This report presents KCB Group Sustainability Performance for the financial year 2020 and complements the overall performance of the Group presented in our Integrated Report and Financial Statements.

This report represents our holistic approach to measuring our Economic, Social and Environmental impacts in all our countries of operation in the region, in line with the United Nations Environment Programme Finance Initiative (UNEP-FI), Principles for Responsible Banking (PRB) of which KCB is a founding member in the region, our 10-point action plan, value creation process, strategic alignment, and environmental and social governance priorities. The report also highlights our commitment to sustainability, aligned with the UN Sustainable Development Goals (SDGs) framework. Additionally, we employ the disclosures of the GRI Reporting framework to capture our impact. As such, this report is developed in accordance with GRI-Core option.

We fully support, and are continuously, integrating into our business the Principles for Responsible Banking which inform our plans to build a sustainable banking business. Target setting is an important lever. Banks are required to set and publish targets in line with broader policy goals, as expressed in the SDGs, the Paris Climate Agreement and related national frameworks, in areas where they have the most significant impact. We expect to reap a plethora of benefits from these commitments. Particularly setting the standard for KCB Group to be at par with the global banking sector in terms of sustainability, including peer to peer learning with international partners, standardised reporting parameters, while actively addressing SDGs and climate change issues, locally. Our commitment to implement these international best practices as part of our contribution towards the Decade of Action Agenda.

CONTACT US
Company Name: KCB Group PLC
Address of headquarters: Kencom House, Moi Avenue, Nairobi, Kenya
P.O Box 48400-00100 GPO
Tel: 254 (20) 327000 | +254 (711) 087000 | +254 (732) 187000
email: info@kcbgroup.com
Website: www.kcbgroup.com
On Twitter: @KCBGroup
Contact Division: Marketing, Corporate Affairs & Citizenship Division

We value feedback and welcome any comments or suggestions you may have about the report or our sustainability performance. Please contact us at sustainability@kcbgroup.com

We fully support, and are continuously, integrating into our business the Principles for Responsible Banking which inform our plans to build a sustainable banking business.

"We fully support, and are continuously, integrating into our business the Principles for Responsible Banking which inform our plans to build a sustainable banking business."
**KCB at a Glance**

**OUR PURPOSE**
To simplify your world to enable your progress

<table>
<thead>
<tr>
<th>Country</th>
<th>Branches</th>
<th>ATMs</th>
<th>Agents</th>
<th>Merchant outlets</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda</td>
<td>13</td>
<td>15</td>
<td>425</td>
<td>281</td>
<td>236</td>
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<tr>
<td>Rwanda</td>
<td>13</td>
<td>26</td>
<td>480</td>
<td>157</td>
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<tr>
<td>Burundi</td>
<td>6</td>
<td>8</td>
<td>185</td>
<td>98</td>
<td>125</td>
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<tr>
<td>South Sudan</td>
<td>12</td>
<td>3</td>
<td>45</td>
<td>20</td>
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<td>207</td>
<td>399</td>
<td>12,724</td>
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<td>Tanzania</td>
<td>14</td>
<td>15</td>
<td>220</td>
<td>456</td>
<td>270</td>
</tr>
</tbody>
</table>

**OUR MISSION**
To drive efficiency whilst growing market share in order to be the preferred financial solutions provider in Africa with global reach.

**OUR BEHAVIOUR**
- I am a leader
- I find solutions
- I drive efficiency
- I simplify work
- I listen and care
- I am positive and committed

**OUR VALUES**
- Inspiring
- Simple
- Friendly

**OUR PROMISE**
Go Ahead

<table>
<thead>
<tr>
<th>Region</th>
<th>Branches</th>
<th>ATMs</th>
<th>Agents</th>
<th>Merchant outlets</th>
<th>Staff</th>
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<tr>
<td>Regional Presence</td>
<td>94</td>
<td>105</td>
<td>346</td>
<td>456</td>
<td>1,630</td>
</tr>
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</table>

**OVERVIEW**

- **Year Founded**: 1896
- **Permanent Employees**: 7,525
- **Asset Base**: KShs. 987.8 Billion
- **Number of branches**: 23,460
- **Number of Agent Banking, POS and merchant outlets**: 1,104
- **Number of ATMs**: 23,460
- **Presence in 7 countries**: 7
KCB Sustainability Highlights 2020

Environmental
- US$ 50 Million to US$ 250 Million: Loans advanced to women led businesses for Green Projects
- 18.8%: Aggregate resource reduction against a target of 5%
- 41%: Percentage composition of members on the KCB Board (Group Board and Country Board)
- 46%: LED Lighting in all Branches
- 68%: Of procurement spent on local suppliers

Economic
- KShs. 6.7 Billion: Value of facilities that have undergone Environmental and Social Due Diligence Assessments
- KShs. 166.1 Billion: KShs. 106.1 Billion + 2020 Corporation tax expense
- KShs. 1.1 Trillion: Value spent for special interest group of suppliers (PLWDs, youth and women)
- KShs. 154.0 Billion: Mobile loans advanced
- 250: Women trained under the KCB Group Women in Leadership Network

Social
- KShs. 11.2 Billion: Distributed to elderly, orphans and the vulnerable
- 24,881: Number insurance policies
- KShs. 24.3 Billion: Loans advanced to women led businesses
- 41%: Percentage composition of members on the KCB Board (Group Board and Country Board)
- 250: Women trained under the KCB Group Women in Leadership Network
- KShs. 343 Million: Value spent for special interest group of suppliers (PLWDs, youth and women)

OverView
- KShs. 91.8 Billion: Value of facilities that have undergone Environmental and Social Due Diligence Assessments
- 18.8%: Aggregate resource reduction against a target of 5%
- 41%: Percentage composition of members on the KCB Board (Group Board and Country Board)
- 46%: LED Lighting in all Branches
- 68%: Of procurement spent on local suppliers
Reflection on the Decade of Action

In 2020 KCB Group rolled out its new three-year strategy dubbed Beyond Banking. This was a departure from our previous five-year strategies. The Group Strategy takes into cognizant the rapid changes in our business environment that requires us to be agile to address market concerns. This new environment.

The Sustainability Institute by ERM Published a report on October 2020 titled Building a Business Resilience for the Decade of Action defined business resilience as surviving and thriving in the face of challenges and short-cycles, and being able to bounce back to the same level. It is both a mindset and a way of behaving that needs resilience as surviving and thriving in the face of challenges and short-cycles, and being able to bounce back to the same level. It is both a mindset and a way of behaving that needs continuous learning, improvement, and openness to change. In order to have a sustainable resilience, it is not just about the internal company actions, but its connection to societal norms and expectations, the policy environment, and natural ecosystems holistically.

In 2020 KCB Group rolled out its new three-year strategy. Adjusted Beyond Banking. This was a strategic change to ensure business continuity plans implemented in the previous year to touch every part of an organization. It is also a complex and constantly evolving notion, demanding continuous learning, improvement, and openness to change. Resilience for the Decade of Action.

While the first quarter of 2020 appeared to be normal, the subsequent reality was a shock to economies globally. The effects of the pandemic gave us the responsibility of integrating it into day-to-day business decisions. We continue to support KCB Group during the unprecedented period. They turned up each day and kept our doors open throughout the period to ensure our customers continued accessing our products and services almost seamlessly despite the challenging working conditions.

Our objective is to see our customers develop and grow their businesses to scale so that they can have a positive impact to society around them and we are ready to walk this journey with them.

I would like to thank and appreciate all our staff for their continued dedication to our businesses during a difficult and unprecedented period. They turned on each day and kept our doors open throughout the period to ensure our customers continued accessing our products and services almost seamlessly despite the challenging working conditions.

This being a Decade of Action we look forward to implementing strategic sustainability plans and objectives aligned to our Group Strategy to define a better future for our children and grandchildren. Andrew W. Kairu

Group Chairman
STATEMENT BY OUR GROUP CEO AND MD

STATEMENT BY OUR GROUP CEO AND MD

Being Sustainable, Beyond Banking

The highlights in this report will focus on some of our achievements for the year 2020. I would like to conclude by saying that 2020 was extraordinary due to the COVID-19 pandemic. In the year 2020, we also noted women and youth who have climate ready projects for implementation and submission to National Designate Authority (NDA) and GCF for funding. This milestone will be reflected in our reporting upon completing the 10 Point Action Plan in the year 2020. This has opened the space for organizations to adopt a Decade of Action approach to mainstream and implement SDGs and Paris Climate Change, Principles for Responsible Banking and national and regional determinants in reporting.

In the period under review, KCB Group had set in place a sustainable strategy for its businesses to operate. We do appreciate that our contribution to society and planet to be achieved. This will be reflected in our reporting in the next year as we transition into SDGs and Paris Climate Change, Principals for Responsible Banking and national and regional determinants in reporting.

As the leading financial services provider in East Africa, we have a responsibility to ensure that our businesses positively impacts the economy, people and environment in each of these countries, not only through public commitments but also through day-to-day operations. Indeed 2020 was a defining moment for us as we reflect on our achievements for the year 2020. This is in line with our Gender and Financial Inclusion agenda. We restructured loans worth KShs. 106.1 billion to cushion them against the effects of COVID-19 pandemic. In addition, we waived mobile banking transaction fees for 6 months to allow our customers to continue utilizing our services with us.

The year 2020 was extraordinary due to the COVID-19 pandemic. We observed that we now have better knowledge of how best to manage the various scenarios and still deliver on our mandate for the year 2021. We restructured loans worth KShs. 106.1 billion to cushion them against the effects of COVID-19 pandemic. In addition, we waived mobile banking transaction fees for 6 months to allow our customers to continue utilizing our services with us. 

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As a leading financial institution in East Africa, we acknowledge the role vested in us to shape the development trajectory of the region. In order to meet this mandate, we have traditionally developed strategic plans for a 5-year period. Given the changes we have observed in the world around us, driven largely by the necessity of digital services coupled with the increasing relevance of globalization, we recently focused our strategic planning on a 3-year cycle. This should enable us to respond better in the midst of a dynamic business environment, both locally and globally.

Our Group strategy 2020 -2023 focuses on our vision to go ‘Beyond Banking’. We recognize that our potential to reposition the core of a traditional bank will be a cornerstone to our success and that of the entire region. Our strategic focus is on digital transformation to offer the very best of customer experience. The strategy is driven by 4 strategic thrusts: putting the customer first, improving efficiency and productivity, integrating digital tools at the heart of our operations and achieving regional relevance to scale.

Underpinning this new strategic direction is our resolute commitment to a sustainable business. We have discerned key lessons from our sustainability journey thus far and woven them into our commitment to pursue positive environmental, social, economic and financial impacts in the markets in which we operate.

