From the Indian Ocean to the Atlantic Ocean

Organization
Structure

We provide our customers with a full suite of tailor-made, market-leading financial solutions through four key segments of corporate banking, retail banking, treasury and mortgages.

These are complemented by a range of digital financial services, bancassurance, investment banking, corporate trustee services, and Shariah-compliant products.

Our Subsidiaries



*Acquisition transaction in progress.
**Market evaluation in progress

Banking Businesses

Corporate Banking Offers
A variety of payments, savings and loan solutions that are tailor-made to match the unique business needs of our corporate customers with an annual turnover of over Ksh 1 billion.

Key differentiators: Strong balance sheet, strong capital position, wide regional presence, market expertise, competitive products and unmatched deal & complex solutions structuring.

Retail Banking
Offers: A wide bouquet of pay, save and borrow solutions for individuals, micro, small and medium sized enterprises with an annual turnover of less than Ksh 1 billion.

Key differentiators: Wide branch and ATM footprint, strong brand, competitive products, robust digital solutions, unmatched convenience and transformative partnerships.

Treasury Offers:
The Group's balance sheet management activities and investments in securities.

Key differentiators: Strong deposit-based funding profile, solid capital position, wide network of correspondent relationships and market expertise.

Mortgage Offers:
A suite of lending solutions for purchasing or construction of residential and commercial buildings.

Key differentiators: Market leadership, strong partnerships, wide distribution, and competitive products.

Non-banking Businesses

KCB Bancassurance Intermediary Offers:
A range of insurance products, from life to general insurance, including medical, motor, crop, and marine covers, among others.

Key differentiators: Wide branch distribution network, robust back-office function, customer focus, and strong growth prospects.

KCB Investment Bank Offers:
Wealth and fund management, advisory, brokerage, and distribution of collective investment schemes with a focus on money market funds,fixed income fund and wealth fund.

Key differentiators: Wide distribution network, market expertise and captive business from KCB Group.

KCB Corporate Trustee Services Offers:
Corporate trustee services.

Key differentiators: Market expertise, strong brand and strategic position.

Riverbank Solutions Offers:
Agency banking, social payments, revenue collection, and business solutions.
Key differentiators: Strong digital capability, agile execution, wide network, market leadership and innovative solutions.

Our Purpose and Values

Our Purpose: For People. For Better.

Our Values

Closer	Connected	Courageous
To be closer is to get to know the people you work with and the customers you serve, beyond being just a colleague or a customer. It's about valuing the human being.	To be connected is to realize we are all part of one team, with one purpose. It's about breaking down silos and gaining inspiration about best practices from other sectors.	To be courageous is to challenge the way things are done today in a constructive way. It's about finding ways to do things differently and sharing ideas to make things better.

Our Strengths **and Capabilities**

i. **Wide footprint:** Largest branch and ATM network in the region with a presence across all counties in Kenya.

ii. **Largest balance sheet and capital base:** Enables financing of large business tickets with meaningful impact, support to millions of customers in the region and catalyzing economic growth.

iii. **Diversified revenue streams:** Well-balanced revenue streams across business segments and regional subsidiaries which ensure resilience.

iv. **Leader in digital financial solutions:** Our innovative digital financial solutions and robust platforms facilitate the provision of exceptional service to customers with unmatched convenience while driving financial inclusion. Key solutions on mobile, internet, agency, and merchant banking platforms.

v. **Exceptional talent:** A diverse team of engaged and experienced employees working to deliver our strategy. The Group offers a superior employee value proposition to attract and retain exceptional talent.

vi. **Leader in sustainability and governance:** Among industry leaders in sustainability in the region and a key signatory to key global alliances championing sustainable practices.

vii. **Track record in delivering sustainable shareholder returns:** Supported by prudent profit allocation strategies and an enabling dividend policy.

viii. **Leverage on partnership:** Working with various partners to avail innovative and enhanced products to our customers in agent banking, merchant acquiring, and mobile credit & payments.

KCB Group Strategy

Sustainability is a core strategic enabler of KCB Group's business model and long-term value creation approach. Under the Group's 2024–2026 strategy, Transforming Today Together, sustainability is embedded through the strategic enabler of Sustainable Citizen, reflecting the Group's commitment to generating positive economic, environmental, and social outcomes while delivering sustainable growth.

KCB Group recognizes that its long-term success is intrinsically linked to the resilience and prosperity of the economies and communities it serves. As East Africa continues to face increasing climate-related risks, biodiversity loss, evolving regulatory expectations, technological transformation, and persistent social inclusion challenges, sustainability has become a critical business imperative. In response, the Group integrates Environmental, Social and Governance (ESG) considerations into strategic planning, risk management, lending decisions, operations, stakeholder engagement, and reporting processes.

The Group's sustainability journey began in 2008 with the formal integration of sustainability considerations into business operations and decision-making. Since then, KCB has progressively strengthened its sustainability governance structures, risk management frameworks, partnerships, and sustainable finance initiatives to support responsible banking and sustainable development across its markets.

Our Sustainability **Journey**

2008
Sustainability formally adopted into KCB Group as a way of business anchored on Financial, Economic, Social and Environmental pillars

2009
Release of the first **Sustainability Report**

2014
Sustainability policies incorporated into business

2015
KCB formally adopts Sustainable Finance Initiative (SFI) as an industry benchmark

2017
KCB Group adopted nine Sustainable Development **Goals (SDGs) out of the 17**

2019
KCB formally adopted UNEP-FI SIX Princples for Responsible Banking (PRB)

2020
KCB Bank Kenya **accredited by the UN Green Climate Fund** (GCF)

2021
KCB commits to **Net Zero by 2050** by joining NZBA

2022
Started the **KCB Linda Miti Initiative**
Reported on Green Projects in Rwanda.
Adopted 5 additional Sustainable Development Goals

2023
Joined the Forward Faster Initiative to help in the achievement of the **SDG goals of 2030**

2024
Received PPF approval of **USD 540,000** from UN GCF

2025
Won early adopters of IFRS S1 and IFRS S2 - Fire Awards

Sustainability within
the Group Strategy

The Group's 2024–2026 strategic theme, Transforming Today Together, provides the overarching framework for sustainability implementation:

- Transforming reflects KCB's commitment to innovation, continuous improvement, and the development of sustainable financial solutions that support economic transformation.
- Today underscores the urgency of addressing current environmental and social challenges, including climate change, nature-related risks, financial inclusion, and community resilience.
- Together emphasizes collaboration with customers, employees, regulators, investors, development partners, and communities to accelerate sustainable development outcomes.

Through this strategic framework, sustainability is integrated into business growth, risk management, operational resilience, and stakeholder value creation.

Strategic Sustainability Priorities

The Sustainable Citizen agenda is implemented through four interconnected focus areas:

1. Climate and Nature Risk Management – integrating climate and nature-related considerations into risk management, financing decisions, and business operations while supporting the transition to a low-carbon and climate-resilient economy
2. Environmental and Social Governance Integration – embedding ESG considerations across governance structures, policies, procedures, and business processes to strengthen responsible decision-making and risk management.
3. Capacity Building and Stakeholder Engagement – enhancing sustainability knowledge and awareness among employees, customers, suppliers, and other stakeholders to support the effective implementation of sustainability commitments.
4. Sustainable Development Impact Measurement – monitoring and reporting sustainability performance, including progress against selected Sustainable Development Goals (SDGs), climate commitments, and material ESG indicators.

Environmental and Social Impact Focus

KCB's sustainability agenda addresses both environmental and social priorities through a double materiality lens, considering both:

- The impact of environmental and social factors on the Group's financial performance and resilience; and
- The impact of the Group's activities on society, the environment, and the broader economy.

From an environmental perspective, the Group focuses on climate action, environmental stewardship, resource efficiency, pollution prevention, sustainable finance, and climate resilience. These priorities contribute to the transition towards low-carbon and climate-resilient economies and align with global sustainability objectives, including SDGs 6, 7, and 13. From a social perspective, KCB prioritizes financial inclusion, MSME development, community investment, employee well-being, diversity and inclusion, customer empowerment, and sustainable

Sustainability Development Goals Alignment

To support sustainable development across its markets, KCB has aligned its sustainability strategy with 14 United Nations Sustainable Development Goals (SDGs), selected based on their relevance to the Group's business activities, stakeholder expectations, and development priorities. Progress against these goals is monitored regularly through the Group's sustainability performance management processes and disclosed through annual sustainability reporting.

SDG	Alignment	SDG	Alignment
1 NO POVERTY	Emergency donations (e.g. drought, floods), providing MSME loans to people with disabilities, beneficiaries trained under Jiajiri.	5 GENDER EQUALITY	Women in Leadership Program, Network (WILN), Diversity and Inclusion initiatives and FLWE proposition, scholarships to female students.
8 DECENT WORK AND ECONOMIC GROWTH	Women's Hub – Hub for young people in agriculture and livestock sectors.	11 SUSTAINABLE CITY AND COMMUNITIES	The Bank provides mortgages for Affordable Housing program, life assurance, healthcare and business solutions.
3 GOOD HEALTH AND WELL-BEING	Staff Health & Wellness Programs, Sports Sponsorships (Volley, Football, Chess), Payroll & Motor sports.	6 CLEAN WATER AND SANITATION	KCB programs for community boreholes, public and private WASH in the water and sanitation program.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Partnerships & programs (e.g. hackathons etc.), developing new products under the digital value program.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Green office building in Nairobi (Upper Hill), Energy savings (Zero carbon emissions program), LED lighting in KCB branches and carbon footprint tracking.
4 QUALITY EDUCATION	High school & university Scholarship Program, internships with learning institutions, meal banks in schools.	7 AFFORDABLE & CLEAN ENERGY	Supporting learning institutions' transition from the use of fossil fuels to clean energy and energy-efficient products (e.g. LP gas solutions).
10 REDUCED INEQUALITIES	Aspire Program for Women, Men in Leadership Program and Emerging Leaders Mentorship Program.	13 CLIMATE ACTION	Tree-planting program. Introduced new climate-related KPIs. Green loans program. LP Gas and biogas in schools, agribusiness, greenhouses, tree planting.

SDG	Alignment	SDG	Alignment	SDG	Alignment
2 ZERO HUNGER	Initiative to support food security and promote sustainable agriculture.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Good Governance – Humanitarian Rights & Justice programs.	17 PARTNERSHIPS FOR THE GOALS	Funding and Partnerships with DFIs, Donors etc.

Targets and KPIs

The strategy is anchored by measurable targets and KPIs. For example, by 2025 we set a goal to increase green & climate-smart lending to 25% of total loans (with baseline 2024 at 15%). We have established targets for staff ESG training (e.g. 100% of employees trained on sustainability standards – up from ~76% in 2024), customer inclusion (e.g. number of MSME and women borrowers), and environmental outcomes (e.g. planting 5 million trees by 2026). The Sustainability Report tracks over 60 indicators tied to the SDGs and strategy pillars (as shown by our SDG dashboard).

Where formal targets are still being finalized (such as financed emissions reduction or gender balance), we commit to publishing them with baselines in upcoming disclosures. Embedding metrics and targets into the framework signals our intent to hold ourselves accountable; progress against these targets is monitored quarterly by management and reported annually (with limited assurance) in our Sustainability Report.

Our Group Sustainability focus areas is organized around the "Transforming Today Together" theme, as embodied by our four Sustainability enablers (Advocacy, Governance, Programs, Reporting) and supported by the SDG-aligned focus areas described above. Each step – from stakeholder engagement and materiality assessment to strategy-setting, target-setting, and reporting – follows logically. For instance, stakeholder feedback (employees, customers, communities, regulators) and the materiality findings directly shaped the four themes and associated targets.

The strategic pillars ("Transforming", "Today", "Together") reflect our multi-year business cycle framework and emphasize continuous innovation, urgency of climate/social action, and collaboration across teams and partners. This progression – from diagnosis (materiality) to strategy (pillars) to execution (policies, partnerships, portfolios) to disclosure – is visualized in our strategy graphics and discussed in our reports. The implementation of KCB's sustainability agenda is supported through four operational pillars:

1. **Sustainability and Advocacy:** Promotes sustainability awareness, organizational culture change, stakeholder engagement, and integration of sustainability considerations into business strategy and operations.
2. **Policy and Governance:** Strengthens governance structures, policies, controls, and risk management systems to ensure effective oversight of sustainability and climate-related risks and opportunities.
3. **Programs and Partnerships:** Advances sustainable finance, innovation, and development impact through strategic partnerships with development finance institutions, investors, regulators, and other stakeholders.
4. **Impact Reporting:** Supports transparency, accountability, and continuous improvement through sustainability performance monitoring, reporting, disclosure, and external assurance aligned with recognized international ESG reporting standards.

Governance and Accountability

Sustainability governance is multi-layered. The Board of Directors retains ultimate accountability for ESG strategy and oversight of climate and sustainability risks. Specific Board committees (e.g. Strategy & Oversight, Risk & Compliance, People & Remuneration) have explicit mandates to oversee sustainability implementation and risk integration. Executive management – led by the Group CEO and supported by a dedicated Sustainability & Impact functions – is responsible for rolling out the strategy and embedding ESG into business processes. Whereas the Sustainable Finance function deals with the commercialization of sustainability which includes mobilization of funds to drive the sustainability agenda and developing sustainable products that will increase uptake of green facilities in the market.