We have designed leading value propositions for our customers, we ensured that they went beyond common financial solutions, and considered the support that we should provide to help client businesses grow sustainably, encouraging them to integrate environmental, social and ethical planning into their own planning.

When designing leading value propositions for our customers, we ensured that they went beyond common financial solutions, and considered the support that we should provide to help client businesses grow sustainably, encouraging them to integrate environmental, social and ethical planning into their own planning.

We also ensured that the shift to digital service delivery gave our clients more flexibility, ensuring that the shift to digital service delivery gave our clients more flexibility, ensuring
greater social impact. This strategy is already paying dividends, with our highest net promoter score at 52 in 2020, unrivalled in the region. Building on our achievements, we are well aware that sustainability needs to be a conscious choice, in-built into our strategy. As a result, we decided to step up our commitment to best practices, embedding the UNEP FI Principles for Responsible Banking (PRB) in our thinking while ensuring that our strategic initiatives are aligned with the UN SDGs, the Paris Climate Agreement, UN Global Compact Principles and also related to regional and national sustainability frameworks, such as Vision 2030, National Climate Change Action Plan and the Big 4 Agenda in Kenya.

The intentional growth of our geographic footprint enables us to be closer to our customers, while driving our positive impact at scale, throughout the region. Like the rest of the global business community, we, too, were faced with a new threat that nobody had envisaged; the COVID-19 pandemic. While the impact of this crisis remains acute, we are happy to report that the pandemic has done little to derail our strategic choices and has only served to intensify our commitment to each of our sustainability principles.

Nevertheless, we had to make difficult decisions about how best to protect our customers, and safeguard the safety of our employees while minimising the impact of the global economic slowdown set-off by the pandemic. Like most businesses, our financial performance was impacted during this period. But, in this context, our awareness of our catalytic role and commitment to positive social, environmental, financial and economic impact guided our thinking and decision making. The effect of the pandemic on all Kenyan households doesn’t need emphasis – it is clear for all to see. As a result, we restructured over KShs. 106.1 billion worth of our loan portfolio. As part of national efforts to prevent the spread of the disease, we took a very active role in the decision to waive transaction fees between bank accounts and mobile money wallets. For our business, this was a difficult trading decision to take but it remains an example of the long-term strategy currently at play. Yet, despite our own challenges, we still mobilized approximately KShs. 3 billion to support community initiatives in enterprise development, education, health, environmental and humanitarian support. We also contributed to the COVID-19 Emergency Response Fund formed by the government to support Kenyans during this crisis and its aftershocks.

<table>
<thead>
<tr>
<th>OUR STRATEGY</th>
<th>OUR STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>KShs. 106.1 Billion</td>
<td>KShs. 3B</td>
</tr>
<tr>
<td>Financial and economic impact guided our thinking and decision making. The effect of the pandemic on all Kenyan households doesn’t need emphasis – it is clear for all to see. As a result, we restructured over KShs. 106.1 billion worth of our loan portfolio. As part of national efforts to prevent the spread of the disease, we took a very active role in the decision to waive transaction fees between bank accounts and mobile money wallets. For our business, this was a difficult trading decision to take but it remains an example of the long-term strategy currently at play. Yet, despite our own challenges, we still mobilized approximately KShs. 3 billion to support community initiatives in enterprise development, education, health, environmental and humanitarian support. We also contributed to the COVID-19 Emergency Response Fund formed by the government to support Kenyans during this crisis and its aftershocks.</td>
<td>KShs. 3B</td>
</tr>
</tbody>
</table>
Our Commitment to Sustainability

Sustainability journey

KCB began its sustainability journey in 2008. Over the years the Bank has aligned its reporting with the Global Reporting Initiative (GRI). The GRI framework provides a comprehensive sustainability reporting matrix, widely used around the world and across a number of industries. Similar supplements have also been developed, following GRI’s traditional consensus-building, multi-stakeholder process, where participants are drawn from global business, civil society, labour, academic and professional institutions.

In 2014, KCB Group Board, through its Risk and Strategy Committees, approved the KCB Sustainability Policy for the Bank and started the journey of embedding it progressively in all aspects of the Group’s operation. In 2014, we signed the UN Global Compact, adopted 9 of the 17 SDGS in 2017 and in 2019 signed the UNEP-FI Principles for Responsible Banking as a founding member of the initiative. This saw KCB Group join other global banks that seek to revolutionise banking by developing and aligning their business models to the UNEP-FI Principles for Responsible Banking.

We have been able to achieve these milestones by placing sustainability at the forefront of KCB business culture. It is present in our training, integrated in staff KPIs, recruitment processes, policies, as well as our 10-point action plan.

Building culture

Entrenching sustainability in culture and operations means that we always consider our economic, social and environmental impact before we make any decision as an organisation. Building this culture has been one of our most laudable achievements, as it has enabled us to place sustainability at the heart of our new strategy, informing in many ways trends that will affect our customers and business in the future. It involves us in developing a resilience and agility that were tested by COVID-19 pandemic.

Sustainability at the heart of our COVID-19 Response

Commitment to sustainability over the last decade has been instrumental in assessing risk, holistically, as well as ensuring business continuity, particularly with the advent of the pandemic and its disruptions. We were also able to immediately design and adapt new solutions to support our clients, staff and business — many of them are discussed in this report. This was made possible by previous commitments, under our new strategy, to place digital at the heart of everything we do and automate many of our processes. This demonstrates that our approach to sustainability is future proof and is capable of delivering a positive impact to society as a whole.

Reinforcing Our Commitment to Sustainability

Following the signing of the UNEP-FI Principles of Responsible Banking, and true to our leading role in this initiative, we committed to implement these principles in all our affairs, ensuring our strategy is aligned with international, regional and national frameworks of development, and notably the SDGs, as we embarked on the Decade of Action.

The deliberate effort to mainstream best practices enables us to continue building a culture of sustainability and put in place all governance mechanisms required, to measure impact and connect to specific targets. Such commitments are also expected to drive our transparency, accountability, and disclosures toward playing our full role in creating a sustainable future for all our stakeholders.

In line with this commitment, and to increase our accountability internationally, we started consolidating our reporting under the SDGs framework. Our 10-point action plan has been a very helpful guide since we launched it in 2014.
Our Sustainability Agenda

KCB Group tracks and measures the performance of the company’s progress in achieving goals in the strategy through the 10-point action plan. On the right are the key indicators and how we have performed over the past year.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Performance</th>
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<tr>
<td>KShs. 106.1 Billion</td>
<td><strong>Value of restructured loans</strong></td>
</tr>
<tr>
<td>41%</td>
<td><strong>Percentage composition of woman on the KCB Board (Group Board and Country Boards)</strong></td>
</tr>
<tr>
<td>6,370*</td>
<td><strong>Number of youth upskilled under 2Jiajiri (Niko Waks Program)</strong></td>
</tr>
<tr>
<td>250</td>
<td><strong>Number of staff trained on environmental and risk assessments</strong></td>
</tr>
<tr>
<td>KShs. 240.8 Million</td>
<td><strong>Value of transactions done by agents</strong></td>
</tr>
<tr>
<td>260.8 Million</td>
<td><strong>Number of mobile banking transactions</strong></td>
</tr>
<tr>
<td>3,624</td>
<td><strong>Number of cyber attacks prevented</strong></td>
</tr>
<tr>
<td>11</td>
<td><strong>Average training days per employee</strong></td>
</tr>
<tr>
<td>599,007</td>
<td><strong>Number of beneficiaries served through Inua Jamii program</strong></td>
</tr>
</tbody>
</table>

Our commitment to develop equitable, inclusive products and to support our youth and communities to prosper and thrive, enables us to create shared value.

We support responsible finance and consumption, green finance and lowering our Carbon Footprint to protect and enhance the environment on which we depend on and live in.

Transformative partnerships help us provide access to financial products and services that leads to inclusive progress.

Regulatory compliance, innovative and robust systems, security and ethics are critical components that form the foundation of a stable and prosperous economy in which we operate.

CUSTOMERS

**Value of Loans Disbursed under Women Value Proposition**

250

Average training days per employee

11

Number of sources of fraud under the assisted by isodex fraud prevention programme

599,007

Number of beneficiaries in the talent acquisition programme

1,070

Number of beneficiaries served through Inua Jamii program

7,488

Trained in cyber security

98%

Staff Trained in soft fraud awareness

13

Number of new products developed

24.3 Billion

Value of Loans Disbursed under Women Value Proposition

23%

Carbon Emission reduction against a target of 15%

18.8%

Aggregate resource reduction against a target of 10%

24.3 Billion

Value of Loans Disbursed under Women Value Proposition

68%

Local Procurement Spend

3,624

Number of staff trained on environmental and risk assessments

18.8%

Aggregate resource reduction against a target of 10%

448.4 Billion

Value of transactions done by agents

6,633

Number of loans screened through ESDD (New and Refinancing)

567

Value of transactions done by agents

17.29 Million

Number of registered Mobile Banking users

567

Value of transactions done by agents

24,881

Number of defective mobile banking users

13

Number of new products developed

98%

Staff Trained in soft fraud awareness

200

Number of loans disbursed under Women Value Proposition

17.29 Million

Number of registered Mobile Banking users

24.3 Billion

Value of Loans Disbursed under Women Value Proposition

23%

Carbon Emission reduction against a target of 15%

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Aggregate resource reduction against a target of 10%
### Ten Point Action Plan Data for 2020 Sustainability Report - the journey

<table>
<thead>
<tr>
<th>Stability</th>
<th>Relevant</th>
<th>Market and/or Network</th>
<th>Metrics</th>
<th>2020</th>
<th>2017</th>
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<th>SDG Impact</th>
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<td>Total assets (in KShs. billions)</td>
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The evolution of the market, notably with the rise of the digital economy, the progress made in financial inclusion and the evolving customer needs that this entails, led us to refine the metrics we used under the 10 categories of our action plan in 2017. From 2017, our approach to how we approached sustainability. As such, alongside the commitment to developing an internationally recognized SDG framework to drive our sustainability efforts moving forward.

This will also give us an opportunity to realign our management to the new realities of the market. We will, like most companies, evaluate our performance at the end of the financial year. Overall, our performance in 2020 has been better than expected and we remain on track to achieve our goals for the year.

In addition, we will also adapt targets related to climate change with respect to the Paris Agreement. Some of the initiatives we are looking forward to incorporating include the Global Climate Fund accreditation, offering clear testimony of our commitment to sustainability for the long-term.

## Sustainability at the heart of our COVID-19 Response

### OUR COMMITMENT TO SUSTAINABILITY
The COVID-19 Disruption

Like all organizations, our year and performance has been heavily impacted by the COVID-19 pandemic. This pandemic has had far-reaching consequences in our operations. However, we believe the changes implemented within this vein strongly confirm our commitment to sustainability, and as our new strategic direction, has prepared us to manage this and prepare for any challenges going forward.

The pandemic will be mentioned various times in this report, along with the solutions we have implemented in response. Importantly, we believe it is important to highlight that it has had an impact on our public affairs and communications platform, particularly as it concerns employees and customers. In fact, changes implemented within this vein strengthened our Beyond Banking Strategy.

Like with all aspects of the Bank’s operations, the pandemic was a game-changer for the Communications function. There was a drastic decrease in banking of physical corporate events coupled with the cancellation of corporate sponsorships in line with national health policy. This led to a review of the Communications strategy in Q1 2020 that adapted virtual events and engagements.

Employees

In order to ensure a balance of staff safety and productivity, the Group quickly embraced virtual communications, a remote work policy, staff & customer webinars, digital publications, and remote customer service productions between all members of the KCB community. If employees could not do their work in the office, management made use of tools to engage their teams, checking in on staff status, well-being and delivering support where required.

By collaborating with the HR Division, our Communications team ensured that employees working remotely were updated as progress and movement across the business. This partnership led to over 154 staff, including over 150 in the HR Division, our Communications team ensured that employees working remotely were updated as progress and movement across the business. This allowed us to keep an informed management team, with leadership and management teams to ensure that our employees working remote were updated as progress and movement across the business. This partnership led to over 154, and empowered senior management to be informed on movements across all our operations.

Feedback Mechanism

Senior management also used these tools to engage in a feedback mechanism to managers and their teams, checking in on staff status, well-being and delivering support where required. This partnership led to over 154.

The Group adopted various tools to keep the communications staff updated. The Group embraced virtual events and engagements.

Beyond Banking Strategy

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COVID-19-related initiatives

The global outbreak of COVID-19 forever changed the way we think about our world. The world responded by adopting new ways of working to support economies, households, businesses, and customers. This response is illustrated by the KCB Group in the form of COVID-19 awareness campaigns, virtual events, sponsored corporate webinars, and even the Bank itself adapted virtual events and engagements.

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COVID-19 RELATED INITIATIVES

WAIVER OF MOBILE BANKING CHARGES

KCB waived all charges for balance inquiry and for transfers between mobile money wallets and bank accounts. This waiver resulted in a significant growth in mobile banking volumes to KShs. 900 billion. The Bank also extended KShs. 154 billion in mobile loans to our customers, with many MSMEs using the platform to meet working capital requirements for their businesses.

INITIATIVES TO SUPPORT STAFF

Staff were facilitated to work from home through set up of home offices, provision of internet connectivity and a closed user group for voice calls. The bank deployed teams to work in shifts and provided reusable face masks and hand sanitisers and infrared thermometers in all workplaces. Additionally, health talks and training to create awareness and break the stigma about the pandemic were conducted. The Group availed additional access, through our health care partners, to specialized treatment, ambulance services and counsellors to offer psychological support.

SUPPORT PROVIDED TO LEARNING INSTITUTIONS

The Bank donated over a million masks and provided financing for water tanks, hand washing points, desks, chairs and all sanitization needs towards complying with health guidelines set by the Ministries of Education and Health for safe reopening of schools.

SUPPORT PROVIDED TO SME CUSTOMERS

The Bank restructured SME loans valued at KShs. 7.5 billion thereby providing repayment holidays and moratoriums to over 3,800 MSME customers while at the same time offering a wide range of business development skills to entrepreneurs through webinars.

EXTENSION OF INSURANCE PREMIUM TOLERANCE (IPF) TERMS FOR MEDICAL INSURANCE

KCB Insurance Agency extended the installment period for IPF from 4 months to 6 months for individuals and 8 months for SME’s and Corporates for medical insurance.

WE UTILIZED THE COVID-19 BUSINESS CONTINUITY AND ECONOMIC RESILIENCE ALLOCATION OF KShs. 54 MILLION FROM THE MASTERCARD FOUNDATION TO:

- Extension of insurance premium finance (IPF) terms for medical insurance
- Installation of safety signage at different project sites
- Purchase of additional tools to avoid sharing of tools at the farms
- Provision of face masks, signages, sanitizers, hand washing stations and soap
- Facilitation of online digital learning, including developing online content for online training in three anchor sectors (manufacturing, construction and agribusiness)
- Setting up of an accommodation site for trainees during the COVID-19 outbreak
- Construction of dining halls that can also be used as Continuous Learning Communications Hubs on site
- Setting up and equipping a farm clinic which has health workers
- Setting up onsite accommodation at the Ngong Farm site for the beneficiaries
- Provide stipends to trainees who were in session during the COVID-19 outbreak

OUR COMMITMENT TO SUSTAINABILITY

KShs. 7.5 Billion

In line with the MCB we are committed to a ‘Day Zero’ process, to achieve our environmental footprint (CO2 emissions, water, energy, green procurement etc.). This is made possible through reforestation, to improve our footprint.

KShs. 54 Million

From June to November 2020 and in line with the directive from the regulator.

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Stakeholder engagement for KCB Group has been a function that we have been improving over the years. This year, KCB Group leveraged the quality of existing relationships with key stakeholders to develop a stakeholder policy that applies to all of the Group’s businesses and partners. This followed the theme from 2019 centred on ‘Partnering with Purpose’, where the Group focused on building strong alliances as well as collaborating with like-minded organizations to drive positive impact.

The policy looks to guide all ongoing, and future, stakeholder interactions. This policy applies to all entities within the KCB Group, but also third parties, such as agents, contractors, and service providers to ensure best practices across the board in our operational ecosystem.

The development of this policy is in line with the Stakeholder element in the UNEP FI’s Principles for Responsible Banking, also echoed in the UN SDGs as well as GRI, the Paris agreement on Climate Change and the IFC’s Performance Standards. We are also aligned with all national legislation such as the Central Bank of Kenya Act, regulations, Banking Act, Capital Markets Act, Proceeds of Crime and the Anti-Money Laundering Act (POCAMLA) of 2009. This is in addition to national development frameworks such as Kenya Vision 2030, Uganda Vision 2040, Rwanda Vision 2020, and all relevant regional and international policies within the banking sector.

KCB Policy Statement

KCB Group commits to the development and implementation of a robust stakeholder engagement framework to coordinate a robust stakeholder’s network. KCB operates in dynamic markets; it is imperative to understand the sensitivity to the views of various groups to maintain a two-way relationship of trust between KCB Group and its stakeholders.

Through this policy, we endeavor to ensure that our stakeholders understand our position on a number of issues affecting them within the market, at the same time building partnerships and alliances to balance divergent views.

The policy also ensures a two-way dialogue that gives all parties the opportunity to exchange views and information, to listen, and to have their issues heard and addressed. As part of this policy, KCB Group has developed an engagement matrix to guide on the most suitable engagements for each of these categories, with clear areas of responsibility.

The table on the next page provides a summary description of this matrix.

This year, KCB Group leveraged the quality of existing relationships with key stakeholders to develop a stakeholder policy that applied to all of the Group’s businesses and partners.
### Stakeholder Engagement

**Stakeholder**

**Why we communicate**

- To ensure open relationships with our customers, to listen, understand them and get feedback
- To provide information about our KCB products and services available
- To get feedback to improve our products and services primarily (the voice touchpoints)
- To ensure all our business processes are constantly improved to serve the customer better

**How we engage**

- During face to face interactions
- During conferences
- During presentations
- During workshops
- During internal meetings

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### Customers

**Employee Engagement**

- To serve our customers better
- To collaborate with clients, the financial industry participants to provide shared solutions for the benefits of society at large and sustainability
- To get feedback to improve our products and service proposition
- To share our business ethos and encourage our partners to integrate sustainability in their own working processes

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### Business partners

**Other Stakeholder Engagement**

- To provide context and insights into our corporate results, business strategies, sustainability initiatives
- To share our overall financial and non-financial performance
- To ensure an open and transparent conversation with investors and analysts
- To undertake joint programs with relevant regulators and authorities
- To foster constructive dialogue around innovation
- To support the development of business policies that are beneficial to the economy, the society and the environment
- To ensure compliance with relevant laws and regulations
- To ensure KCB expertise and views are integrated in the development and implementation of various relevant regulation and policies
- To ensure compliance with all relevant laws and regulations
- To build partnerships and coalitions to improve the effectiveness of the financial sector
- To participate in dialogue to develop international best practices and implement them in East Africa
- To collaborate proactively with other financial industry participants to provide shared solutions for the benefits of society at large
- To serve our customers better

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### Employees

**Government and public**

- To ensure our corporate quarterly financial results, business strategies and sustainability progress
- To be transparent and accessible
- To share our public-rated publication on available online for easy access and make it as easy as possible for those who require it
- To share the corporate quarterly financial results, business strategies and sustainability progress
- To support the financing of ambitious policies and provide solutions for the private sector to play its role in the development of the region
- To support the roll out of social projects and disbursement of state aid to beneficiaries
- To undertake joint programs with relevant regulators and authorities
- To support the financing of ambitious policies and provide solutions for the private sector to play its role in the development of the region
- To serve our customers better

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### Investors

**Regulators and authorities**

- To monitor and ensure all relevant laws and regulations
- To support the roll out of social projects and disbursement of state aid to beneficiaries
- To serve our customers better
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### Stakeholder Engagement
The implementation of this policy will signal that KCB is constantly considering stakeholders’ perspectives in its business strategy. This covers the design of its products and services, as well as the development of specific publicly available reporting mechanisms, such as this report.

As the Group continues to roll out stakeholder engagement strategy in 2021, specific attention has been paid to interaction with our clients. In the backdrop of the pandemic, KCB has made sure that virtual engagements are regular and interactive. In line with our strategic focus on digital transformation, we have made levering on all channels of communication, at our disposal, a priority. We commit to relying on data to improve these solutions, and enhancing the experience of every single stakeholder, on these tailor-made platforms.

With key business partners, such as suppliers, the Group will continue relationship management through various platforms. The Group intends to adopt virtual platforms for the Annual Suppliers Conference on automation, with themed sessions that address each of the suppliers’ needs. KCB is always seeking to partner with innovative business to transform the banking experience that we offer.

Regulators and government bodies remain key stakeholders, in all that we do. We have increased our engagements this year, not only to participate in various industry discussions, but also assess solutions that the financial sector could introduce to support pandemic response.