Subsidiary managing directors and business heads ensure alignment of their operations with Group ESG priorities. Implementation is coordinated across functions (Risk, Credit, Operations, Compliance, etc.) so that sustainability criteria and KPIs are integrated into decision-making, lending policies, risk frameworks, and incentive systems. Internal committees and working groups e.g. Sustainability Reporting Committee, ESG steering group) are charged with monitoring progress, escalating issues, and ensuring accountability.

Group Board of Directors

Responsibility within area of expertise

Strategy and Oversight Committee	Risk and Compliance Committee	People and Remuneration Committee	Nominations and Governance Committee	Audit Committee
Oversee integration of sustainability into the group strategy, products, digital and innovation agenda (e.g.. green finance, sustainable digital products), including oversight of stakeholder engagements.	Climate and sustainability risk oversight, including business ethics and systemic risk oversight.	Ensure executive scorecards and incentives include ESG/ climate KPIs consistent with the Board's approved strategy.	Oversee ESG governance framework, score competence on sustainability and ESG disclosure quality in the annual report.	Review accuracy and assurance of sustainability and climate-related disclosures (financial and non-financial).

Group CEO

Overall Management Responsibility

Responsibility within area of expertise

GROUP DIRECTOR STRATEGY AND INNOVATION	SUBSIDIARY MDs	GROUP EXCO MEMBERS
Drivers sustainability Strategy and monitors progress.	Responsible for the effective implementation and localization of the Group's sustainability Agenda.	Providing strategic leadership and oversight for the integration of sustainability.

Sustainability responsibility by management committee or team	HEAD OF SUSTAINABILITY AND IMPACT	GROUP REPORTING COMMITTEE
	Responsible for driving the development, implementation, and continuous evolution of the Group's sustainability agenda, ensuring alignment with business priorities, regulatory expectations, and global ESG	Central role is safe guarding the integrity transparency, and decision - usefulness of the Group's disclosures to internal and external

Policies, standards and ethical conduct, KCB's governance practices are supported by a comprehensive set of internal frameworks that guide responsible financing, environmental and social risk management, and ethical conduct across the Group. These include the Environmental and Social Management System (ESMS), the Environmental and Social Due Diligence (ESDD) process, and related risk management practices that ensure assessment, categorization and monitoring of environmental and social impacts. The Group's approach also incorporates its internal eco efficiency agenda, the Sustainable Finance Initiative (SFI) Principles, and relevant regulatory expectations such as climate risk guidance issued to the financial sector. In addition, KCB applies exclusion criteria, international performance standards and environmental and social assessment requirements as part of its responsible lending processes. Broader commitments to sustainability are reinforced through alignment with global frameworks that guide ethical behavior, responsible business conduct and long-term value creation.

We identify our key stakeholders as those most affected by our activities and those with the greatest influence on our operations. By proactively engaging them through diverse channels, we ensure that their concerns, expectations, and interests are heard and addressed. The outcomes of these engagements directly inform our understanding of material sustainability factors and guide the development and implementation of our strategic priorities and initiatives.

Reporting maturity: KCB has a well-developed reporting framework. We publish an annual Sustainability Report covering 100% of our operations. Starting in 2024, our reports were prepared in alignment with IFRS S1 and S2 (ISSB) and limited assured by a third party. We also report on GRI indicators and Kenya's ESG regulations (including CBK climate guidance).

The existence of this multi-year, externally reviewed reporting process demonstrates high reporting maturity. We have a documented sustainability policy, and our disclosures (including ESG governance, strategy, and metrics) are integrated into our annual reports and investor communications. This transparency positions KCB well for investor scrutiny: we aim to continue enhancing completeness and assurance as standards evolve.

Materiality **Assessments**

KCB Group undertook a comprehensive materiality assessment in 2022 to identify and prioritize sustainability topics with the highest relevance to both the Bank and its stakeholders. In 2025, we conducted extensive refinement to ensure our approach remains aligned with evolving global sustainability trends, shifting stakeholder expectations, evolving business operation, emerging regulatory requirements, and both international and local reporting standards. Our materiality approach ensures that our disclosures remain responsive, meaningful, and reflective of what matters most to our stakeholders while supporting the Bank's strategic ambition to create lasting value.

Additionally, we performed a materiality review and impact assessment of our operations, products, and services in line with the UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking. This assessment also considered global sustainability reference frameworks, including the UN Sustainable Development Goals (SDGs), sector-specific expectations, and international and local regulatory requirements.
Through this process, we ensure that our sustainability priorities remain aligned with global best practice and support the Bank's commitment to responsible banking and long-term value creation. The Group's material topics remain unchanged; however, the scope of tracked Impacts, Risks and Opportunities (IROs) has been refined. This enhancement ensures we remain on course and fully aligned with the Group's ESG priorities and long-term ambitions.

The Group Materiality topics are segmented into Financial Materiality and Impact Materiality.
(i) Financial Materiality: This dimension evaluates sustainability-related risks and opportunities that have, or could have, a substantive impact on the Bank's financial performance, enterprise value, reputation, and relationships with key stakeholders. It focuses on how environmental, social, and governance (ESG) factors influence business resilience, competitiveness, and long-term financial viability.
(ii) Impact Materiality: This considers the Bank's actual or potential impacts, be it positive or negative on the environment and society. It assesses how the Group's operations, products, and services affect external stakeholders, ecosystems, and communities, thereby reflecting our broader socio-environmental footprint.

In summary, the 2022/2025 materiality assessments produced a double-materiality matrix covering ESG issues. Key financial-material topics with high bank impact include **Climate and Environmental Risk, Fraud and Cybersecurity, Governance and Ethics, and Digital Transformation.** Key impact-material topics include Financial

Materiality
Assessments

Development, Employee Well-being, Biodiversity and Resource Use, and Ethical Supply Chains.

Material Topic	IRO	Impact Materiality	Financial Materiality	Link to SDG
Environmental Stewardship	Sustainable Finance	By directing capital toward low-carbon, inclusive and socially responsible projects. This enhances environmental sustainability while shaping market-wide behavior through responsible lending and investment practices.	Enables access to lower-cost capital such as green and social bonds. Growing investor demand for ESG-compliant assets increases the organization's ability to attract capital, whereas non-compliance Regulatory requirements can lead to significant financial penalties and higher capital costs.	7 AFFORDABLE & CLEAN ENERGY
Climate Action:	Climate Action: Adaptation, conservation, and mitigation	The Group's efforts to reduce operational and financed emissions help limit regional warming and protect key ecosystems such as forests. By financing nature-positive solutions the Bank strengthens the resilience of communities and businesses exposed to droughts, floods, and other climate physical risks.	The Group faces reputational risks if climate-related actions or disclosures are seen as inconsistent or misleading but also has strong opportunities to differentiate through innovative green and renewable energy-focused financial products. Gaining operation efficiency from energy-saving	6 CLEAN WATER AND SANITATION 7 AFFORDABLE & CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

Materiality **Assessments**

Development, Employee Well-being, Biodiversity and Resource Use, and Ethical Supply Chains.

Material Topic	IRO	Impact Materiality	Financial Materiality	Link to SDG
			measures and reduced losses from climate-related disruptions further enhance operational performance, while supporting progress toward the Group's ESG goals. Climate change also affects the quality and profitability of KCB's loan portfolios, particularly in sectors vulnerable to extreme weather and transition shifts.	7 AFFORDABLE & CLEAN ENERGY
Employee welfare	Talent management and retention	Stronger opportunities for career growth and long-term employability are supported through improved job security, fairness, and continuous skill development.	Lower turnover reduces recruitment and onboarding costs, while higher productivity and innovation strengthen overall performance. A strong employer brand further attracts top talent, reinforcing long-term organizational capability.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
	Diversity, equity	Promoting diversity and inclusion supports fair	A diverse workforce	5 GENDER EQUALITY 10 REDUCED INEQUALITIES

Materiality **Assessments**

Development, Employee Well-being, Biodiversity and Resource Use, and Ethical Supply Chains.

Material Topic	IRO	Impact Materiality	Financial Materiality	Link to SDG
	and Inclusion	treatment that deepens community engagement through diverse innovations that foster greater innovation, collaboration and overall customer satisfaction.	enhances productivity and innovation by bringing varied perspectives that support creativity and business growth. It strengthens market appeal by enabling the Group to understand better and serve a broader customer base, improving customer relationships and loyalty. Diversity also supports stronger team performance, reduces litigation and compliance risks, and enhances the Group's overall market reputation.	
	Employee engagement and well-being	Improved mental, physical, and emotional well-being boosts morale, job satisfaction, and overall productivity. Prioritizing employee well-being enhances motivation and performance, leading to greater fulfilment at work.	Reduced absenteeism and lower medical insurance costs, combined with higher employee retention and productivity, contribute to stronger operational performance, while fewer safety incidents further minimize disruptions and associated expenses.	3 GOOD HEALTH AND WELL-BEING

Materiality **Assessments**

Development, Employee Well-being, Biodiversity and Resource Use, and Ethical Supply Chains.

Material Topic	IRO	Impact Materiality	Financial Materiality	Link to SDG
Community action	Societal Impact	Strong socio-economic impact practices contribute positively to local economies and social equity through job creation and community support in areas like health, education, and infrastructure, and the reduction of negative social externalities.	Strong community engagement builds a solid social license to operate, reduces the risk of conflicts or regulatory interventions, and strengthens customer trust while supporting market expansion. These practices contribute to long-term profitability by fostering sustainable relationships and embedding the organization within the communities it serves.	11 SUSTAINABLE CITY AND COMMUNITIES
Strategic Partnerships		Collaboration accelerates sustainable development by enabling knowledge transfer, driving innovation, and supporting ecosystem-wide sustainability goals.	Partnerships create new market opportunities and allow shared investment costs, while enabling faster access to technology and critical skills. These collaborations also strengthen value-chain resilience, supporting long-term operational stability and growth.	1 NO POVERTY 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS

Materiality **Assessments**

Development, Employee Well-being, Biodiversity and Resource Use, and Ethical Supply Chains.

Material Topic	IRO	Impact Materiality	Financial Materiality	Link to SDG
Customer Excellence	Financial Inclusion	This expands access to financial services for marginalized populations, supporting poverty reduction, gender equality, small business growth, and broader economic development. It sits at the core of our purpose For People. For Better and through our reach, enables us to positively impact millions of lives.	Financial inclusion opens new markets and customer segments, supporting long-term revenue growth. A strong social focus also helps attract and motivate talent, driving innovation and improved performance.	1 NO POVERTY 10 REDUCED INEQUALITIES
	Customer Satisfaction and Experience	A strong client orientation enables us to deliver meaningful value and support our social mission, by ensuring clients are better off and more secure through our services. This improves quality of life, builds trust, protects consumer rights, and helps prevent exploitation or misinformation.	Customer satisfaction directly strengthens financial performance by increasing loyalty, revenue, and retention while reducing acquisition costs. Treating clients fairly and prioritizing their needs also lowers compliance and legal risks and helps prevent negative publicity or regulatory penalties.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Materiality **Assessments**

Development, Employee Well-being, Biodiversity and Resource Use, and Ethical Supply Chains.

Material Topic	IRO	Impact Materiality	Financial Materiality	Link to SDG
Product Innovation	Product Innovation	Product innovation delivers greener, safer, and more accessible solutions that reduce environmental impacts across the product lifecycle while enhancing customer well-being.	It creates competitive advantage and market differentiation, creates new revenue streams and efficiency gains, and helps mitigate regulatory risks through proactive product design.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Digital Leadership	Digital Innovation for Competitive Advantage and Efficiency	Digital innovation enhances customer experience and enables the Group to achieve scale, thus increasing its impact and financial inclusion capability.	Strong cybersecurity and data privacy practices prevent costly data breaches, regulatory fines, and service interruptions, protecting brand value, customer trust, and business continuity.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Governance	Cybersecurity & data privacy	Data privacy and protection measures safeguard customers and employees from fraud, identity theft, and related harm, while maintaining trust in digital services. Strong data governance also supports regulatory compliance and enhances customer confidence and loyalty.	Strong cybersecurity and data privacy practices prevent costly data breaches, regulatory fines, and service interruptions, protecting brand value, customer trust, and business continuity.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Materiality **Assessments**

Development, Employee Well-being, Biodiversity and Resource Use, and Ethical Supply Chains.

Material Topic	IRO	Impact Materiality	Financial Materiality	Link to SDG
Business Ethics	Business Ethics	Promoting strong ethical conduct ensures transparency, fairness, and trust while preventing corruption, bribery, and exploitation of vulnerable stakeholders. Upholding these practices aligns with the Group's objectives. This also strengthens a culture of integrity, and supports access to quality, transparent financial services that enhance economic resilience and sustainable development.	Build investor confidence and ensure long-term operational sustainability. By upholding high ethical standards, the organization protects trust among clients, investors, and other stakeholders, while effective governance provides a competitive edge by positioning the Group as a leader in responsible financial management.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Systemic Risk Management	Systemic risk management	Preventing operational failures that could harm society or the environment helps protect employees and customers from systemic shocks, while reinforcing resilience across the value chain.	Reducing operational, compliance, and market risks helps lower contingency costs and strengthens long-term financial stability.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Climate Risk Management

Climate-related risks are increasingly recognized by KCB Group as material financial and strategic risks with the potential to impact portfolio performance, operational resilience, customer viability, and long-term value creation. These risks are broadly categorized into physical risks and transition risks, both of which are integrated into the Group's Enterprise Risk Management framework and strategic decision-making processes.