The Commission on Revenue Allocation (CRA) proposed key regulations that will affect the banking sector. For example, the CRA proposed the establishment of a ‘Beneficial Owners’ Registry, for all Kenyan companies. This information will help banks’ Know-Your-Customer checks, allowing to flag any suspicious transactions, particularly, concerning AML and fraud investigations.

The CRA also posted the CBK Amendment Act of 2020. This is a Bill, still in parliament, which would bring unlicensed money lenders under regulation by CBK if passed. It will lock out unlicensed players from the lending market, which should provide customers with increasing lending opportunities for KCB mobile products and partnerships through Vooma. As such, we have taken active part in discussions around this piece of legislation. Additionally, is the appointment of National Data Protection Commissioner, also a proposition by policymakers that presents an opportunity for KCB to establish itself as a compliant institution in the region.
In defining material topics, KCB has analyzed the overall impact it has had on the economy, society and environment, in all areas where it operates, identifying where its impact has been the most significant. A majority of this is variable, and based on the context in which we operate. COVID-19 has had major implications on this as well along with the change in our strategic directives.

As a key principle used in the analysis within this section focuses on stakeholder engagement. The engagement highlighted in previous sections gives us valuable insight to define key areas of concern and interest from these groups. Our analysis was also informed by the Corporate Reputation survey conducted in 2020.

In line with our renewed commitment to the international 'Decade of Action', we are phasing out our internal 10-point action plan, which has guided our sustainability efforts since 2014. It is essential that analysis of our sustainability performance is viewed through the scope of our entire sustainability journey as a business. As such, we have also integrated material topics that we reported on in the FY18/19 in our analysis.

In line with our commitment to our customers, as prescribed by the Principles for Responsible Banking, we folded the previous material topic of ‘Customer Centricity’ and ‘Business Growth’ into one. Customers are the decisive element in our business’ growth. Concurrently, the ongoing pandemic has illustrated the importance of our employees’ wellbeing, not just to our business but to our customers as well. KCB remains an employer of choice in East Africa and beyond and we intend to continue to hold this reputation. As such, we decided to create a specific material topic around our employees.

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We continue to drive transformation based on existing strong missions and our Shared Value approach, hence we have designed 'Governance & Integrity' as one material topic. Governance and integrity remains a core element of our ethos, and it has been retained as a material topic in this report. Last year, cybersecurity emerged as an area of focus replacing risk management. We have continued to monitor this risk closely and we invest in the latest technology that protects our business and clients against such attacks.

Given our new focus on digital infrastructure, as part of our strategic plan, we decided to discuss cybersecurity under the ‘Digital Future’ banner. This covers our ambition to become a digital leader and uses these tools in order to boost efficiency and productivity in our operations and product offerings.

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Our clients are at the center of everything we do at KCB. In 2020, COVID-19 demonstrated how sustainable practices build resilience in organizations, societies, and economies. Through the adoption of strong value propositions for each segment of our customer base which informed our offerings, we were able to offer their products they demanded. At the core of our ongoing strategy is technology which enables us to deliver in real-time and at least cost.

**Customer Value Propositions:**

**Consumer**

In order to simplify the customer journey, we offer instant account opening, with instant debit card issuance via our online channels. We have also developed partnerships that enable a seamless Beyond Banking experience along with wealth management solutions through our integrated digital platform.

**MSMEs**

We reviewed all of our processes related to SMEs, MSMEs, and made improvements. Both new and existing customers can now access improved credit underwriting solutions. Relationship management is enhanced through the segmentation of clients so we can now provide customized solutions.

**Corporates**

Our Internet Banking platform was upgraded, in line with global standards, with a key focus being trade finance products, which have been digitized, and as a result, our customers are able to access trade finance products. KCB Group continued to grow its green lending portfolio with a focus on energy, agriculture, and infrastructure. The bank ensured that customers being on-boarded adhered to sustainable practices.
Material Topics

Customer Value Propositions:

Case study: Mbamu Ventures Limited

KCB Biashara Club was established in 2008 and currently serves over 90,000 businesses. KCB continues to invest in SMEs across the country. Mbamu Ventures Limited is a prime example of how KCB helps its customers - helping them to grow and increasing their positive impact on the society and the environment.

The company has created employment opportunities for 31 young people including drivers, salespeople and factory workers.

“Of the biggest advantages I have received by joining this club is training and exceptional customer service. Through the Biashara Club, SME owners and business entrepreneurs, like Victoria, have gone to Israel to gain international exposure and success of Biashara Club has been a key driver to offer services ‘Beyond Banking’ to our customers - helping them to grow and encouraging them to grow as they want and dream of. Through the KCB branches, SME owners and business entrepreneurs, like Victoria, have gone for trips facilitated by KCB in China and learnt to grow their business and gain local working and benchmarking opportunities with different industries.”

Victoria Mbathi, director Mbamu Ventures Limited notes that the Biashara Club has been of great support to her and her team, “The support backbone offering opportunities for different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. Victoria Mbathi.

The experience gained through the CB Biashara Club was established in 2008 and currently has 12,000 active members from the Kenyan SME sector and over 4,000 members in subsidiary branches. KCB Biashara Club provides an avenue to support SMEs grow by offering simple, straightforward business solutions and advisory services. It also partners with other organizations and uses their expertise to strengthen Mbamu Ventures Limited. The experience gained through the CB Biashara Club has been key to the success of Biashara Club and the company's market for the Mbamu Ventures is now prominent for fruit farming targeting the same market. Makueni county is prominent for fruit farming and Mbamu Ventures Limited notes that the Biashara Club has been of great support to her and her team, “The support backbone offering opportunities for different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from.

MBAMU VENTURES LIMITED

The company is expanding to Kenya achieving 500ml and 1 litre bottles. The purified water includes wholesale outlets and to the supermarkets. Their success helps Mbamu Ventures Limited is a prime example of how KCB helps its customers - helping them to grow and increasing their positive impact on the society and the environment.

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One of the biggest advantages I have received by joining this club is training and exceptional customer service. Through the CB Biashara Club was established in 2008 and currently has 12,000 active members from the Kenyan SME sector and over 4,000 members in subsidiary branches. KCB Biashara Club provides an avenue to support SMEs grow by offering simple, straightforward business solutions and advisory services. It also partners with other organizations and uses their expertise to strengthen Mbamu Ventures Limited. The experience gained through the CB Biashara Club has been key to the success of Biashara Club and the company's market for the Mbamu Ventures is now prominent for fruit farming targeting the same market. Makueni county is prominent for fruit farming and Mbamu Ventures Limited notes that the Biashara Club has been of great support to her and her team, “The support backbone offering opportunities for different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from. The most important lesson was learning different businesses which I learnt from.
Customer Value Propositions:

Customer Experience

To measure and track the customer experience, KCB Group conducts customer surveys at the point of service. We capture Net Promoter Score (NPS) and Customer Effort Scores in order to assess customer perceptions. We survey our customers through various channels, including SMS, Social Media, and WhatsApp. This provides us with valuable, first-hand feedback for data modeling and accuracy of the perceptions expressed by the clients.

KCB Group aimed to achieve an NPS score of 52. Three years ago, our NPS score was at 25. Our customer centricity and the various improvements in service delivery have been noted by our customers. Their feedback has given us a Net Promoter Score of 52, which is already ahead of our strategic objective of scoring above 45 in 2020. According to industry survey firm Ajua, KCB Group posted one of the best NPS scores in the Kenyan financial service industry. This achievement reflects our customers’ satisfaction in our ability to provide them with excellent digital channels during the pandemic and ensure that the solutions they need are delivered to them promptly.

KCB has now set a new target of 55 for 2022.

KCB Customer Experience Performance Outlook

<table>
<thead>
<tr>
<th></th>
<th>FY 2019 ACTUAL</th>
<th>FY 2020 ACTUAL</th>
<th>FY 2022 PROJECTED</th>
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<tbody>
<tr>
<td>Customer NPS</td>
<td>43</td>
<td>52</td>
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<td>Customer CES</td>
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<tr>
<td>Wait Time</td>
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<td>15.00</td>
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<tr>
<td>Repeat Calls</td>
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<td>95%</td>
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<tr>
<td>Response Rate</td>
<td>23%</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>Service Level</td>
<td>48%</td>
<td>76%</td>
<td>80%</td>
</tr>
<tr>
<td>Social Media Interactions</td>
<td>791,560</td>
<td>1,719,172</td>
<td>1,081,568</td>
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<tr>
<td>Interactive Voice Response (IVR)</td>
<td>38%</td>
<td>40%</td>
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<tr>
<td>Digital leader and digital to the core</td>
<td>52</td>
<td>23</td>
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</table>
Regional Expansion

The Group has continued its growth in East Africa with a landmark deal, signed in September 2019, where the Group acquired a 62% stake in Banque Populaire du Rwanda Plc (BPR) and 100% of African Banking Corporation Tanzania BancABC. The Group has made an offer to the remaining shareholders of BPR for the acquisition of the remaining stock at the same terms as Atlas Mara’s, to raise its ownership to 100%. The aggressive expansion drive in the existing markets will enable KCB Group to play a bigger role in driving financial inclusion within the region.

In Rwanda, the Group has continued to grow in East Africa by signing a deal with Banque Populaire du Rwanda (BPR) in 2020, increasing its network by 193 branches and 105 ATMs, making us closer to our customers and able to offer an increasing number of East Africans the financing solutions they need to succeed.

We are currently awaiting shareholder and regulatory approval for these acquisitions, which will enable KCB Group to play a bigger role in driving financial inclusion within the region.

KCB Group Chairman, Andrew W. Kairu

In Tanzania, the acquisition of BancABC, originally a community-based savings and credit scheme, also increases our network by 100%. We will continue to focus on serving the most under-banked customers as closer to our customers and able to offer an increasing number of East Africans the financing solutions they need to succeed.

This Acquisition will also see KCB Group Limited own a 100% stake in African Banking Corporation Tanzania Limited (BancABC), completing our strong retail and corporate banking franchise with BancABC’s retail and commercial banking operations. An additional 42,000 customers will now be able to access our services in Tanzania.

This expansion furthermore gives KCB Group a deeper regional footprint and access to a diversified and expanded pool of customers. This local presence will allow KCB to bring their services and products closer to our customers and offer more value.

Our aim is to respond to the unmet and emerging needs of our customers. We involve them and collaborate with others to help develop the best solutions.

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Our aim is to respond to the unmet and emerging needs of our customers. We involve them and collaborate with others to help develop the best solutions.
Health and Safety

KCB responded to the pandemic with a ‘Safety First’ approach. All our employees were trained on COVID-19 prevention protocols, as prescribed by the Ministry of Health. We also created two distinct teams at branch level, designed to work in tandem. When one team was in the branch, the other team was either working remotely or on leave. This was done to minimize the spread of the virus and ensure continuity of customer service.

We organized webinars for 12,000 MSME customers, training them on health and safety for their businesses. We also held a theme webinar, focusing on mental health, during the pandemic. Additionally, we ran a total of 48 webinars for customers transitioning with the advent of the pandemic. Sectors such as food and health were a particular focus.

COVID-19 Impact

Business Continuity

Over the period we enhanced our digital offering which saw a seven fold growth of the value of our mobile banking transactions to cross KShs. 1 trillion for the first time. To date, 96% of our eligible customer base are on our online banking service. The platform has since generated 3 million transactions, cumulatively worth KShs. 434 billion.

We restructured financing worth KShs. 7.5 billion for over 3,800 SMEs. Within the personal loan portfolio, we restructured KShs. 2.9 Billion. In total, we restructured KShs. 106.1 billion worth of loans. We offered tenable repayment plans to those who had suffered layoffs or salary cuts. Temporary overdrafts were also extended to businesses to enable them meet their immediate needs such as salaries and overhead costs. These moratoriums will be extended until customers stabilize their cash flows.

We also waivered mobile transaction fees saving customers upto KShs. 1.2 Billion. In response to the tax rebates offered by the government to cushion Kenyans against the impact of the pandemic, the bank accelerated growth of check off loans to salaried employees. We did this by enhancing relationship management with employers to ensure speedy check-off adoption.
Financial Inclusion

Through the gender value proposition, the bank began lending based on cash flow, not security, to women run businesses. Over 3,000 women were trained in a program aimed at equipping them with the tools needed to take full control of their financial welfare. As a customer segment, women have the lowest delinquency rate, with Non-Performing Loans of less than 3%.

In 2020, the Bank advanced loans worth KShs. 24.3 billion to 8,697 female-led businesses. We also opened 173,000 accounts with deposits of KShs. 15 billion.

Financial Inclusion

People Living with Disability

KCB is amongst 7 banks in Kenya that have partnered with the Financial Sector Deepening (FSD) Kenya, which seeks to promote access to financial services for disabled persons. The Group has committed to ensuring we identify customers within this segment and design services with their input. In 2020, we focused on the baseline assessment, working with InAble to assess how suitable our services are to Persons Living With Disability (PLWD). We are working to ensure accessible facilities exist at all branches in the medium to long term plans. All our banking halls will be made accessible through ramps, lower ATMs and counters. We are also integrating this specific user’s experience in further development of our digital services.

KCB is amongst 7 banks in Kenya that have partnered with the Financial Sector Deepening Trust (FSD) Kenya, which seeks to promote access to financial services for disabled persons.
**Financial Inclusion**

**Rising above disability**

Wycliffe Anyanzwa is a trained Engineer from Stockholm University. His career in modifying vehicles for people with disabilities - he creates and installs gadgets into cars hence making them accessible for persons with disability.

Wycliffe has been a member of KCB Bank for 15 years. As a person with disability, he feels valued by the bank because of the tailor-made services offered to him and how they are conducted. Whenever he visits a KCB Branch, the services are brought outside to his car. He is grateful for the personalized services offered and knows that the bank truly understands his needs.

I personally feel respected by KCB employees because they are very good to me. When I visit the bank in my wheelchair they usually give me more attention and first priority. I don’t have to queue and this makes me very happy and satisfied.” Wycliffe Anyanzwa.

Wycliffe says. Wycliffe is even more appreciative of the bank for being more accommodating, seamless and confidential. When he requires a loan, all he has to do is call his relationship manager and communicate his needs.

He is also a member of the KCB Baraza club, whenever he encounters any challenges, he is able to reach out to his relationship manager and communicate his needs.

Wycliffe feels that KCB Bank has gone beyond what could be expected in terms of services for persons with disabilities. To improve this further, he would recommend that the bank set aside a private room for PLWD so that when they are depositing or withdrawing money from the bank, it’s accommoding, securing and confidential.

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Financial Inclusion

**Insurance Products**

The KCB Insurance Agency has demonstrated strong financial performance generating KShs. 435 million in profit before tax in line with the Group’s strategy to increase profit contribution from subsidiaries. This success was built on the increased awareness among our customers about the benefits of insurance generated by the COVID-19 rule, and by our ability to offer our customers the insurance packages that suit them.

Our presence throughout the region with our 359 branches and our historical relation with more than 25.2 million customers gives us a competitive edge in the field of insurance. For the past 10 years, KCB Insurance Agency has been offering life, non-life insurance and medical products and services and operates as an underwriting agent for all classes of insurance. By partnering with leading and reputable Insurance Companies, we can offer our customers relevant, appropriate and competitive insurance solutions for individuals, schools, institutions, Chama groups, SMEs and Corporates.

In line with our commitment to the customer, we have provided our customers with credit insurance schemes that protect them from credit card usage that leaves them struggling to repay the resulting debt.

**KShs. 435M**

The insurance division has demonstrated strong financial performance – generating KShs. 435 million in profit before tax – in line with the Group’s strategy to increase profit contribution from subsidiaries.
Eric Mwanzia, the Marketing, Brand Communications and Events Manager at KCB Bank, shares his experience with the medical cover since he joined the firm in 2017 through a former Relationship Manager Collins Obiero. He heard about KCB Health insurance cover in 2017 through a former Relationship Manager Collins Obiero. He heard about KCB Health insurance cover in 2017. Eric acknowledges that KCB has been banking with KCB since the inception of the company. Other than the health insurance cover, they have also been using various business support products that are available to them as a need arises. Eric states that KCB also has a solid financial status which gives him the assurance that our funds are safe & secure. The business support we receive from the bank has been impeccable.”

A decade’s working experience is key for Eric who has seen the financial sector grow in Kenya over the years. He shares how KCB provides a solution with an impact to its customers. SDG 8 being one of the focus areas the two aligned their employees. SDG 8 being one of the focus areas the two aligned their employees. KCB Health is designed to enable all our clients to focus exclusively on their business leaving insurance and worry about health uncertainty to us. There is a wide range of policies and products that are available to them. As an SME, every opportunity counts, says Eric. KCB understands that the challenges that come with running a small business. Simba Health is designed to enable all our clients to focus exclusively on their business, leaving insurance and worry about health uncertainty to us. The success of our Insurance subsidiary is validating our diversification in this sector, especially in a year where other financial performance was affected by the COVID pandemic. We remain confident that our products will continue contributing to the Group's revenue streams.

As a result of these and other measures, we have achieved a net promoter Score of 52%, which is much higher than the average 30% in the insurance industry.

The excellent Net Promoter Score obtained also demonstrates that customer excellence is at the heart of the activities of the entire KCB Group.
Our People

Driving performance through people

In 2020, KCB Group implemented the talent management framework, which allows for the identification of specific individual development interventions to accelerate readiness of leaders across various levels. In this regard, we launched the Aspire programme for Women, Men in Leadership Network and the Emerging Leaders Mentorship Program. These programmes have facilitated individual growths of various staff members across the bank.

Meanwhile, we revamped the Performance Improvement Program to ensure deeper involvement of employees in the process, provide clear guidelines, and provide more training before rolling out the program across the Group.

The business sought to enhance staff retention by offering competitive reward packages that are in line with the market. In addition, staff have also been provided with opportunities for career growth. Thus, although the staff attrition rate in global banking and finance runs at about 9%, the staff attrition rate at KCB Group stands currently at 3.2%, which is among the lowest in the world.

Greater focus on leave liability management enabled the Group to reduce costs associated with this important requirement as more employees took up outstanding leave days. Productivity was also impacted positively as a result. Cost containment was further enhanced by reduction of overtime and usage of online training platforms.

Performance and career development review table

The Group strives consistently to create an environment that is conducive to teamwork, co-operation and productivity where all employees are treated fairly and are free from harassment and discrimination in all aspects of employment such as recruitment and selection, task allocations, shifts, and leave arrangements, workplace, work related social functions, conferencing on site, offsite and after hours work, and in the interaction of staff with other staff, clients and members of the public in the course of their work. Sexual harassment is not tolerated.

Staff age and diversity Table

<table>
<thead>
<tr>
<th>Age Group</th>
<th>BURUNDI</th>
<th>ETHIOPIA</th>
<th>KENYA</th>
<th>RWANDA</th>
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<tr>
<td>Under 30</td>
<td>9</td>
<td>653</td>
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<td>30 - 50</td>
<td>115</td>
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<td>243</td>
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Employee reward policy breakdown

<table>
<thead>
<tr>
<th>Grade Name</th>
<th>M:Female</th>
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<tr>
<td>CHAUFFEUR</td>
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<td>MLC</td>
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Performance and career development review table

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<td>1</td>
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<td>230</td>
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COVID and Staff Welfare

The Group has a detailed Occupational Health, Safety and Environment policy that provides for the highest standards of health and safety for its employees and other persons on or about the premises or sites for which it has direct responsibility. The policy signals that the Group has an integrated Safety, Health and Environmental Management forms part of the Group's overall management system.

The policy is applicable to all employees of KCB Group. Exclusions to this policy must be approved by the Board Human Resource Committee. The policy is applicable to all employees of KCB Group. Exclusions to this policy must be approved by the Board Human Resource Committee.

In order to mitigate productivity declines, the bank facilitated the learning and adoption of new ways of working through various webinars and engagements. All staff were equipped with the ability to manage remote working.

In order to empower staff with essential knowledge to stay Covid free and avoid panic, 1,856 staff were trained in a course titled The Untold truth about COVID-19 and 1,340 staff underwent training on Mental Wellness. Counsellors and psychiatrists were available to any employee who felt a need for such support and could reach out to them directly.

The Group has a detailed Occupational Health, Safety and Environment policy that provides for the highest standards of health and safety for its employees and other persons on or about the premises or sites for which it has direct responsibility. However, the need to work from home introduced new challenges. As a result, the Bank urgently prioritised the re-skilling of employees in the area of physical health challenges. As a result, the Bank urgently prioritised the re-skilling of employees in the area of physical health challenges.
Gender Intelligence

Our constant surveillance of the operating environment and our focus on customer experience make it clear that women face challenges that prove them from realizing their economic potential. These include inadequate access to capital due to unconscious biases in the marketplace along with a lack of gendered customer value propositions. KCB Group has been highly effective and has enabled the Group to open 173,000 new accounts by women that hold 15 billion shillings worth of deposits. In addition, we advanced 24.3 billion shillings worth of loans to women in 2020. We expect to expand this program even more in 2021.