East Africa's economy remains highly exposed to climate-related risks due to its reliance on climate-sensitive sectors such as agriculture, water, energy, transport, and tourism. Increasing frequency and severity of droughts, floods, changing rainfall patterns, and rising temperatures continue to affect agricultural productivity, food security, infrastructure resilience, public finances, and economic growth. These climate impacts create direct and indirect transmission channels into the financial sector through increased borrower vulnerability, supply chain disruptions, collateral devaluation, business interruptions, and heightened default risk within climate-sensitive sectors. As one of the leading financial institutions operating across East Africa, KCB Group recognizes that climate-related shocks may materially affect portfolio quality, customer resilience, liquidity conditions, and long-term asset performance, particularly within sectors such as agriculture, MSMEs, real estate, energy, and trade finance. The Group therefore considers climate risk management a strategic priority and continues to strengthen governance, risk management, portfolio assessment, and sustainable finance activities to enhance resilience and support the transition toward a low-carbon and climate-resilient economy.

Physical risks arise from both acute and chronic climate events, including floods, droughts, rising temperatures, heat stress, and changing precipitation patterns, particularly across climate-sensitive sectors and geographies within the Group's regional footprint. Transition risks arise from evolving regulatory requirements, changing market dynamics, technological disruption, and shifts toward a lower-carbon economy.

Climate risk oversight is embedded within the Group's governance structures through board-level and management-level oversight mechanisms established under the Group's Enterprise Risk Management and Sustainability governance frameworks. The Board provides strategic oversight of climate-related risks and opportunities through relevant Board committees, while senior management is responsible for implementation, monitoring, and integration across business operations. The sustainability function works closely with the Risk, Credit, Business, and Compliance teams to coordinate climate risk management activities and implementation of sustainability commitments across the Group. Since 2023, climate-related considerations have progressively been integrated into the Group's Risk Appetite Statement, Sustainable Finance Framework, environmental and social risk management processes, sector risk reviews, credit appraisal procedures, and portfolio monitoring activities. This includes the assessment of borrower exposure to physical and transition risks during credit evaluation processes, enhanced due diligence for climate-sensitive sectors, integration of climate-related considerations into Environmental and Social Due Diligence (ESDD) procedures, and ongoing monitoring of sectoral concentration risks and vulnerable exposures. Climate-related risk reporting is also increasingly incorporated into internal management reporting and sustainability disclosures to support informed decision-making and long-term resilience.

The Group continues to strengthen its climate risk capabilities through enhanced risk identification methodologies, climate risk mapping, scenario analysis, stress testing, and staff capacity building. Climate-related considerations are increasingly integrated into lending decisions, sector reviews, and customer engagement processes, particularly within sectors considered vulnerable to physical or transition-related climate impacts.

In line with its commitment to supporting climate resilience and low-carbon development, KCB continues to scale financing toward renewable energy, climate-smart agriculture, green buildings, clean mobility, water efficiency, and resource-efficient technologies through its Green Lending initiatives. These activities support both the Group's sustainability objectives and broader national and regional climate priorities.

KCB conducted its initial climate scenario analysis and stress testing to assess the resilience of its portfolio in 2025 under different climate pathways and economic conditions. The assessment referenced internationally recognized climate scenarios, including selected Network for Greening the Financial System (NGFS) scenarios covering Orderly, Disorderly, and Hot House World transition pathways. The analysis considered both short-term and medium to long-term horizons extending to 2030 and 2050, with front-loading methodologies applied to assess potential near-term financial impacts of longer-term climate risks. The assessment focused primarily on credit risk exposures within climate-sensitive sectors, including agriculture, manufacturing, real estate, energy, transport, and MSMEs. These assessments evaluated the potential financial implications of acute and chronic physical risks, as well as transition-related shocks arising from policy, market, and technological changes.

The initial assessment identified several data, methodology, and systems enhancement areas requiring further strengthening to support more robust climate risk quantification and reporting. The Group is currently implementing system and data architecture enhancements to address identified gaps, strengthen climate data collection processes, and improve modelling capabilities. A second round of climate scenario analysis and stress testing is planned during 2026 following completion of the ongoing enhancement activities. Outputs from these assessments will continue to support portfolio monitoring, sector risk prioritization, strategic planning, and identification of vulnerable sectors and exposures.

The Group also continues to enhance its climate-related data management and reporting capabilities to support evolving regulatory expectations and international disclosure frameworks, including IFRS S2 and the Central Bank of Kenya Climate Risk Disclosure Guidance. Climate-related metrics monitored by the Group include greenhouse gas emissions, financed emissions, sustainable finance indicators, and sectoral exposure assessments.

KCB has commenced financed emissions measurement and monitoring activities in alignment with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry, which is recognized as the leading global methodology for financed emissions accounting within financial institutions. The Group's initial financed emissions assessment currently focuses on selected asset classes within the lending portfolio, including business loans, commercial real estate, and motor vehicles exposures, using applicable PCAF asset-class methodologies and data quality scoring approaches.

The Bank initially calculated its financed emissions in 2024 with a determined quality score of 4, however the Bank embarked on addressing gaps identified and therefore our baseline assessment will use 2026 data as the initial reporting base year.

Recognizing current data availability limitations within certain sectors and markets, the Group continues to strengthen internal data collection processes and emissions estimation methodologies to improve the completeness, consistency, and reliability of financed emissions reporting over time. KCB is committed to progressively expanding financed emissions coverage across additional asset classes and geographies through a phased implementation roadmap aligned with evolving regulatory expectations, PCAF guidance updates, and improvements in climate-related data availability. Future assessments are expected to include broader asset classes in retail, trade finance and sovereign exposure categories as underlying methodologies and data quality continue to mature.

Climate Scenario

Analysis and Stress Testing

KCB continues to strengthen its climate scenario analysis and stress testing capabilities to better understand the potential financial impacts of climate-related risks on its portfolio, operations, and customers across varying time horizons. Given the limited historical precedent for climate-related financial risk events within the region, the Group applies forward-looking and structural modelling approaches aligned to emerging global regulatory and supervisory expectations. The scenario analysis framework draws reference from the Central Bank of Kenya Climate Risk Disclosure Guidance (2024), IFRS S2, the ECB Climate Stress Testing Framework, and other internationally recognized climate risk methodologies.

The primary objectives of the Group's climate stress testing programme are to assess the resilience of the Bank's portfolio under different climate scenarios; evaluate potential impacts on credit quality, non-performing loans, and sector vulnerability; and strengthen integration of climate risk considerations into risk appetite, strategic planning, and portfolio management.

The Group's assessments consider both: Physical risks, including floods, droughts, extreme heat, wildfires, landslides, and changing weather patterns; Transition risks, including policy changes, carbon transition pressures, technological disruption, and evolving customer and market preferences.

KCB applies both short-term and long-term assessment horizons, including front-loading methodologies designed to simulate the accelerated impact of long-term climate risks within shorter planning periods. The assessments currently focus primarily on credit risk impacts across climate-sensitive sectors, particularly agriculture and other sectors vulnerable to climate variability.

Climate stress testing outputs are increasingly informing portfolio monitoring, sector risk assessments, and ongoing development of the Group's climate risk management framework. The Bank continues to enhance underlying data quality, climate analytics, and modelling capabilities to support more robust and decision-useful climate-related financial disclosures over time.

Physical Risks:

- Floods
- Droughts
- Extreme Heat
- Wildfires
- Landslides
- Changing Weather

ESRM framework

- ESRM Framework
- Risk Identification
- Environmental & Social Due Diligence
- Environmental Impact
- Social Impact
- Monitoring & Compliance

KCB Group applies a comprehensive Environmental and Social Risk Management (ESRM) framework designed to identify, assess, manage, and monitor environmental and social related risks across its financing activities. The framework is integrated into the Group's broader Enterprise Risk Management architecture and supports the Bank's commitment to responsible financing, long-term portfolio resilience, regulatory compliance, and sustainable value creation.

The Group recognizes that environmental and social risks may materially impact customers, communities, ecosystems, and financial performance. As such, sustainability considerations are embedded into lending processes, credit appraisal, portfolio monitoring, governance structures, and strategic decision-making across the Group's operations.

KCB ensures responsible lending through its Environmental and Social Management System (ESMS), Environmental and Social Due Diligence (ESDD) procedures, Sustainability Policy and Credit Policies. These mechanisms guide the identification, categorization, mitigation, escalation, and monitoring of environmental and social risks associated with financing activities across sectors and geographies.

The ESDD process forms part of the Group's broader Environmental and Social Management System (ESMS) and is embedded within the credit appraisal and approval process across the Group's operations with enhanced review requirements for higher-risk sectors and transactions.

The framework enables the Bank to proactively evaluate sustainability-related risks and opportunities across transactions, sectors, geographies, and customer activities, while supporting responsible financing, portfolio resilience, regulatory compliance, and alignment with international sustainable finance standards. The ESDD process is applied across lending activities and incorporates a risk-based approach that assesses the potential environmental and social impacts associated with customers and financed projects.

Environmental & Social
Risk Management

The screening criteria include:

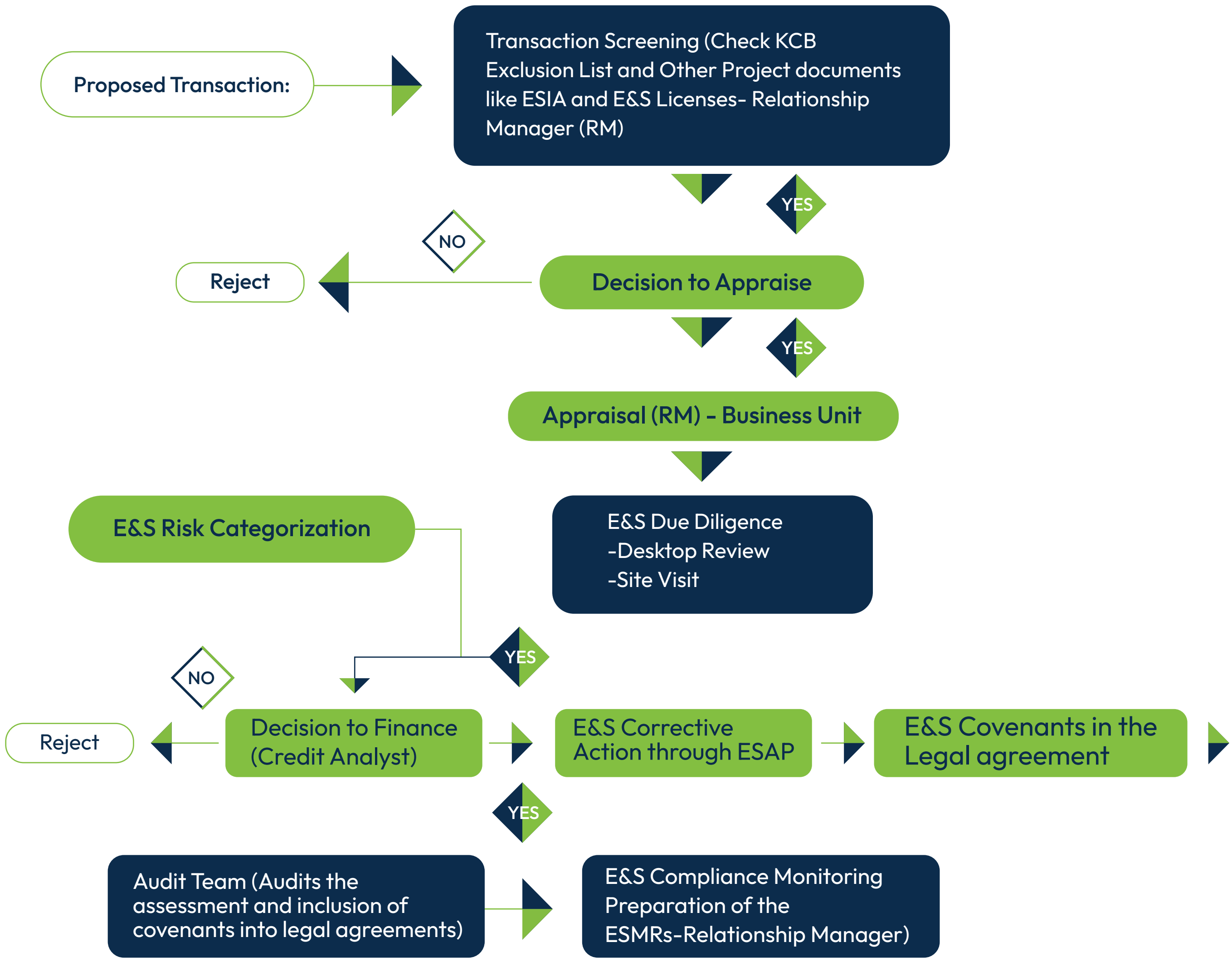
- Environmental and social regulatory compliance,
- Occupational health and safety practices,
- Labour and working conditions,
- Community health and safety impacts,
- Biodiversity and ecosystem considerations,
- Land acquisition and resettlement risks,
- Climate-related physical and transition risks,
- Stakeholder engagement and grievance mechanisms,
- Reputational risk exposure,
- Governance and management systems.

The process includes:

- Sector-based environmental and social risk screening,
- Customer and transaction risk categorization,
- Assessment against exclusion criteria,
- Review of regulatory permits and compliance obligations,
- Occupational health and safety assessments,
- Stakeholder and community impact considerations,
- Site inspections where applicable,
- Development of mitigation measures and corrective action plans are integrated into lending conditions.

Where environmental and social risks are identified, mitigation measures and corrective action plans are developed and integrated into financing conditions and customer engagement processes. High-risk transactions are subjected to enhanced due diligence, specialist review, escalation procedures, and ongoing monitoring requirements.

ESMS Process Illustration.



The Bank's assessment methodology includes sector-specific risk analysis and project categorization to determine the significance of potential impact and corresponding mitigation requirements. Transactions are evaluated based on factors such as:

- project scale and complexity,
- workforce size,
- impacts on surrounding communities,
- land acquisition requirements,
- environmental sensitivity of project locations,
- biodiversity implications,
- and historical environmental or social incidents.

In addition, customers are assessed on theexistence and effectiveness of internal environmental and social governance systems, including:

- environmental and social management policies,
- grievance handling mechanisms,
- health and safety procedures,
- stakeholder engagement practices,
- emergency response processes,
- and environmental compliance monitoring.

The ESDD process is implemented collaboratively across Relationship Management, Credit, Risk, Sustainability, and Compliance functions, ensuring environmental and social considerations are integrated into business decision-making and portfolio management processes. The ESDD process is well aligned with IFC Performance standards and has curated questions for each of the performance standards. In summary the below is addressed in each of the Performance Standards;

IFC Performance Standard	Alignment within KCB ESMS Framework
PS1: Assessment and Management of Environmental and Social Risks and Impacts	Embedded through the ESMS, ESDD procedures, transaction screening, risk categorization, mitigation planning, monitoring, and escalation processes.
PS2: Labour and Working Conditions	Assessed through review of labour practices, occupational health and safety measures, forced labour and child labour screening, and customer governance systems.
PS3: Resource Efficiency and Pollution Prevention	Considered through environmental compliance reviews, pollution prevention requirements, waste management considerations, and climate-related risk assessments.
PS4: Community Health, Safety and Security	Incorporated through community impact assessments, stakeholder engagement requirements, grievance mechanisms, and health and safety evaluations.
PS5: Land Acquisition and Involuntary Resettlement	Evaluated through land acquisition screening, resettlement risk assessments, and review of associated stakeholder and livelihood impacts where applicable.
PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Addressed through biodiversity screening, ecosystem sensitivity assessments, forestry-related exclusions, and review of impacts on protected or sensitive habitats.
PS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Considered through stakeholder engagement processes, social impact assessments, and enhanced due diligence requirements where relevant.
PS8: Cultural Heritage	Assessed through project screening processes and review of potential impacts on culturally sensitive or protected sites where applicable.

The Group continues to strengthen alignment with international environmental and social risk management standards through ongoing enhancement of internal procedures, staff capacity building, portfolio monitoring practices, and climate-related risk integration.

High-risk transactions are subjected to enhanced due diligence and escalation procedures aligned with internal governance thresholds and international good practice standards. Across subsidiaries, climate and environmental risk assessments are increasingly embedded into credit appraisal and portfolio management processes to strengthen resilience and improve asset quality.

In 2025, the Group screened approximately Ksh. 587.78 billion worth of loan facilities against environmental and social risks across its regional operations, demonstrating the scale of integration of ESG considerations within lending activities. Further in 2025, the Bank published a grievance mechanism framework in which we demonstrate our formal processes for receiving, assessing, and resolving concerns raised by stakeholders, including customers, employees, suppliers, communities, investors, and affected persons linked to financed activities. https://kcbgroup.com/sustainability-page#

Governance and Oversight

Oversight of environmental, social, and climate-related risks is provided through a multi-layered governance structure led by the Board of Directors and its respective committees, including the Risk and Compliance Committee and Strategy and Oversight Committee. These committees oversee sustainability-related risks and opportunities, responsible finance implementation, and alignment with the Group's strategic objectives.

The Group Chief Executive Officer, Group EXCO, Sustainability Reporting Committee, Subsidiary Managing Directors, and the dedicated Sustainability and Impact function collectively support implementation, monitoring, reporting, and integration of ESG considerations across the Group. Sustainability governance is embedded across business units, risk functions, credit teams, operations, and regional subsidiaries to ensure accountability and operational consistency.

International Standards and Alignment

KCB aligns its environmental and social risk management approach with internationally recognized frameworks and industry standards, including:

- IFC Performance Standards,
- UNEP FI Principles for Responsible Banking,
- CBK Climate Risk Disclosure Guidelines,
- Kenya Green Finance Taxonomy,
- Broader global sustainability and responsible finance principles.

The Group continues to strengthen its climate risk assessment capabilities through scenario analysis, stress testing, financed emissions assessments, and climate-related portfolio monitoring in alignment with evolving IFRS S1 and S2 disclosure expectations.

2. The **Bank's Sustainable** Bond Framework

Rationale for the Sustainable Bond Framework

KCB Group Plc (the "Group" or "KCB") has developed this Sustainable Bond Framework to support the issuance of green, blue, social and sustainability bonds and other sustainable debt instruments that are aligned with the Group's purpose of creating shared value for its customers, communities, shareholders and the wider economy. The Framework provides a clear basis for mobilizing capital towards projects and assets that contribute to environmental stewardship, climate resilience, social inclusion and sustainable economic development across the markets in which the Group operates.

The establishment of this Framework reflects KCB's long-standing commitment to embedding sustainability into its business model, risk management practices and capital allocation decisions. As a leading financial services group in East Africa, KCB recognizes the important role that the financial sector plays in directing capital towards low-carbon, inclusive and resilient growth. Through the issuance of sustainable debt instruments, the Group seeks to support financing and refinancing of eligible green, blue and social assets that deliver measurable environmental and/or social benefits, while reinforcing its contribution to national, regional and global sustainable development priorities.

The Framework is also intended to strengthen KCB's Environmental, Social and Governance (ESG) profile by demonstrating how sustainable finance is integrated into the Group's funding strategy, governance structures and impact reporting practices. It provides investors and other stakeholders with transparency on the categories of projects that may be financed, the process for project evaluation and selection, the management of proceeds, and the reporting commitments that will apply to issuances made under the Framework.

In addition, the Framework supports the Group's access to diversified funding sources by positioning KCB to engage a broader base of investors with mandates or preferences for credible sustainable finance instruments. By aligning the Framework with internationally recognized market principles, including the International Capital Market Association (ICMA) Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and IFC Blue Bond Guidelines, KCB seeks to meet investor expectations, promote market confidence and apply best practice standards in the structuring and management of its sustainable bond issuances.

This Framework is designed to:

- Demonstrate KCB Group's leadership in sustainable finance and responsible investment across East Africa;
- Support projects and assets that advance environmental stewardship, climate resilience, social inclusion and inclusive economic growth;
- Provide a transparent and accountable governance structure for identifying, evaluating, selecting and monitoring eligible assets;
- Ensure credible management of proceeds and periodic reporting on allocation and, where feasible, environmental and social impact; and
- Align KCB's sustainable debt issuances with internationally recognized principles and best market practices, including the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

By establishing this Framework, KCB aims to reinforce its credibility with stakeholders, expand its investor base and support long-term value creation through sustainable growth. The issuance of sustainable debt instruments under this Framework will enable the Group to channel capital towards projects with clear environmental and social objectives, while strengthening its strategic positioning as a responsible regional financial institution committed to financing a more inclusive, resilient and sustainable future.

Financing Tracks

The Framework is structured around two distinct but complementary financing tracks, in line with international market best practice. KCB Group may issue instruments under either or both tracks, depending on funding needs, market conditions, and strategic priorities at the time of issuance.

TRACK I — Use of Proceeds (UoP)	TRACK II — Sustainability-Linked (SLB/SLL)
Instrument types: Green Bonds / Notes, Social Bonds / Notes, Sustainability Bonds / Notes, Blue Bonds / Notes, Green Loans, Social Loans, Sustainability Loans, Blue Loans	**Instrument types:** Sustainability-Linked Bonds (SLBs) and Sustainability-Linked Loans (SLLs)
Use of proceeds: Proceeds are earmarked to finance or refinance eligible green, blue and/or social assets, projects, and activities aligned with the Group's sustainable finance objectives.	**Use of proceeds:** General corporate purposes, with no earmarking requirement.
Integrity drivers: Clear eligibility criteria, robust project evaluation and selection governance, transparent proceeds management and tracking, and ongoing allocation and impact reporting.	**Integrity drivers:** Material and ambitious KPIs, calibrated Sustainability Performance Targets (SPTs), independent external verification, and financial incentive mechanisms, including step-up and/or step-down pricing structures linked to sustainability performance.
Applicable standards and principles: ICMA Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), and emerging Blue Finance market guidance | LMA Green Loan Principles (GLP) and Social Loan Principles (SLP)	**Applicable standards and principles:** ICMA Sustainability-Linked Bond Principles (SLBP) | LMA Sustainability-Linked Loan Principles (SLLP)

Standards Alignment

This Framework has been developed in alignment with internationally recognized sustainable finance principles, guidelines, and market standards applicable to both Use of Proceeds ("UoP") and Sustainability-Linked instruments, as set out below:

Framework Component	Applicable Standard / Guideline
Use of Proceeds (UoP)	ICMA Green Bond Principles (GBP) — 2021 (with June 2025 updates)
	ICMA Social Bond Principles (SBP) — 2021 (with June 2023 updates)
	ICMA Sustainability Bond Guidelines (SBG) — 2021
	LMA Green Loan Principles (GLP) — 2023
	LMA Social Loan Principles (SLP) — 2023
Sustainability-Linked Bonds (SLB)	ICMA Sustainability-Linked Bond Principles (SLBP) — 2023
Sustainability-Linked Loans (SLL)	LMA Sustainability-Linked Loan Principles (SLLP) — 2023
	IFC Blue Finance Guidelines (Sept 2025)

This Framework may also incorporate relevant emerging market guidance and evolving best practice relating to blue finance and other thematic sustainable finance instruments, where applicable.

3.Alignment with ICMA Green Bond Principles

The Framework is structured according to the four core components of the ICMA Green Bond Principles:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Use of Proceeds

KCB Group may issue Green, Blue, Social and/or Sustainability Bonds and other sustainable finance instruments under this Framework. An amount equivalent to the net proceeds from any such instrument will be allocated, in whole or in part, to finance and/or refinance eligible assets, loans, projects and expenditures that meet the eligibility criteria set out below. The Use of Proceeds categories are intended to support KCB's sustainability strategy, climate and social impact priorities, responsible banking commitments and long-term growth objectives.

For Green Bonds, proceeds will be allocated to Eligible Green and/or Blue Projects. For Social Bonds, proceeds will be allocated to Eligible Social Projects. For Sustainability Bonds, proceeds will be allocated to a combination of Eligible Green, Blue and Social Projects. Eligible projects may include customer loans, project finance facilities, corporate loans with eligible use of proceeds, mortgage and real estate finance, investments, or other qualifying financing activities originated by KCB Group or its subsidiaries.

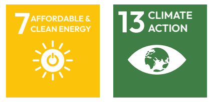
The categories below have been developed with reference to internationally recognized principles and guidance, including the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Where relevant and applicable, KCB may also consider the Kenya Green Finance Taxonomy, EU Taxonomy, IFC climate eligibility guidance, MDB Common Principles and other credible market standards to support consistency and investor confidence.

KCB will endeavor, where feasible, to disclose the indicative allocation of proceeds by eligible category prior to issuance through the relevant transaction documentation, investor presentation, pricing supplement or other applicable disclosure. Proceeds may be applied to finance new eligible assets and/or refinance existing eligible assets, loans, projects or expenditures that meet the Eligibility Criteria set out in this Framework. For refinancing, the look-back period is expected to be up to twenty-four (24) months prior to the issuance date, unless otherwise specified in the relevant issuance documentation. Actual allocation may vary depending on asset availability, origination timelines, market conditions, confidentiality considerations and applicable regulatory requirements.

Eligibility Criteria:

Below is an overview of Eligible Categories and Eligibility Criteria in line with ICMA Green and Social Bond Principles.

Green Categories

Eligible Green Categories (as per ICMA GBP	Definition/Eligibility Criteria	Contribution to UN SDGs
Renewable Energy	Financing or refinancing of projects supporting energy derived from naturally replenished resources, including solar, wind, hydro, and geothermal. This Includes: • Solar PV systems and solar home systems (including battery storage) • Renewable heat production (solar thermal, geothermal heat, • Wind-driven pumping systems or similar applications • Hydropower projects that comply with applicable environmental and social safeguards • Geothermal projects which emit ≤100gCO2e/kWh	
Energy Efficiency	Financing of projects that reduce energy consumption or improve resource efficiency, including: • Installation of energy-efficient equipment and building systems • Industrial process optimization and cleaner production • Cogeneration (combined heat and power) systems • Waste heat recovery systems • Efficient lighting and equipment in utilities and services Minimum Threshold (required): Projects must demonstrate a minimum 20% improvement in energy use intensity against a documented baseline, or achieve ISO 50001 energy management certification, or demonstrate equivalent GHG emissions reduction verified by an independent energy audit. Exclusions: • Fossil fuel based, boiler replacements • Hard to abate sectors excluded unless availability of credible and documented baseline data on Emissions	

Eligibility Criteria:

Below is an overview of Eligible Categories and Eligibility Criteria in line with ICMA Green and Social Bond Principles.