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In 2020, 555 managers participated in the program. These employees now drive the Bank's highly effective gender agenda and women feel increasingly empowered to climb the corporate ladder. In addition to this program, KCB Group launched the KCB Aspire initiative for female managers, last year, which was facilitated by departmental heads to train women on key skills, as well as providing mentorship and sponsorship opportunities for women at senior management, on various levels. In 2020, 555 managers participated in the program.

In order to address this, through the Women in Leadership Network (WILN) program the Bank continue to mentor high-performing female employees in the organization.

Women in Leadership Network

KCB Group has advanced nearly 50% gender parity in its staff composition, with female employees comprising 45% of all staff. However, there is still a large gap in the composition of Management, which is 36% female. Senior management is 25% female. These employees now drive the Bank’s highly effective gender agenda and women feel increasingly empowered to climb the corporate ladder. In addition to this program, KCB Group launched the KCB Aspire initiative for female managers, last year, which was facilitated by departmental heads to train women on key skills, as well as providing mentorship and sponsorship opportunities for women at senior management, on various levels. In 2020, 555 managers participated in the program.

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Keya is reputed to be the ‘Silicon Savannah’ of the continent due to its innovation and startup ecosystem. It is a major actor in this narrative. Our strategic focus on digitizing and automating KCB services began well before COVID-19. However, there was an acceleration of the implementation process with the emergence of the pandemic. As a result, we saw a four-fold increase in mobile banking transactions. Monthly, these Transactions rose from 2.1 million transactions in January 2020 to 8.2 million in December.

Although the Bank initially focused on converting personal banking clients onto its digital platforms, last year we set a new goal of bringing on board 1 Million MSMEs by 2023.
In the past, the Bank used to transfer payments from all 200 branches to headquarters. In the process, branches had to retrieve registration documents from a common database, and only digital copies were forwarded to a central server. Digitization focused on digitizing core banking processes. We followed an approach that involved digitizing back-office processes. We followed an approach that involved digitizing back-office processes. As a result, we have instant account opening and instant Debit Card issuance. Phone two of this effort was the Group digital 13 supplementary processes, critical to customer satisfaction. They include effective delivery of value additive services such as handling orders, mobile banking, and fee processing. The new processes were available to all customers instantaneously through our online channels.

13

In addition, clients use the app more. KCB has referred more customers to these businesses that are utilizing the Vooma app. With the low charges and the simplicity of the services it offers, the Bank is allowing merchants to earn while receiving payments, businesses are really enjoying the benefits. MSME’s and small businesses are really enjoying the benefits. MSME’s and small businesses have really utilized the Vooma app and are using the app.
Enhancement of Digital Channels

Vehicles is a mobile wallet targeted at those who were financial services without access to traditional banking services. It is an attractive option for low-income earners and the youth. The application is open API that enables third parties to develop services on the platform and conduct their own transactions. Advanced analytics can help predict the repayment capability of customers, which, in turn, enables us to extend loans to small business owners to large corporations and enhance the＝cash-collateralized loan, which is KCB's part. We are moving our Mobile Banking platform to Vehicles, which has various advantages over our own channels.

KCB MPESA

About 17 Million Kenyans have signed up to KCB MPESA, representing about 40% of the market. MPESA enables the Bank to have sight of cash flows of SMEs, which, in turn, enables the Bank to collateralize these cash flows for lending products. The Bank has enhanced its investments in digital financial services. This has seen the Group's consumer base grow exponentially from 2 million to over 23 million, in the last eight years. This has driven our commitment to remove digital accessibility barriers for people living with disabilities (PLWDs), who make up 15% of the population in the geography that KCB operates.

Tablet Banking

Automating processes has had a direct impact on our capacity to serve our customers better. In 2015, we started a digitalized world, where we spend more time on social media and our phone. For payment transactions, we understood our clients expect us to serve them where they are, at the convenience of the customer. Tablet banking is an option for low-income earners and the youth. It is an attractive option for low-income earners and the youth. The application is open API that enables third parties to develop services on the platform and conduct their own transactions. Advanced analytics can help predict the repayment capability of customers, which, in turn, enables us to extend loans to small business owners to large corporations and enhance the＝cash-collateralized loan, which is KCB's part. We are moving our Mobile Banking platform to Vehicles, which has various advantages over our own channels.

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KCB Group’s strategy is aligned to the Sustainable Development Goals (SDGs), the Paris Climate Agreement and all related national and regional frameworks. Between 2015 and 2019, we focused our strategy on advancing transformative partnerships both within the Group and in the wider region. In 2020, the Bank enhanced its plans for digital transformation by establishing partnerships with mobile network operators to roll out mobile money solutions in Uganda, Rwanda and South Sudan.

A Culture of Partnership

KCB Group has established partnerships aimed at improving access to jobs for youth and supporting COVID-19 initiatives with Mastercard Foundation’s Young Africa Works, as well as the International Finance Corporation (IFC) and the Government of Kenya.

Young Africa Works, is focused on finding solutions to the youth employment challenge and reducing poverty in Africa. It aims to bridge the significant gap between the number of young people seeking work and the limited employment opportunities available to them.

In a continent with a youthful and the fastest-growing workforce, Young Africa Works is committed to ensuring that 30 million young people in Africa, particularly young women, secure dignified and fulfilling work.

Internationally, we work with other signatories of UNEP-FI Principles for Responsible Banking to promote international best practices and collaborate on current challenges through the Collective Commitment to Climate Action (CCCA), which is the most ambitious global banking sector initiative to support the transition to a net zero carbon emission economy by 2050.

UNEP-FI Principles for Responsible Banking has over 38 member banks from all six continents representing more than US$ 15 trillion in assets. KCB is committed to aligning their business strategy with the goals of the Paris Agreement on Climate Change.

Our partnering culture has been invaluable in our contribution to the private sector’s economic recovery efforts, following the pandemic. In addition to our usual initiatives, we quickly launched joint initiatives with players in government, the private sector and the non-profit sector. Examples include partnership between the KCB Biashara Club and the International Finance Corporation (IFC) to provide COVID-19 webinars to over 12,000 SMEs.
KCB Group since the year 2008 adopted the Global Reporting Initiative (GRI) guidelines for its Sustainability Reporting. These guidelines have evolved over the years and it provides an opportunity to benchmark the report with global best practice expectations. The main objective of GRI is to enable organizations to be transparent about sustainability, their impacts as a business concern. In the year 2018/2019 KCB Group with 28 other global banks came together to develop, approve, launch and sign the Ten Principles of the UN Global Compact (GRI) guidelines for Global Reporting Initiative (GRI). KCB also is a member of the SFI that was launched in 2015 and it brings together all banks to adapt and support the Sustainable Finance Initiative (SFI) Guiding Principles but also integrate them to ensure responsible business for People, Planet and Profit.

The SFI is grounded on three main priorities, Comprehensive risk management; Enhancing best business practice, leadership and governance through engagement and capacity building at the board and senior management levels; and Promoting industry growth and development by fostering a culture of innovation and inclusivity. These priorities are driven by the Sustainable Finance Initiative (SFI) Guiding Principles but also integrate universal sustainability principles and to undertake partnerships in support of UN goals. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. KCB has been deliberate to integrate the Ten Principles of the UN Global Compact (GRI) into its sustainability reporting. These guidelines provide an important opportunity to benchmark the report with global best practice expectations.

The Sustainable Finance Initiative (SFI) is a UN partnership between UNEP and the UNEP-Finance Initiative (FI) focused on mainstreaming. This is a UN partnership between UNEP and the UN Global Compact (GRI) guidelines for global financial sector to mobilize private sector partnerships in support of UN goals. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. KCB has been deliberate to integrate the Ten Principles of the UN Global Compact (GRI) into its sustainability reporting.

The Shared Value model is a business strategy designed to solve social issues profitably. It does this by leveraging the resources and innovation of the private sector to create new solutions to some of society’s most pressing issues. It creates a more prosperous environment in which to operate, making business more sustainable and resilient. KCB has been proactive in using this platform to share some of its sustainable programmes it is implementing under this shared value model to solve societal problems as well as contribute to business growth and make sustainability some day in practical ways. This is a source of learning best practices from a global financial sector to mobilize private sector partnerships in support of UN goals. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. KCB has been deliberate to integrate the Ten Principles of the UN Global Compact (GRI) into its sustainability reporting.

The Task Force on Climate-related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders on climate-related risks and opportunities and facilitate financing the transition to a more stable and sustainable economy. In June 2019 KCB Group joined other global banks in support of this initiative by leveraging the resources and innovation of the private sector to create new solutions to some of society’s most pressing issues. It creates a more prosperous environment in which to operate, making business more sustainable and resilient. KCB has been proactive in using this platform to share some of its sustainable programmes it is implementing under this shared value model to solve societal problems as well as contribute to business growth and make sustainability some day in practical ways. This is a source of learning best practices from a global financial sector to mobilize private sector partnerships in support of UN goals. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. KCB has been deliberate to integrate the Ten Principles of the UN Global Compact (GRI) into its sustainability reporting.

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Boda boda transportation

Boda boda transportation has become a common mode of transportation in East African countries. Over the past few years, it has become a key feature of city roads. With the rise in road traffic in larger cities, boda boda has become a preferred and affordable option for many people to move around. The booming nature of the boda boda industry has attracted a number of people into the business venture becoming a source of income for many Kenyans. The Boda Boda Safety Association has now approximately 1.4 million members countrywide.

Nonetheless, with the increasing cost of living, the income earned by most boda boda riders is spent on day to day expenses with nothing much left to improve their financial background. To help boda riders structure their business and plan ahead, accrue social security and saving, KCB developed the Boda Boda investment scheme in line with SDG 8 to ensure the riders derive more benefit from this trade.

The Investment Scheme has been set up to facilitate savings and provide benefits to members of the Boda Boda Safety Association of Kenya across the country. Members will contribute KShs. 50 per day into the fund, representing approximately KShs. 25.6 billion per annum. To ensure accessibility to affordable health care in line with SDG 8, contributions made in line with NSIF and NHIF payments are made on behalf of all members, thus supporting the health and wellbeing of 1.4 million people.

The contributions will be collected by KCB Bank Kenya Limited. The bank will also provide Custody Services for the investment scheme, while Nabo Capital Limited will provide Fund administration and Investment Management services for the scheme.

This Scheme is a great example of what partnerships can accomplish for the benefits of Kenyans. The Boda Boda Investment Scheme was launched on Friday 23rd October 2020 by His Excellency the President Hon. Uhuru Kenyatta, C.G.H at Pumwani Social Hall.