Green Categories

Eligible Green Categories (as per ICMA GBP	Definition/Eligibility Criteria	Contribution to UN SDGs

Green Buildings	Construction of/Financing of/Acquisition of buildings which respects at least one of the following criteria:
	
	• Within the top 15% in terms of primary energy demand (e.g., having an EPC label A in a specific country, or having a third-party study that clarifies it) or that respect NZEB -10%,
	• Buildings must achieve equal to or more than 30% emissions/ energy performance improvements (or primary energy demand) over baseline.
	
	• Alternatively, buildings must at least:
	  ▪ have Leadership in Energy and Environment Design “Gold” certification;
	  ▪ be in the Green Star 4 category or above;
	  ▪ be at Energy Water Performance (EWP) Level 6 or above; or
	  ▪ be Excellence in Design for Greater Efficiencies (EDGE) certified by the International Finance Corporation’s EDGE partners.
		11 SUSTAINABLE CITY AND COMMUNITIES
		13 CLIMATE ACTION

Clean Transportation	Financing or refinancing of projects and assets supporting sustainable transportation systems, aimed at reducing greenhouse gas emissions, improving air quality, and enhancing energy efficiency. Eligible activities include: **Low-emission and zero-emission transport solutions** • Electric vehicles (EVs) and electric two- and three wheelers; • Electric or low-emission public transport systems; **Supporting transport infrastructure** • Charging stations and related infrastructure for electric mobility; **Modal shift and urban transport integration** • Bus transport or mobility systems enabling a shift from higher-carbon transport modes; • Integration of transport and urban development planning (e.g. dense development, mixed land-use, transit connectivity) that reduces reliance on private vehicles; • Digital and system optimization solutions • Digital solutions and programmes dedicated to reducing transport-related GHG emissions **Exclusion:** Conventional internal combustion engine (ICE) vehicles (petrol/diesel) are not eligible. ICE-only bus fleets are excluded even if they enable modal shift.	11 SUSTAINABLE CITY AND COMMUNITIES 13 CLIMATE ACTION

Green Categories

Eligible Green Categories (as per ICMA GBP	Definition/Eligibility Criteria	Contribution to UN SDGs
Waste Management	Financing or refinancing of projects supporting environmentally sound waste management, resource efficiency, and circular economy practices, aimed at reducing pollution, improving resource recovery, and minimizing environmental impact. Eligible activities include: Waste collection and logistics • Collection and transport of source-segregated waste fractions; • Temporary storage, bulking, or transfer of separately collected waste streams; Reuse and circular economy activities • Repair and reconditioning of products or components to enable reuse; • Preparation for reuse and extension of product lifecycle; Recycling and material recovery • Material recovery from separately collected or pre-sorted waste (including non-mechanical processes); • Recycling and processing of waste into secondary raw materials; Biological treatment of waste • Anaerobic digestion of separately collected bio-waste; • Composting of organic waste streams; Exclusion • Landfill gas capture, abatement, or utilization, particularly for legacy landfill sites are excluded	

Eligible Green Categories (as per ICMA GBP	Definition/Eligibility Criteria	Contribution to UN SDGs
Climate Smart Agriculture	Financing or refinancing of agricultural activities that support climate change mitigation, adaptation, and resilience, while improving productivity and resource efficiency. Eligible activities include: **Sustainable agricultural practices** • Adoption of climate-smart and resource-efficient farming techniques; • Reduction in energy use in agricultural operations (e.g. efficient irrigation, reduced tillage); **Water and input efficiency** • Drip irrigation systems and water-efficient technologies • Production of organic fertilizers from locally available materials **Crop and climate resilience** • Drought-resilient crops and improved crop resilience practices subject to acceptable certifications such as RTRS, Global G.A.P and RSB • Soil and land management practices improving carbon sequestration (e.g. rangeland management, reduced tillage and precision farming); **Livestock and emissions reduction** • Practices reducing methane or non-CO_2 emissions (e.g. improved feeding, manure management, biodigesters); **Post-harvest and food loss reduction** • Cold storage, warehouses, and other infrastructure reducing post-harvest losses; • Food loss prevention and supply chain efficiency improvements; Eligible projects must demonstrate at least one of the following measurable outcomes: • ≥20% increase in productivity without increasing GHG emissions per unit of output; or • ≥20% reduction in GHG emissions per unit of product (emission intensity); or • ≥20% reduction in post-harvest losses against documented baseline; or • Demonstrable improvement in resilience to climate risks (evidenced by technology adoption, climate-resilient variety deployment, or insurance uptake.	13 CLIMATE ACTION 2 ZERO HUNGER 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Eligible Green Categories (as per ICMA GBP	Definition/Eligibility Criteria	Contribution to UN SDGs
Sustainable Forestry, Afforestation & Reforestation	Financing or refinancing of projects supporting sustainable forest management, restoration of degraded land, and expansion of forest cover, contributing to climate mitigation, biodiversity conservation, and ecosystem resilience. Eligible activities include: **Sustainable forestry management** • Sustainable management of existing forests and , forest rehabilitation; • Activities improving forest health, biodiversity protection, and ecosystem services; **Afforestation** • Establishment of forests on previously non-forested land; • Rehabilitation of degraded or marginal land through tree planting; **Reforestation** • Restoration of deforested or degraded forest areas; • Ecosystem regeneration following natural or human-induced degradation; **Sustainable biomass and carbon sequestration practices** • Projects enhancing carbon sinks through sustainable forest or land management; Eligible projects must demonstrate at least one of the following outcomes: • increase in forest cover or restored ecosystem area; or • improvement in biodiversity or ecosystem health; or • enhancement of carbon sequestration capacity; • sustainable forestry or agriculture certification where applicable	13 CLIMATE ACTION 15 LIFE ON LAND

Blue Categories

Eligible Blue Categories (as per IFC Blue Bond Guidelines)	Description of Eligibility Criteria	Contribution to UN SDGs
Sustainable Water & Wastewater	Financing or refinancing of projects supporting sustainable water resource management, water efficiency, and water resilience. Eligible activities include: • Water supply and treatment infrastructure enabling a reduction in water abstraction relative to demand • Drip irrigation, rainwater harvesting, water recycling, and smart metering systems • Rehabilitation of water distribution networks achieving at least 10% reduction in physical water losses compared to baseline (evidenced by metered flow data or engineering assessment) • Wastewater treatment plants and collection systems • Wastewater reuse projects demonstrably reducing freshwater abstraction • Drainage systems and flood protection infrastructure preventing pollutant entry into water bodies	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION
Ocean-friendly products	Financing or refinancing of projects supporting the development and use of sustainable materials, circular economy practices, and pollution reduction solutions. Eligible activities include: • Sustainable collection of excess natural organic (plant, aquatic, or marine origin) materials (e.g. seaweed) and conversion into sustainable products without disrupting ecosystems; • Projects demonstrating at least 20% reduction per unit of product in nutrient pollution or substitution of phosphate-based or nitrogen-based synthetic fertilizers with biodegradable alternatives; • Production of biodegradable or compostable plastics and packaging (where appropriate facilities exist); • Use of recycled or reused plastics in manufacturing processes in areas connected to rivers or coastal water basins; • Plastics collection and recycling facilities, substitution of plastics packaging with sustainable and biodegradable materials, and reusing or repurposing of plastics in areas close to a water body.	14 LIFE BELOW WATER 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

Blue Categories

Eligible Blue Categories (as per IFC Blue Bond Guidelines)	Description of Eligibility Criteria	Contribution to UN SDGs
Transport & Shipping	Financing of projects supporting the transition towards low-emission maritime and inland waterway transport: • Electric vessels, wind-powered vessels, and vessels using renewable hydrogen-based fuels (green hydrogen only grey and blue hydrogen are excluded) • Renewable electric shore power and offshore charging infrastructure • Technology-based marine mammal collision avoidance systems • Non-chemical water treatment equipment for blackwater and greywater • Maritime noise pollution reduction technologies • Oil spill prevention and recovery systems • Solid waste reception facilities at ports and terminals	14 LIFE BELOW WATER 13 CLIMATE ACTION 7 AFFORDABLE & CLEAN ENERGY
Fisheries & Aquaculture	Financing or refinancing of projects supporting sustainable fisheries, aquaculture, marine biotechnology, and ecosystem management, including: • Sustainable land-based aquaculture production meeting or pursuing Aquaculture Stewardship Council (ASC) • Sustainable cultivation of bivalves for algae and nutrient removal • Sustainable production of algae and marine micro/macroorganisms for food, feed, or biobased products • Cold chain and storage for small and medium-scale fishing in areas with documented and enforced sustainable fishing quotas (quota enforcement evidenced by national fisheries authority certification or ISSF registration) • Fisheries meeting, maintaining, or pursuing Marine Stewardship Council (MSC) certification • Traceability systems ensuring sustainability across operations, including compliance with MSC chain of custody • Fishery Improvement Projects registered with the International Seafood Sustainability Foundation (ISSF) • Monitoring, tracking, and reporting technologies for water body indicators	14 LIFE BELOW WATER 13 CLIMATE ACTION

Blue Categories

Eligible Blue Categories (as per IFC Blue Bond Guidelines)	Description of Eligibility Criteria	Contribution to UN SDGs
Habitat Restoration & Protection	Financing of projects supporting the conservation, restoration, and sustainable management of marine, freshwater, and coastal ecosystems: • Conservation, improvement, and restoration of freshwater, marine, and coastal ecosystems including wetlands, coral reefs, mangroves, seagrass meadows, and tidal marshes • Restoration projects with a minimum area target of 1 hectare per project, or a portfolio-level commitment of at least 10 hectares restored per issuance, against a documented baseline ecological assessment • Marine Protected Areas (MPAs) and Other Effective Area-Based Conservation Measures (OECMs) • Coastal blue carbon ecosystem protection and restoration (aligned with Kunming-Montreal Global Biodiversity Framework targets)	13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND
Tourism & Recreation	Financing of nature-based tourism and visitor infrastructure that meets all of the following criteria: • The tourism operator or facility holds, or is actively pursuing, certification under a recognised sustainable tourism standard — Global Sustainable Tourism Council (GSTC), Rainforest Alliance, Travelife, or national equivalent endorsed by GSTC • The project or financed operator demonstrates a minimum 25% of revenues or employment generated from local or community-owned operators, suppliers, or guides • Nature-based freshwater and marine visitor centres showcasing aquatic or marine ecosystems • Infrastructure located in or adjacent to a designated conservation area, national park, marine protected area, or recognized blue economy zone Exclusion: • Luxury resort developments without community benefit programs, and facilities in areas not meeting the conservation area proximity or GSTC certification criteria.	14 LIFE BELOW WATER 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Social Categories

Eligible Social Categories (as per ICMA SBP)	Description of Eligibility Criteria	Exclusions	Target Population	Contribution to UN SDGs
Affordable Basic Infrastructure	Financing of infrastructure improving access to essential services in underserved regions: • Off-grid solar and mini-grid electrification in the 14 KOSAP counties (updated to current government KOSAP implementation list) • Battery storage systems for off-grid and mini-grid applications • Renewable-powered facilities in schools and health facilities in counties with electricity access below 50% • Water supply and treatment networks in counties with safe water access below 50% of population (WHO/UNICEF Joint Monitoring Programme baseline) • Sanitation infrastructure under Kenya WASH programme	Fossil-fuel generation assets Luxury real estate infrastructure Projects with no underserved community link	TP-1: Low-Income Households TP-2: ASAL Residents Priority geographic targeting: the 23 ASAL counties (89% of national land area; ~38% of population), which record poverty rates of 64.7%–82.7% vs. national average of 39.8%.	6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITY AND COMMUNITIES 7 AFFORDABLE & CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Social Categories

Eligible Social Categories (as per ICMA SBP)	Description of Eligibility Criteria	Exclusions	Target Population	Contribution to UN SDGs
Access to Essential Services	Financing of essential services (healthcare, education, financial inclusion) with explicit affordability and inclusion objectives: • Level 2–3 health facilities financing of solar energy, clean cooking and efficient medical equipment); counties with physician ratio below 1:10,000 where medical care is highly subsidized by the government through Social Health Authority (SHA) • Education infrastructure including Solar power, clean cooking to replace firewood use (Basic education ECD,Primary schools, Junior schools and secondary schools, Universities, private schools, Special Needs Schools, TVET, CBC facilities) • Digital literacy infrastructure • Financial inclusion infrastructure (agency banking, mobile money platforms)	Hospitals in affluent areas without SHA accreditation Elite private schools International high end schools Pure commercial fintech without inclusion mandate	**TP-3 Women TP-4 Youth 18-35 TP-6 Refugees TP-7 PWDs TP-2 ASAL Residents**	10 REDUCED INEQUALITIES 4 QUALITY EDUCATION 3 GOOD HEALTH AND WELL-BEING

Social Categories

Eligible Social Categories (as per ICMA SBP)	Description of Eligibility Criteria	Exclusions	Target Population	Contribution to UN SDGs
Affordable Housing	Financing aligned with Kenya's Affordable Housing Programme and Act (2024)under below income categories • <KES 20,000, Social housing offered under Tenant Purchase Scheme (rent to own model) • >KES 20,000<KES 149,000 under affordable housing offered under Tenant Purchase Scheme (rent to own model) • >KES 149,000 under Market loan category offered in partnership with KMRC (Kenya Mortgage Refinance Company Ltd) • In line with devolved government support to County Governments and Housing SACCOs to build affordable housing in respective counties • Developer loans requiring minimum EDGE or-equivalent green building certification to support affordable housing supply • Concessional refinancing via Kenya Mortgage Refinance Company Limited at below-market rates for qualifying borrowers	Units > KES 10.5Million for Loan limits and property value not exceeding KES 15Million Speculative land banking commercial real estate Buy-to-let investment (no owner-occupation)	TP-1 Low-Income Household TP-3 · Women TP-4 · Youth ≤35 Income thresholds as defined in the Affordable Housing Act No. 4 of 2024: Social Housing band — gross household income ≤ KES 20,000/month; Affordable Housing band — gross household income KES 20,001–149,000/month; Affordable Market Housing — income above KES 150,000/month (NOT eligible).	11 SUSTAINABLE CITY AND COMMUNITIES 5 GENDER EQUALITY 1 NO POVERTY

Social Categories

Eligible Social Categories (as per ICMA SBP)	Description of Eligibility Criteria	Exclusions	Target Population	Contribution to UN SDGs
Employment Generation	Financing of MSMEs and enterprises generating employment, • MSME lending (Micro <500K; Small 0.5–50M; Medium 10–250M) • Working capital and growth financing to SMEs • Digital MSME lending platforms • Manufacturing SMEs and SEZ/EPZ-linked enterprises • Capacity building bundled with finance (financial literacy, market linkage) under Biashara Club for non-financial services	Large corporates > KES 1Bn turnover Speculative financial activity Businesses without employment metric reporting	Micro, Small and Medium Enterprises with annual turnover below KES 1 billion as defined under the Micro and Small Enterprises Act No. 55 of 2012 (Micro: <KES 500K; Small: KES 500K–10M; Medium: KES 10M–1 billion M). Sub-priority: women-owned enterprises (≥ 51% female ownership, per WE Finance Code — CBK NFIS 2025–2028), youth ≤35 with no prior credit history (TP-4), and digital platform businesses under Bank digital finance services and programme.	11 Sustainable Cities and Communities 5 Gender Equality 1 No Poverty

Social Categories

Eligible Social Categories (as per ICMA SBP)	Description of Eligibility Criteria	Exclusions	Target Population	Contribution to UN SDGs
Food Security and Sustainable Food Systems	• Financing and banking services to players with activities across agricultural value chains. that enhance food security, increase productivity, improve farmer incomes, strengthen climate resilience, and promote sustainable livelihoods. • The activity enables access to markets, inputs, or infrastructure for smallholders who lack access to formal financial services (financial inclusion additionality) • Eligible value chain activities include: crop production, livestock, dairy, fisheries, horticulture, agro-processing, storage, irrigation, aggregation, mechanisation, input financing, and agricultural infrastructure.	Activities involving deforestation or conversion of protected ecosystems. Unsustainable fishing practices. Financing of prohibited agrochemicals. Large-scale projects resulting in involuntary displacement. Any activities that violate national environmental or social regulations.	**TP-1:** Smallholders – with acreage not exceeding 10 acres and subject to the farming/crop type in production. **TP-2:** Farmer producer Organizations(FPOs), cooperatives and SACCOs as defined by respective formations. **TP-3:** Women And youth-owned agribusinesses (≥ 51% ownership as defined in Section under Socioeconomic Advancement) **TP-4:** MSMEs operating within agricultural value chains and as defined under section under employment generation.	8 DECENT WORK AND ECONOMIC GROWTH 2 ZERO HUNGER

Social Categories

Eligible Social Categories (as per ICMA SBP)	Description of Eligibility Criteria	Exclusions	Target Population	Contribution to UN SDGs
Socioeconomic Advancement and Empowerment	Financing programs targeting systematically underserved populations, with explicit inclusion outcomes: • 100% female ownership. • KCB has adopted the IFC definition of Women Owned or Women led enterprises i.e. • At least 51% female shareholding. • A minimum of 20% female shareholding, and at least 1 woman active participation in the day-to-day management of the business (e.g., serving as CEO, COO or CFO Youth enterprise finance (18–34years, first-time and repeat borrowers) in business and formal employment 2jiajiri loans for first time youth borrowers up to a maximum of KES 200,000 • Refugee and host community finance (e.g., Kakuma / Dadaab corridor) under refugee manifest registration and alien ID. Individuals above or business serving refugee ecosystems	General consumer lending without targeted impact Consumer credit >30% APR on social segments Financing of activities that harm the environment (deforestation, coal mining, hazardous waste dumping) Projects that exploit labor or violate human rights Entities with a record of non-complianc e with national or international sustainability standards Activities that undermine biodiversity or contribute to climate change without mitigation measures.	TP-3 · Women TP-4 · Youth 18–35 years TP-6 · Refugees TP-7 · PWDs TP-3 · Women TP 1. Small and medium enterprises (SMEs) adopting green technologies. TP2. Community – based organizations promoting sustainable livelihoods (Chamas). TP 4. Vulnerable and underserved populations benefit from inclusive financial products that support sustainable development. I.e. Nano customers and Micros (DiGiFLME) TP-4 Youth 18–34 no prior or prior formal credit history; TP-6 Refugees UNHCR-registere d persons under Refugees Act No. 13 of 2006;	10 REDUCED INEQUALITIES 1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

Social Categories

Eligible Social Categories (as per ICMA SBP)	Description of Eligibility Criteria	Exclusions	Target Population	Contribution to UN SDGs
Socioeconomic Advancement and Empowerment	PWD-led enterprises (aligned with this specific focused group under 2jiariri program) • Financial literacy, mentorship, and capacity building through business development service training of youth entrepreneurs • Targeted social lending addressing structural exclusion including rural youth, youth in informal settlement and minority groups and young mothers	>35 years applicants Refugees with no identification	TP-7 PWDs disability defined under Persons with Disabilities Act No. 14 of 2003 and CRPD; enterprises with ≥ 51% PWD ownership.	

Process for Project **Evaluation and Selection**

KCB Group will maintain a structured and documented process for identifying, evaluating, approving and monitoring eligible green, blue, social and/or sustainability assets to be financed or refinanced under this Framework. The process is designed to ensure that all assets allocated to Sustainable Bond proceeds are aligned with the Eligibility Criteria set out in Section 3.1, the Group's sustainability objectives, applicable laws and regulations, and KCB's Environmental and Social Risk Management requirements.

Origination and Screening Process

Eligible assets may be originated from the Group's relevant business units, including but not limited to Corporate Banking, Retail Banking, Treasury, Mortgage, Investment Banking and other applicable subsidiaries or business lines. The screening process involves:

STEP 1	**Business Unit Identification:** business units identify and tag potential eligible assets at origination or portfolio review stage based on the Use of Proceeds categories
STEP 2	**Eligibility Screening:** the Sustainable Finance function screens identified assets against the Eligibility and Exclusion Criteria, considering expected environmental/social benefits, regulatory compliance, and data availability for impact reporting
STEP 3	**ESRM Review:** the Environmental and Social Risk team conducts a risk assessment and categorization, applying KCB's ESRM framework and, for high-risk transactions, enhanced due diligence consistent with IFC Performance Standards
STEP 4	**Credit and Compliance Review:** all eligible assets remain subject to KCB's standard credit approval and risk management processes
STEP 5	**Committee Approval:** the Sustainable Bond Committee reviews and approves inclusion of assets in the Sustainable Bond Register

Cross-Border Subsidiary Governance

KCB Group operates banking subsidiaries in seven countries. For assets originated in non-Kenya subsidiaries, the following governance protocol applies:

- The Group Sustainable Finance function (based in Nairobi) has authority to approve or reject subsidiary-originated assets for inclusion in the eligible pool, overriding local subsidiary decisions where necessary for compliance with this Framework
- Each subsidiary's originating team is responsible for the initial eligibility identification and documentation, applying Group-level Eligibility Criteria and Exclusion Criteria in addition to any applicable local regulatory requirements
- For subsidiaries operating in jurisdictions with weaker environmental regulatory frameworks (DRC, South Sudan), the Group ESRM function applies enhanced due diligence including review of local regulatory compliance, host-country social safeguard requirements, and human rights risk assessment consistent with IFC PS7 and PS5
- Currency risk and transfer restrictions for proceeds allocated to non-Kenya subsidiaries are managed in accordance with Group Treasury policies and applicable regulatory requirements in each jurisdiction
- No asset from a subsidiary operating under international sanctions or where KCB does not have adequate ESRM oversight will be included in the eligible pool.

Double-Counting Prevention

Double-counting is prevented through asset-level tracking in the Sustainable Bond Register. Each eligible asset is assigned a unique asset identifier and recorded against the relevant eligible category, instrument, allocation amount, and allocation date. The Register monitors cumulative allocations at asset level and does not permit the same portion of an asset to be allocated to more than one labelled instrument.

Sustainable Bond Committee

KCB will establish and/or maintain a Sustainable Bond Committee or equivalent internal governance forum to oversee the implementation of this Framework. The forum may include representatives from Group Treasury, Sustainability/Sustainable Finance, Risk, Credit, Finance, Legal/Compliance and relevant business units. Its responsibilities will include:

- Reviewing and validating the eligibility of nominated assets against the Framework's Eligibility Criteria and Exclusion Criteria;
- Approving the inclusion of eligible assets in the Sustainable Bond Register;
- Reviewing the continued eligibility of assets through periodic monitoring;
- Approving the removal and replacement of assets that mature, are prepaid, become non-performing, are disposed of, or otherwise no longer meet the Eligibility Criteria;
- Overseeing the allocation of proceeds to the eligible asset portfolio and ensuring that the value of eligible assets equals or exceeds the outstanding Sustainable Bond proceeds over time; and
- Reviewing and approving allocation and impact reporting prior to publication, including any external assurance or verification reports.

Management of **Proceeds**

KCB will manage an amount equivalent to the net proceeds of each Green, Blue, Social and/or Sustainability Bond issued under this Framework on a portfolio basis. The net proceeds will be allocated, in whole or in part, to an Eligible Asset Portfolio comprising loans, investments, projects or other assets that meet the Eligibility Criteria set out in this Framework.

KCB's Group Treasury, in coordination with Sustainability/Sustainable Finance, Finance and the relevant business units, will be responsible for tracking and managing the allocation of proceeds. For this purpose, KCB will maintain a Sustainable Bond Register or equivalent internal tracking tool, which will record, at a minimum:

- Details of the relevant Sustainable Bond issuance, including issuance amount, issue date, maturity date and outstanding principal;
- Eligible assets allocated to the proceeds, including asset category, business unit, jurisdiction, approval date, outstanding exposure and allocation amount;
- Whether the allocation relates to new financing or refinancing;
- The share of proceeds allocated and any unallocated balance; and
- Any replacements, removals or changes to the eligible asset portfolio.

KCB will aim to allocate an amount equivalent to the net proceeds of each Sustainable Bond to eligible assets as soon as reasonably practicable and, where feasible, within twenty-four (24) months from the date of issuance. The aggregate value of the Eligible Asset Portfolio will be monitored to ensure that it is at least equal to the aggregate net proceeds of outstanding Sustainable Bonds issued under this Framework.

Pending full allocation, unallocated proceeds may be held in cash, cash equivalents, government securities, money market instruments or other high-quality liquid instruments in line with KCB's liquidity management policies, treasury policies and applicable regulatory requirements. Unallocated proceeds will not knowingly be invested in activities inconsistent with the Exclusion Criteria set out in this Framework.

If an eligible asset matures, is prepaid, becomes non-performing, is sold, is otherwise removed from the balance sheet, or no longer meets the Eligibility Criteria, KCB will remove it from the Sustainable Bond Register and seek to replace it with another eligible asset on a best-efforts basis. KCB will aim to reallocate proceeds to replacement eligible assets within twelve (12) months, subject to availability of suitable eligible assets and market conditions.

The management of proceeds will be reviewed periodically by the relevant internal governance forum. KCB may also engage an external reviewer or auditor to provide assurance over the allocation of proceeds, as further described under Section 4.

Reporting

KCB will provide transparent reporting to investors and stakeholders on the allocation of proceeds and, where feasible, the environmental and/or social impact of eligible assets financed or refinanced under this Framework. Reporting will be prepared by the responsible Sustainability/Sustainable Finance, Treasury, Finance and relevant business teams and will be reviewed through the appropriate internal governance process before publication.

KCB will publish an annual Sustainable Bond Report or equivalent disclosure, commencing within one year from the date of issuance and continuing annually until full allocation of the net proceeds. Thereafter, KCB may provide updates in the event of material changes to the eligible asset portfolio, subject to confidentiality, commercial sensitivity and data availability considerations. The report may be published as a standalone report, as part of KCB's Sustainability Report, Integrated Report, investor presentation or on the Group's website.

Allocation Reporting

Allocation reporting will include, where feasible and subject to confidentiality considerations:

- The total amount of net proceeds allocated to eligible assets;
- The balance of unallocated proceeds, if any, and the manner in which such proceeds are temporarily managed;
- Allocation by eligible green, social and/or sustainability category;
- The share of financing versus refinancing and, where relevant, the applicable look-back period;
- The number and/or aggregate value of eligible assets financed or refinanced;
- The share of proceeds allocated by geography, sector or business segment, where relevant and practicable; and
- A management assertion that an amount equivalent to the outstanding net proceeds has been allocated to eligible assets or is temporarily held pending allocation.