The booming nature of the boda boda industry has attracted a number of people into the business venture becoming a source of income for many Kenyans. The Boda Boda Safety Association has now approximately 1.4 million members countrywide.
Partnership During the Pandemic

We rolled out the 2jiajiri Infrastructure Loan to support over 65,000 Kenyan schools to meet COVID-19 re-opening mandates, as stipulated by the Ministry of Health and the Ministry of Education. Through the Business Support Fund, we provided financing to County governments to fight the spread of the pandemic as well as the humanitarian support. KCB Group also supported the registration and government to support MSMEs through fund management, credit scoring and guarantees.

Partnership with our suppliers

Our suppliers are key partners of ours, including them in our sustainability drive is a strategic way for us to lead the efforts of our extra business ecosystems, helping our suppliers to adopt greener and more sustainable business operations. Sharing with them our new strategy and innovation is part of helping them adopt the same best practices that our success is built on. For this reason, a large part of our supplier engagement, including our annual supplier conference, was this year dedicated to the new automated procurement processes. Though we initiated procurement automation protocols before COVID-19, the pandemic hastened the need for remote solutions. In response, KCB accelerated the implementation of automated procurement to enable suppliers to trade with us in this new context.

The Bank is now able to continuously quality suppliers, assess them online, and provide real-time notifications on all available tenders. This increased transparency also enhances the Group’s ability to prevent fraud.

Partnership with our suppliers

We have also continued prioritizing procurement from selected groups of suppliers, be they local, women or youth led. We are also starting to integrate partnerships with local and international suppliers, across them online, and provide real-time notifications on all available tenders. Transparency also enhances the Group’s ability to prevent fraud.

65,000

We rolled out the Learning Institutions Infrastructure Loan to support over 65,000 Kenyan schools to meet COVID-19 re-opening mandates, as stipulated by the Ministry of Health and the Ministry of Education. Through the Business Support Fund, we provided financing to County governments to fight the spread of the pandemic as well as the humanitarian support.

KCB Foundation

Through the Shared Value programme the Foundation is investing in communities to accelerate the social transformation agenda of the KCB Group in line with our socio-economic and social investment strategy. As such, the KCB Foundation has been highly instrumental in our socio-economic impact programmes, as well as flagship initiatives such as 2jiajiri. 2jiajiri is the Foundation’s most important program through which we provide targeted skills and enterprise development to the youth, so they can set up their own businesses.

Because of the exceptional performance of the 2jiajiri programme, KCB Foundation has continued to attract partnerships to upscale the programme. A key achievement was a KShs. 12.5 billion (US$125 million) partnership with the Mastercard Foundation’s Young Africa Works to create over 1.5 million decent work opportunities for young people in Kenya over the next five years. This is the largest and most ambitious such plans, we believe our capacity to hold true to our commitment will turn the tide of youth unemployment.

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The Bank is now able to continuously quality suppliers, assess them online, and provide real-time notifications on all available tenders. This increased transparency also enhances the Group’s ability to prevent fraud.
Additionally, in order to ease the heavy financial burden and reduced incomes among our 2jiajiri beneficiaries, we distributed KShs. 15 million. In response to these challenges, the Foundation set aside KShs. 25 million under the ‘Save Life Initiative’ response fund to cushion 1,000 needy households in informal settlements within Nairobi. We also initiated a social support programme in partnership with online retail aggregator Sokowatch to support beneficiaries in programs still running. KShs. 8 Million was allotted for back-to-school expenses to each of our High School Scholarship program beneficiaries in Juja and Rungiri in Kiambu County. Additionally, we rerouted nearly KShs. 8 million to support communities affected after the COVID-19 outbreak. We remain keen on partnerships with similar organizations to scale our impact even further. Additionally, we contributed KShs. 1 million to 500 2jiajiri beneficiaries via a monthly stipend of KShs. 1,000. To support income generation and farm infrastructure, we distributed KShs. 5 million to 2jiajiri farmers to meet their agricultural needs. Additionally, we contributed KShs. 1 million to our High School Scholarship program in response to food shortages. A monthly stipend of KShs. 1,000 per student was disbursed for five months, from March through July, to 1,070 pupils. Additionally, we contributed KShs. 1 million to 2jiajiri beneficiaries in Juja and Rungiri in Kiambu County. Additionally, we contributed KShs. 5 million to 2jiajiri beneficiaries via a monthly stipend of KShs. 1,000. Additionally, in order to ease the heavy financial burden and reduced incomes among our beneficiaries, we distributed KShs. 15 million. In response to these challenges, the Foundation set aside KShs. 25 million under the ‘Save Life Initiative’ response fund to cushion 1,000 needy households in informal settlements within Nairobi.

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KShs. 1 Million

In a related initiative to strengthen our inclusion commitment to education and job opportunities for People Living with Disabilities, we distributed KShs. 1 million to 500 2jiajiri beneficiaries via a monthly stipend of KShs. 1,000.
Transparency and Accountability

The KCB Group subscribes to the Principles of Responsible Banking and is aligned with the robust statutory and international commitments to ensure we meet the highest expectations of governance and integrity by our stakeholders, government, society at large, customers and all employees. We believe in the philosophy and principles of integrity, accountability and transparency in our operation.

We have implemented this alignment by deploying technology to establish an effective governance framework. This is consistent with our third strategic thrust to ensure the Bank is digital to the core. Our investment in digital technology enables us to guarantee the integrity of our systems. This advanced system integrity enables us to naturally delegate authority and increase the efficiency with which we serve our customers. All staff decisions can be monitored, which not only leads to greater accountability and transparency in our operations, but also effectively blunts any fraudulent activities.

In Rwanda, our digital focus has enabled us to play a key role in introduction of initiatives in partnership with the regulatory authority aimed at promoting connectivity and transparency of the industry. We have contributed to digital financial infrastructure in the country through electronic data warehousing. In addition, we have been involved in the development and registration of Bank Electronic Platform (BEPS) which is a public account at each bank’s pricing structure for products. This will provide consumers the ability to compare and make informed banking decisions.

In South Sudan, the bank has undertaken a lead role in public finance reforms that promote transparency and accountability, especially in the increased use of personal and business income taxes.

Governance and Integrity

The Board operates within a clearly defined governance framework which provides for delegated authority and clear lines of responsibility without abdicating the responsibility of the Board. Through the framework, the Board sets out the strategic direction of the Group while entrusting the day-to-day running of the organization to the executive management led by the Group Chief Executive Officer & Managing Director, with their performance against set objectives and policies closely monitored.

The Board

The Board of KCB Group has ultimate authority over and oversight of the Group. In this role, it is guided by the philosophy that responsible banking creates value for the Group and society at large. Responsive thinking, effective leadership, enhanced accountability, heightened transparency and robust risk management characterize the Board’s approach to its role. The Board continues to comply with the Corporate Governance Guidelines and code of best practice as determined by the Capital Markets Authority. The Group’s capital, financial planning and risk appetite are also other matters reserved by the Board.

The Board Charter sets out the role and responsibilities of the Board and determines the terms of reference for each Board committee. The Board sets out the strategic direction of the Group while entrusting the day-to-day running of the organization to the executive management led by the Group Chief Executive Officer & Managing Director in turn delegates aspects of his own authority to members of the Executive Committee (EXCO) and the Management Credit Risk Committee (MCRC).

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The fundamental relationships between the stakeholders, Board, committees and executive management are illustrated below:

The Board Charter, which has been approved and is regularly reviewed by the Board, provides for a clear definition of the roles and responsibilities of the Group Chairman, directors as well as the Company Secretary. The roles and responsibilities of the Group Chairman and the Group Chief Executive Officer & Managing Director are different and distinct with a clear division of responsibility between the running of the Bank and the Group’s overall management and the representation of Shareholders. At its meeting in March 2020, the Board approved the renewal of the Group Board Charter.

The Human Resources Committee of the Board is responsible for setting and administering the executive Directors’ remuneration policy. The Articles of Association of the Company set out the rules for the appointment of new directors. The shareholders must elect the Board, which shall comprise a maximum of eleven Directors. The current Board consists of three female members out of a total of 12 members. Going forward, the Board will be keen to maintain diversity at senior management levels to achieve the 50:50 gender balance target.

The Board comprises two Executive Directors, one non-executive Director and eight independent non-executive Directors. The nomination of new directors is overseen by the Chairman and the Group Chief Executive Officer & Managing Director. The process is supervised by the Company’s Articles of Association. The Board Charter approves the establishment of a Nominations committee. The process is separate and distinct from the previously existing HR & Nominations committee.

In 2019, the Board established a Nominations committee responsible for the nomination of new directors which includes the Group Chairman, the Group Chief Executive Officer & Managing Director and a representative of the Company Secretary. The Committee identifies and nominates a shortlist of candidates and may engage the services of a professional intermediary to provide assistance in identifying and assessing potential candidates. The Committee approves the shortlist before a final decision is made. Prior to confirmation of appointment, all Directors are required to meet the fit and proper requirements laid out in the Prudential Guidelines issued by the Central Bank of Kenya.

The Board Charter provides that non-executive Directors are normally expected to serve a term not exceeding a total of eight years, subject to re-nomination by shareholders as required under the Company’s Articles of Association. The Board Chairman would normally be expected to serve a maximum term of ten years in that capacity.

The Board was keen on improving the inclusivity target in the current Board. The Board will be keen on improving the inclusivity target at senior management levels to achieve the 50:50 gender balance target.

The Board works to ensure that all shareholders are treated equitably and their rights are protected. The Board is committed to maintaining transparency and accountability to our shareholders and investors. The Board seeks to ensure that all shareholders are treated equally and that their rights are protected. The Board actively reviews the social, environmental and governance policies and periodically reports to the Company on its sustainability performance.
risk appetite in April to address impact of increased infections. The Group has suffered is now considered among staff. The crisis team meets on a daily basis and ensures that emerging risks or risk-taking activities are identified, escalated, and addressed in a timely manner.

The Group started the year 2020 with Credit, ICT risk and reconciliation risk as the significant risks we were facing. However, the outbreak of the COVID pandemic caused external events risk to move to the top of our risk profile given the impact of the pandemic on people, business and the economy. The Group has suffered one fatality and a high risk. The operations, products and services of KCB Group Operating Entities are designed to promote the dignity of communities and safeguard the environment.

Risk Management

Risks are inherent in our day-to-day operations and a robust risk management ensures a balanced and responsible growth through the adoption of an appropriate risk-reward strategy. The risk-management strategy of the Group is designed to support the achievement of the strategic objectives of the Group and ensure the return on capital is adequate and risk-taking is within the specified risk appetite.