Impact Reporting

KCB will report on the expected or achieved environmental and/or social impacts of the eligible assets financed or refinanced, where feasible and subject to data availability. Impact reporting may be provided at project, portfolio or category level and may include qualitative descriptions, case studies and quantitative indicators. The methodologies, assumptions and baselines used to calculate impact indicators will be disclosed where relevant and practicable.

Core Output Indicators

Category	Core Output Indicators (Portfolio level)	Optional / Outcome Indicators (Where feasible)
GREEN – Renewable Energy (solar	• No. of projects/loans financed (by sub type: solar PV / SHS / renewable heat / wind pumping / bioenergy • Installed capacity (kW/MW) financed where applicable • No. of solar home systems installed (units)	• Estimated annual renewable energy generated (MWh/year • Estimated GHG emissions avoided (tCO_2e/year) • # of beneficiaries with improved energy access (households / SMEs)
GREEN – Energy Efficiency (efficient equipment; industrial optimization	• No. of projects/loans financed under EE • Type of measure technology financed (equipment / process / co gen / heat recovery / lighting)	• Estimated annual energy savings (MWh/GWh) • Estimated GHG emissions reduced/avoided (tCO_2e/year)
GREEN – Green Buildings	• No. of buildings financed (new / retrofit / acquisition) • Floor area (m^2) financed (where available) • No. of certified buildings by certification type (EDGE/LEED/Green Star	• % improvement in energy performance vs baseline (where evidenced) • % water savings vs baseline (where evidenced) • Estimated GHG emissions reduced/avoided (tCO_2e/year)
GREEN – Clean Transportation / Urban Mobility	• No. of EVs financed; # of electric two/three wheelers financed • No. of charging points / charging assets financed • No. of public transport assets supported (where applicable)	• Estimated GHG emissions reduced/avoided (tCO_2e/year) where evidenced • Passenger km / tonne km supported (where applicable)
GREEN – Waste Management & Circular Economy	• Tonnes of waste collected / treated (where available) • Tonnes or % waste recycled/reused/material recovered • No. of waste facilities or systems financed (collection/transfer/recycling/composting) # of waste facilities or systems financed (collection/transfer/recycling/composting)	• Estimated GHG emissions reduced/avoided from waste (tCO_2e/year) • Energy recovered from waste / landfill gas (MWh/year) Organic products generated from waste / landfill (in Metric tonnes) (where evidenced)
GREEN – Climate Smart Agriculture	• No. of CSA loans/projects financed and amounts • No. of farmers adopting climate smart technologies • No. of farmers, smallholders or agribusinesses supported, • No. of irrigation systems financed (e.g., drip) and/or storage/cold chain/solar water pumps units financed (where available)	• % reduction in post harvest losses (where measured)

Core Output Indicators

Category	Core Output Indicators (Portfolio level)	Optional / Outcome Indicators (Where feasible)
GREEN – Sustainable Forestry / Afforestation / Reforestation	• No. of trees and fruit trees planted	• Estimated carbon sequestration (tCO_2e/year) where feasible
BLUE – Sustainable Water & Wastewater	• No. of projects financed (water supply/treatment; distribution; wastewater; reuse; drainage/flood) • Volume of water treated/supplied/saved (m^3/year, where available) • Length of pipelines/distribution rehabilitated or built (km, where applicable) • Volume of wastewater treated or reused (m^3/year)	• % reduction in physical water losses vs baseline (where applicable) • Reduction in freshwater abstraction (m^3) (where feasible) • Beneficiaries with improved access to water/sanitation (proxy)
BLUE – Ocean friendly Products	• No. of projects/loans financed by sub type (seaweed; fertilizers; fibers; packaging; recycled plastics; recycling facilities) • Tonnes/units of sustainable materials/products produced (where available) • Tonnes of plastics collected/recycled/reused (where available)	• Reduction in nutrient pollution intensity (, where evidenced) • Proxy reduction in plastic leakage (tonnes) (where feasible)
BLUE – Transport & Shipping	• No. of vessels financed/retrofitted by type (electric/wind/hydrogen)	• Estimated GHG emissions reduced/avoided (tCO_2e/year) where feasible
BLUE – Fisheries & Aquaculture;	• No. of projects financed by sub type (aquaculture; cold chain; processing; biorefineries; traceability; monitoring tech) • Cold storage capacity financed (m^3/tonnes where available)	• Proxy improvements in traceability coverage (share of supply chain traced)
BLUE – Habitat Restoration & Protection	• No. of restoration/protection projects financed • Hectares/km^2 of habitat restored/protected (where available)	• Proxy biodiversity/ecosystem health indicators (where feasible)
BLUE – Tourism & Recreation	• No. of tourism/visitor center projects financed • No. of certified sustainable tourism operators supported (where applicable)	• Proxy indicators: jobs supported / local livelihood participation (where feasible)

Core Output Indicators

Category	Core Output Indicators (Portfolio level)	Optional / Outcome Indicators (Where feasible)
Socioeconomic Advancement and Empowerment	• No. of loans advanced to women led and made enterprises • No. of accounts for women led and made enterprises • No. of women accessing non financials services including capacity building, networking session and training • No. of loans to PWD-led enterprises and individuals and the value in KES • No. of loans to Youth enterprises and individuals and the value in KES • No. of loans to refugees, refugee led enterprise and the value in KES • No. of youth enterprises surviving beyond 1 year of operation	Number of additional product offerings to women led and made enterprises (where available)
Access to Essential Services	• No. of healthcare facilities financed • No. of medical equipment and solar systems /assets installed • No. of hospital and health care accounts opened • No. of education infrastructure facilities financed • No. of solar systems & clean cooling systems installed in schools #Number of digital literacy infrastructure financed • No. of individuals (youth, women, SMEs, Micro) accessing the digital loans and services and value	Projected additional student intake (where available)
Affordable Housing	• No. of loan applications and value under affordable housing criteria • Percentage of the affordable housing under Women and youth • No. of individual households under social housing in the rent to own model	
Employment Generation	• No. of MSMEs financed as well as value of MSME loans • Level of growth % in turnover of MSMES businesses financed	Estimated number of new jobs created, sustained, and improved (where available)

Core Output Indicators

Category	Core Output Indicators (Portfolio level)	Optional / Outcome Indicators (Where feasible)
Affordable Basic Infrastructure	• No. and amount of loans granted for basic infrastructure projects	• No. of people benefiting from new or improved infrastructure (e.g., electricity, water)

KCB may rely on internal data, client information, recognized methodologies, independent certifications, external consultants or market tools, where appropriate, to calculate and validate reported impact indicators. Where quantitative impact data is not available, KCB may provide qualitative reporting describing the expected environmental or social benefits of the financed assets.

4. External Review

KCB will obtain an independent Second Party Opinion (SPO) from a qualified external reviewer prior to the issuance of any Green, Blue, Social, and/or Sustainability Bond under this Framework. The SPO is expected to assess alignment of this Framework with the applicable ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, and IFC Blue Bond Guidelines.

Following each issuance, KCB commits to the following post-issuance external review programme:

- Annual allocation verification: KCB will engage an independent external reviewer or auditor to verify, on an annual basis until full allocation, that the aggregate value of eligible assets in the Sustainable Bond Register equals or exceeds the outstanding net proceeds, and that assets in the Register meet the Eligibility Criteria as defined in this Framework. This is a firm commitment, not a discretionary action.
- Impact metric assurance: KCB will seek to obtain limited assurance from an independent external reviewer over the GHG emissions avoided metrics reported for Renewable Energy and Clean Transportation categories by the third annual reporting period following first issuance and will progressively expand assurance coverage as data quality and methodology maturity permits.
- Framework updates: material amendments to this Framework will be submitted for an updated SPO prior to any subsequent issuance under the amended Framework.

All external review and assurance reports will be published on KCB's website and investor communication channels, subject to applicable legal and confidentiality considerations.

5. Amendments to the Framework

KCB will review this Framework periodically to ensure that it remains aligned with the Group's sustainability strategy, evolving market practices, investor expectations, applicable regulatory requirements and relevant international principles and standards. Such review may be undertaken in response to changes in KCB's strategy, changes in eligible asset categories, updates to ICMA principles, developments in sustainable finance taxonomies, changes in local laws and regulations, or material changes in the Group's governance, risk management or reporting approach.

Any material amendments to this Framework will be reviewed and approved through KCB's applicable internal governance process. Material amendments may include, but are not limited to, changes to eligible categories, eligibility criteria, exclusion criteria, project evaluation and selection processes, management of proceeds, reporting commitments or external review approach.

KCB will seek to ensure that any updated version of the Framework maintains or improves the level of transparency, governance and reporting set out in the previous version. Where material amendments are made, KCB may obtain an updated Second Party Opinion or other external review, as appropriate, to confirm continued alignment with relevant market principles and standards.

Any revised Framework, together with any updated external review where applicable, will be made available to investors and stakeholders through KCB's website or other appropriate communication channels. Amendments will apply to future Sustainable Bond issuances unless otherwise stated in the relevant issuance documentation. For outstanding instruments, KCB will manage proceeds in accordance with the Framework and issuance documentation applicable at the time of issuance, unless amendments are expressly applied to such instruments in accordance with applicable terms and investor communications.

6. Disclaimer

This Sustainable Bond Framework (the "Framework") has been prepared by KCB Group Plc ("KCB", the "Group", "we" or "our") for non-exhaustive, general information purposes only and does not constitute legal, tax, accounting, regulatory, investment, financial, sustainability or other professional advice.

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3. No obligation to update: Any opinions expressed or other information in this Framework reflect our judgment at the date and time hereof and are subject to change without notice and we do not assume any responsibility or obligation to update or revise the statements contained in this Framework, regardless of whether those statements are affected by the results of new information, future events or otherwise; and we do not assume any responsibility or obligation to inform any recipient when opinions or information in this Framework change.

4. Forward-looking Statements: This Framework contains statements regarding the Group's plans with respect to its possible issuances of Sustainable Bonds or Sustainability-Linked Instruments, and other statements about future events and expectations that are forward-looking statements. These forward-looking statements represent the Group's current expectations and assumptions regarding its business, the economy and other future conditions. Because forward looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict, and none of the projections, expectations, estimates or prospective statements in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such projections, expectations estimates or prospective statements have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in this Framework. In particular, future events or circumstances may change the Bank's approach to possible Sustainable Bond or Sustainability-Linked Instrument issuances or result in changes to this Framework. Thus, there can be no assurance that the financing for any Eligible Assets will be implemented in the manner set forth in this Framework or achieve the results or outcome (environmental, social or otherwise) originally expected or anticipated by KCB or as contemplated by this Framework.

The Group's activities in general, which may affect any green, social or sustainability bonds that it issues, are also subject to certain risks and uncertainties that are described in the Group's Integrated Annual Reports which are available on our website (https://kcbgroup.com/integrated-reports).

5. No Universal ESG Standard: While this Framework references various international sustainable finance standards and principles, it should be noted that no universally accepted standard or framework (legal, regulatory, or otherwise) currently exists, nor is there a market consensus in terms of what constitutes a 'sustainable', 'responsible', 'traditional', or equivalent environmental, social and governance and sustainability ("ESG") investment, product, or offering. ESG standards and regulatory requirements may vary significantly across different jurisdictions. Accordingly, no assurance can be given to investors that an investment, product, or offering will meet any or all investor expectations regarding their 'green', 'ESG', 'sustainable', 'responsible', or other equivalently labelled objectives or that no adverse environmental, social, and/or other impacts will occur, or as to our ability to measure or report such impact with complete accuracy. Any impact metrics are subject to inherent limitations, including data availability, estimation methodologies and evolving market practices. Each prospective investor should determine for itself the relevance of the information contained or referred to in this Framework or the relevant Offering Documents regarding the use of proceeds, including the alignment of any proposed investment with their own sustainability objectives, policies, regulatory requirements and risk appetite and its purchase should be based upon such investigation as it deems necessary.

6. External review: Any Second Party Opinion (SPO), verification, assurance or certification obtained in connection with this Framework or any issuance is provided by an independent third party. Such external review does not constitute a recommendation to invest and should not be relied upon as such. KCB does not assume any responsibility or liability for the content, accuracy or completeness of any such external opinions.

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7. Appendix A: Indicative Mapping of KCB Green and Blue Categories to the Kenya Green Finance Taxonomy

This appendix provides an indicative mapping between the Eligible Green and Blue Categories in this Framework and the relevant economic activities, substantial contribution objectives and technical screening criteria references under the Kenya Green Finance Taxonomy (KGFT). The mapping is intended to recognize alignment with the KGFT. It should be read together with the eligibility criteria, exclusion criteria, project evaluation and selection process, and reporting commitments set out in this Framework.

For KCB Group regional operations outside Kenya, the KGFT may be used as a reference taxonomy to support consistency and comparability, while project level eligibility may also consider applicable host-country laws and regulations, local taxonomies where available, and other credible international standards such as the ICMA Green Bond Principles, IFC guidance, EU Taxonomy, MDB Common Principles and/or other market standards. The KGFT first edition currently provides technical screening criteria mainly for climate change mitigation and climate change adaptation; where the KGFT indicates that no technical screening criteria are available, KCB may rely on the Framework criteria and other credible evidence pending further development of the KGFT.

KCB Eligible Category	Relevant KGFT Priority Sector(s)	Relevant KGFT Economic Activities	KGFT substantial contribution objective / criteria reference	Indicative alignment note
GREEN - Renewable Energy	Priority Sector 4: Electricity, gas, steam and air conditioning supply; Priority Sector 1: Manufacturing (where equipment manufacturing is financed)	Production of electricity, heating and cooling from Solar PV, Concentrated Solar Power, Wind Power and Ocean Energy (App. 4.1); Hydropower (App. 4.2); Geothermal (App. 4.3); Bioenergy (App. 4.4); Transmission and Distribution of Electricity (App. 4.5); Storage of Electricity/Thermal Energy/Hydrogen (Apps. 4.6-4.8); renewable non-fossil gaseous and liquid fuels (Apps. 4.13-4.15); Manufacture of renewable energy technologies (App. 1.18, no TSC in KGFT v1.0).	Climate change mitigation and climate change adaptation, subject to the applicable KGFT TSC and DNSH/MSS assessment. Some enabling/manufacturing activities are listed by KGFT but have no TSC in KGFT v1.0.	Directly supports KCB renewable energy eligibility for solar, wind, hydro, geothermal/renewable heat, storage and sustainable bioenergy, subject to project-specific screening and exclusions.
GREEN - Energy Efficiency	Priority Sector 4: Electricity, gas, steam and air conditioning supply; Priority Sector 8: Construction; Priority Sector 1: Manufacturing; Priority Sector 9: Information and communications	Building renovation (App. 8.2); Individual measures and professional services (App. 8.3); District heating/cooling distribution (App. 4.10); Installation and operation of electric heat pumps (App. 4.11); Production of heating/cooling using waste heat (App. 4.12); Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels (App. 4.14); Manufacture of low-carbon and resource efficiency technologies (App. 1.1); Data-driven solutions for GHG emission reductions (App. 9.2).	Climate change mitigation and/or climate change adaptation, subject to applicable activity-level TSC. KCB should evidence measurable energy savings, efficiency gains and/or GHG reduction versus an appropriate baseline.	Supports efficient equipment, industrial optimization, waste heat recovery, co-generation, building efficiency measures and digital optimization solutions.

KCB Eligible Category	Relevant KGFT Priority Sector(s)	Relevant KGFT Economic Activities	KGFT substantial contribution objective / criteria reference	Indicative alignment note
GREEN - Green Buildings	Priority Sector 7: Real estate activities; Priority Sector 8: Construction	Acquisition and ownership (App. 7.1); Construction of new buildings (App. 8.1); Building renovation (App. 8.2); Individual measures and professional services (App. 8.3); Installation, maintenance and repair of EV charging stations in buildings and attached parking (App. 8.4); Sustainable cities/resilient infrastructure (App. 8.5, no TSC in KGFT v1.0); Spatial planning (App. 8.6, no TSC in KGFT v1.0).	Climate change mitigation and climate change adaptation for construction and renovation activities; climate change mitigation for real estate acquisition/ownership, subject to KGFT TSC, DNSH and MSS.	Aligns with KCB eligibility for certified green buildings, top 15% energy performance, NZEB-10%, >=30% improvement, EDGE/LEED/Green Star/EWP certification or equivalent evidence.
GREEN - Clean Transportation	Priority Sector 6: Transportation and storage; Priority Sector 8: Construction; Priority Sector 11: Trade	Commuter road, passenger rail and freight rail transport (App. 6.1); Infrastructure for low-carbon transport (App. 6.2); Passenger cars, road commercial vehicles and road freight transport (App. 6.3); Inland passenger and freight water transport (App. 6.4); Operation of personal mobility devices (App. 6.5); Installation, maintenance and repair of EV charging stations in buildings (App. 8.4); Sale of new motor vehicles, motor vehicle parts and accessories (App. 11.1); Sale of new electric motorbikes and tuk-tuks, related parts and accessories (App. 11.2).	Climate change mitigation and climate change adaptation for most transport activities; climate change mitigation for trade-related vehicle/electric mobility activities, subject to applicable TSC.	Supports electric mobility, low-emission public transport, charging infrastructure, modal shift and transport optimization, where activity-specific thresholds and safeguards are met.
GREEN - Waste Management	Priority Sector 5: Water supply, sewerage, waste management and remediation; Priority Sector 1: Manufacturing (where circular manufacturing is financed)	Separate collection and transport of non-hazardous waste in source-segregated fractions (App. 5.4); Anaerobic digestion of sewage sludge (App. 5.3); Anaerobic digestion of bio-waste (App. 5.5); Composting of biowaste (App. 5.6); Material recovery from non-hazardous waste (App. 5.7); Landfill gas capture and utilisation (App. 5.8); Capture of GHG emissions, CO_2 transport and permanent sequestration (Apps. 5.10-5.12); Reuse, redistribution, refurbishment, recycling storage and handling infrastructure (App. 5.18, no TSC in KGFT v1.0); Pollution prevention and control (App. 5.20, no TSC in KGFT v1.0).	Climate change mitigation and climate change adaptation for specified waste treatment, recovery and emissions capture activities, subject to KGFT TSC; some circular economy activities are listed but have no TSC in KGFT v1.0.	Supports source-segregated collection, recycling/material recovery, organic waste treatment, landfill gas capture and circular economy activities under KCB eligibility.

KCB Eligible Category	Relevant KGFT Priority Sector(s)	Relevant KGFT Economic Activities	KGFT substantial contribution objective / criteria reference	Indicative alignment note
GREEN - Climate Smart Agriculture	Priority Sector 2: Agriculture, forestry and fishing; Priority Sector 5: Water supply, sewerage, waste management and remediation (where water and waste elements are financed)	Certified agriculture projects (App. 2.2); Management of soil and biomass for net carbon sequestration (App. 2.3); Introduction of polycultures or associated crops in permanent crops (App. 2.4); Installation and operation of water management systems for agricultural use in freshwater-stressed areas (App. 2.5); RD&D of climate-resilient seeds and crops (App. 2.6); Implementation of smart agriculture systems for climate resilience and post-harvest handling (App. 2.7); RD&D of climate-resilient livestock breeds (App. 2.8); Coffee production (App. 2.10); Tea production (App. 2.11).	Climate change mitigation and/or climate change adaptation, subject to relevant activity-level TSC and evidence of productivity, emissions intensity, post-harvest loss reduction and/or resilience benefits.	Supports KCB climate-smart agriculture eligibility including efficient irrigation, resilient crops, soil management, emissions reduction in livestock, post-harvest loss reduction and resource-efficient farming.
GREEN - Sustainabl e Forestry, Afforestati on & Reforestati on	Priority Sector 2: Agriculture, forestry and fishing; Priority Sector 5: Water supply, sewerage, waste management and remediation (where nature-based solutions are financed)	Afforestation, forest rehabilitation, management and conservation (App. 2.1); Management of soil and biomass for net carbon sequestration (App. 2.3); Eco-tourism (App. 2.9); Nature-based solutions (App. 5.17, no TSC in KGFT v1.0).	Climate change mitigation and/or climate change adaptation for forestry/agriculture activities, subject to KGFT TSC, DNSH and MSS. Nature-based solutions are listed but have no TSC in KGFT v1.0.	Aligns to forest cover expansion, degraded land restoration, sustainable forest management, biodiversity protection and carbon sequestration outcomes.
BLUE - Sustainable Water & Wastewater	Priority Sector 5: Water supply, sewerage, waste management and remediation	Water collection, storage, distribution, treatment and supply (App. 5.1); Centralized wastewater treatment (App. 5.2); Anaerobic digestion of sewage sludge (App. 5.3); Renewal of water collection, treatment and supply systems (App. 5.13); Renewal of wastewater collection and treatment (App. 5.14); Water monitoring (App. 5.15, no TSC in KGFT v1.0); Flood defense (App. 5.16, no TSC in KGFT v1.0); Water saving, recycling and reuse technologies (App. 5.19, no TSC in KGFT v1.0); Water treatment (App. 5.22, no TSC in KGFT v1.0).	Climate change mitigation and climate change adaptation for specified water and wastewater infrastructure, subject to KGFT TSC. Several water resilience/monitoring technologies are recognized but have no TSC in KGFT v1.0.	Supports KCB blue eligibility for sustainable abstraction, water supply, leakage reduction, water efficiency, wastewater treatment and reuse, and flood/pollution prevention solutions.

KCB Eligible Category	Relevant KGFT Priority Sector(s)	Relevant KGFT Economic Activities	KGFT substantial contribution objective / criteria reference	Indicative alignment note
BLUE - Ocean-friendly products	Priority Sector 1: Manufacturing; Priority Sector 5: Water supply, sewerage, waste management and remediation	Manufacture of plastics in primary form (App. 1.9); Manufacture of low-carbon resources (App. 1.12, no TSC in KGFT v1.0); Reuse, redistribution, refurbishment, recycling storage and handling infrastructure (App. 5.18, no TSC in KGFT v1.0); Water saving, recycling and reuse technologies (App. 5.19, no TSC in KGFT v1.0); Pollution prevention and control (App. 5.20, no TSC in KGFT v1.0); Handling and preparation (App. 5.21, no TSC in KGFT v1.0); Water treatment (App. 5.22, no TSC in KGFT v1.0).	Climate change mitigation/adaptation where a KGFT TSC exists; for pollution prevention, biodegradable/recycled materials and circular economy applications, KGFT v1.0 recognizes the activity but may not provide TSC.	Supports sustainable materials, plastics substitution/recycling, biodegradable packaging and pollution/nutrient load reduction, subject to evidence that activities protect water bodies and avoid ecosystem harm.
BLUE - Transport & Shipping	Priority Sector 6: Transportation and storage; Priority Sector 5: Water supply, sewerage, waste management and remediation	Inland passenger and freight water transport (App. 6.4); Retrofitting of inland water passenger and freight transport (App. 6.6); Sea and coastal freight water transport (App. 6.7); Sea and coastal passenger water transport (App. 6.8); Retrofitting of sea and coastal freight and passenger water transport (App. 6.9); Solid waste and waste reception activities may also align to relevant waste management activities under Priority Sector 5.	Climate change mitigation and climate change adaptation for water transport activities; climate change mitigation for specified retrofitting activities, subject to KGFT TSC and safeguards.	Supports low-emission vessels, shore power/enabling infrastructure, vessel retrofits, pollution prevention, bilge/greywater treatment, waste reception and marine noise/spill mitigation.
BLUE - Fisheries & Aquaculture	Priority Sector 2: Agriculture, forestry and fishing; Priority Sector 5: Water supply, sewerage, waste management and remediation; Priority Sector 6: Transportation and storage	The KGFT v1.0 catalogue includes Agriculture, forestry and fishing as a priority sector but does not list a detailed fisheries/aquaculture activity in the catalogue. Related elements may align, where applicable, to smart agriculture/resilience (App. 2.7), water management (App. 2.5), eco-tourism (App. 2.9), water quality/wastewater activities (Apps. 5.1-5.2), and low-carbon/cold-chain transport elements under Priority Sector 6.	Potential climate change mitigation and/or adaptation contribution, depending on the underlying activity and available TSC. Where no KGFT activity/TSC directly applies, alignment should be described as partial/reference alignment only.	KCB shall document sustainable certification/ quotas, traceability, ecosystem protection and water quality safeguards, and use IFC Blue Finance Guidelines or equivalent standards where KGFT v1.0 is not specific.

KCB Eligible Category	Relevant KGFT Priority Sector(s)	Relevant KGFT Economic Activities	KGFT substantial contribution objective / criteria reference	Indicative alignment note
BLUE - Habitat Restoration & Protection	Priority Sector 5: Water supply, sewerage, waste management and remediation; Priority Sector 2: Agriculture, forestry and fishing	Nature-based solutions (App. 5.17, no TSC in KGFT v1.0); Flood defense (App. 5.16, no TSC in KGFT v1.0); Water monitoring (App. 5.15, no TSC in KGFT v1.0); Pollution prevention and control (App. 5.20, no TSC in KGFT v1.0); Afforestation, forest rehabilitation, management and conservation (App. 2.1); Eco-tourism (App. 2.9).	Climate change mitigation/adaptation contribution may be recognized where an applicable KGFT activity and TSC exists; KGFT v1.0 lists several nature-based and monitoring activities but indicates no TSC.	Supports wetland, mangrove, seagrass, coral reef and freshwater ecosystem restoration/protection; where KGFT TSC are unavailable, KCB should use robust external evidence and credible blue/nature standards.
BLUE - Tourism & Recreation	Priority Sector 2: Agriculture, forestry and fishing; Priority Sector 8: Construction (where visitor infrastructure is financed); Priority Sector 5: Water supply, sewerage, waste management and remediation	Eco-tourism (App. 2.9); Sustainable cities/resilient infrastructure (App. 8.5, no TSC in KGFT v1.0); water monitoring and nature-based solutions (Apps. 5.15 and 5.17, no TSC in KGFT v1.0), where relevant to visitor centers and aquatic ecosystem protection.	Climate change mitigation and/or climate change adaptation for eco-tourism where KGFT TSC apply. Other nature-based tourism infrastructure may have no TSC in KGFT v1.0 and should be supported by credible certification and project-level safeguards.	Supports nature-based tourism, visitor centers and environmental education linked to aquatic ecosystem protection and inclusive local livelihoods.

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