Risk appetite at the Group constitutes an effective risk management culture that enables informed decisions, and for the allocation of capital in respect of risks. The Group continues to enhance cyber security and ensures that emerging risks or risk-taking activities are identified, escalated, and addressed in a timely manner.

Risk Management

The Group is committed to complying with legislation and regulations that enhance economic development and protect communities and the environment. The operations, products and services of KCB Group Operating Entities are designed to promote the dignity of communities and safeguard the environment.

This includes establishing the risk appetite and risk capacity, approving the risk management policies and methodologies for risk assessment and control, and implementing risk management policies and methodologies in a framework for risk management and a key tool for integrating risk into strategic, capital allocation, and risk management. The risk appetite document defines the risk appetite of the Group. The Board of Directors establishes the risk appetite framework, taking into consideration the recommendations of Senior Management. The risk appetite is translated into targets and limits for the business lines. The risk appetite document also establishes the roles and responsibilities of the Board of Directors and senior management in formulating the risk appetite statement.

The Group develops and maintains a risk-management culture that enables informed decisions, and for the allocation of capital in respect of risks. The Group continues to enhance cyber security and ensures that emerging risks or risk-taking activities are identified, escalated, and addressed in a timely manner.

In response to the Coronavirus pandemic, the Central Bank of Kenya requested all financial institutions to re-submit revised ICAAP documents with increased limits on internet and mobile platforms. Fraud risk grew much higher on digital platforms due to increased usage of internet and mobile platforms as well as enhanced abilities on these platforms. The Group continues to enhance cyber security capabilities across its entities with continuous investment in emerging and existing cyber risk activities. The Group, through its risk management systems is designed to manage and monitor online & mobile banking threats, and ensures that emerging risks or risk-taking activities are identified, escalated, and addressed in a timely manner.

The Group is committed to complying with legislation and regulations that enhance economic development and protect communities and the environment. The operations, products and services of KCB Group Operating Entities are designed to promote the dignity of communities and safeguard the environment.

The KCB Group is committed to monitoring the adequacy of its capital through the Internal Capital Adequacy Assessment Process (ICAAP). The proposed measures to strengthen the balance sheet are evaluated with due consideration of the impact of the pandemic and for the allocation of capital in respect of risks. The policy of the Group is to maintain capital adequacy at a level higher than the minimum requirements stipulated by the regulatory authorities and not lower than the level of capital adequacy required to cover the risks, as assessed in the Internal Capital Adequacy Assessment Process (ICAAP).

There has been an increase in cybercrime as cyber criminals seek to gain financially from the spread of the pandemic.
Material Topics

GOVERNANCE AND INTEGRITY

The Group’s strategic thrust into the digital arena culminated in enhanced Ethics awareness initiatives to sustain best in class ethical conduct and reinforce ethical obligations to all staff.

The Head of Compliance and Ethics, reporting to the Group Chief Risk Officer, acts as the Group’s Designated Shared Services Center for Ethics and is the focal point of advice and support to all staff on ethical behaviour. Each KCB subsidiary has a Risk and Compliance Officer, and each business unit has an Ethics champion thus ensuring the highest respect for our ethical culture throughout the KCB Group and across all territories in which we operate. The Group upholds customer data confidentiality and controls including the implementation of the Data Management Framework across the Group. This management program focused on strengthening our policies and procedures to protect their own data but also how to do so. The Group has fully embraced the requirements of the Kenya Data Protection Act 2019 and has its Data Protection Officer, who is responsible for periodic communication issued to all staff.

Over and above the Consumer Protection laws and regulatory guidelines, the Group has fully embraced the requirements of the Kenya Data Protection Act 2019 and has its Data Protection Officer, who is responsible for periodic communication issued to all staff. Any cases involving breach of customer confidentiality are noted, investigated by the Forensics team and disciplinary action taken where necessary. KCB Group complies with all laws and regulatory requirements and continuously ensures that internal policies are aligned in the respective jurisdictions the Bank operates. The Group also consistently invests in public communication campaigns to sensitize our customers and all stakeholders not only on the need to protect their own data but also how to do so.

Sustaining Ethics at KCB Group

KCB Group recognises the important role it plays in the economy and the high level of trust it enjoys from its customers and stakeholders, in order to sustain this performance, all staff and other parties working for or on behalf of the Group are called upon to uphold Ethical business conduct to the highest level of trust it enjoys from its customers and stakeholders, in order to sustain this performance, all staff and other parties working for or on behalf of the Group are called upon to uphold Ethical business conduct.

The Code of Ethical Conduct is reviewed every three years at the minimum upon the Bank’s policy review requirements. However, the Code of Conduct is also reviewed on an ad hoc basis whenever there are significant changes in the operating environment or internally and externally that present matters requiring review. The Group’s strategic thrust into the digital arena culminated in enhanced Ethics awareness initiatives to sustain best in class ethical conduct and reinforce ethical obligations to all staff.

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Material Topics

Compliance Culture
The Group maintains a strong compliance culture that ensures adherence with the applicable laws and regulations. This is achieved through reinforcing individual accountability, risk management awareness, proper training and cascading of policies to staff and encouraging open and transparent dialogue. The Group Code of ethical conduct outlines the behaviors and standards of ethical conduct required of Staff and other stakeholders acting for the Group.

The following risk management policies/documents of specific relevance to sustainability include:

- KCB Group Risk Appetite Policy document
- KCB Group, Anti-Money Laundering Policy
- KCB Group Code of Ethical Conduct Policy
- KCB Group Whistle Blowing Procedures
- KCB Group Sanctions, Embargoes and Watch-list Compliance Policy
- KCB Group Reputation Risk Policy
- KCB Group Strategic Risk Management Policy
- KCB Group Fraud Risk Policy
- KCB Group Outsourcing Policy
- KCB Group Code of Ethical Conduct Policy
- KCB Group AML Compliance Policy

COVID-19 and Ethics
KCB continued to uphold its compliance and ethics culture in the midst of the pandemic, continuing with the KCB Group Code of Ethical Conduct, while complying with the Pandemic Response plan and other Bank Policies relating to the pandemic. Alternative working arrangements were complied with.

KCB Group Whistle Blowing system: ‘Voice Your Concerns’
KCB has established a reporting channel for staff to voice concerns. There is an internal reporting channel to the Ethics Office where staff can call or email for reporting. Should they choose to report anonymously, they can use KCB’s external channel administered by Deloitte dubbed ‘Voice Your Concerns’, available on KCB@tip-offs.com. These channels are well communicated and publicized to staff.

There is an internal reporting channel to the Ethics office where staff can call or email for reporting. Should they choose to report anonymously, they can use KCB’s external channel administered by Deloitte dubbed ‘Voice Your Concerns’, available on KCB@tip-offs.com. These channels are well communicated and publicized to staff.

The following process is followed when a staff reports a harassment concern:

Step 1 – Filing a complaint
Step 2 – Screening and acknowledgement of complaint
Step 3 – Review of the complaint
Step 4 – Mediation
Step 5 – Investigation
Step 6 – Decision

Consultations that require forensic investigations are taken up by the Forensic Services team.

In 2020, the Group achieved 100% response and resolution of all ethical concerns reported by staff.

Total number of concerns reported, the type of misconduct reported, and the percentage that were answered during the reporting period are as below:

<table>
<thead>
<tr>
<th>Source of Concern</th>
<th>Number Reported</th>
<th>Resolved/Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Ethics reports</td>
<td>24</td>
<td>24 (100% resolution rate)</td>
</tr>
<tr>
<td>External Whistleblowing</td>
<td>10</td>
<td>10 (100% resolution rate)</td>
</tr>
<tr>
<td>Governance</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>HR Related Grievances &amp; Services</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>44 (100% resolution rate)</td>
</tr>
</tbody>
</table>

We look forward to maintaining this high level of response in 2021.

Anti-corruption and bribery
The Group maintains a zero-tolerance approach to bribery and corruption. The following guidelines are set out in the code of ethical conduct:

1. Not accepting any form of personal payment or other form of inducement.
2. Directly or indirectly soliciting, arranging or accepting a bribe or inducement of any form.
3. To make or receive offers, gifts, or any facilitation fee, bribe, or inducement in any form.
4. The Group maintains a zero-tolerance approach to bribery and corruption. The following guidelines are set out in the code of ethical conduct:

- Not to knowingly assist a person or a private entity to give or receive a bribe.
- ii. Directly or indirectly soliciting, arranging or accepting a bribe or inducement of any form.
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GOVERNANCE AND INTEGRITY

Material Topics

Talent Development ranked the Bank at position two out of 66 organizations for supporting its employees and nurturing a conducive working environment. The Bank was also recognized as the ‘Best Bank’ and ‘Best Sustainable Bank’ globally for supporting its employees and nurturing a conducive working environment. Additionally, the Bank was also named the ‘Safest Bank in Kenya’ by Global Finance on eight consecutive occasions.

In May, the prestigious Association for Talent Development (ATD) ‘Best Award’ ranked the Bank at position two out of 66 organizations in the category of ‘Outstanding Talent Development’.

Awards and Recognition

KCB Group Plc ranks at 66 globally in The Banker’s Top 1000 World Banks. The Group climbed 122 places in the survey having been ranked at position 777 in 2019 and position 559, the year before. Adapting to the Bank's business model, The Bank was awarded the title of ‘Global Finance’s Safest Bank’ in the category of ‘World’s Safest Banks’. Additionally, the Bank was also named the ‘Best Bank for Sustainable Finance’ by Global Finance in The Banker’s Top 1000 World Banks category. The Bank was also recognized as the ‘Best Bank’ and ‘Best Investment Bank’ by Global Finance in 2020.
Environmental Responsibility

KCB Group has long acknowledged that all operations impact the environment in which we live and operate. The Group’s long-term commitment to the highest international environmental standards enables it to integrate fully the environment in its strategy and operations. In view of the size of our organization and the industry we operate in, we are cognizant of our responsibility to help all our stakeholders throughout the region to become more environmentally conscious and adopt appropriate solutions to mitigate their environmental impact. The Group’s commitment to such high environmental standards acts as a catalytic driver for the regions desired sustainable future.

The KCB Green Agenda

As such, our ‘Green Agenda’ runs throughout our entire business, from identifying new strategic partnership opportunities, financing solutions, funding mechanisms and best practices that can be deployed by our customers. It also supports the Group to mobilize our staff along our environmental commitment to reduce our environmental footprint.

KCB’s ‘Green Agenda’ is at the heart of the group new strategy. In line with the Principles of Responsible Banking, KCB Group is aligning this Green Agenda with international standards such as the Paris Agreement of which Kenya is a signatory and the SDGs. As one of the founding signatories of the UN Principles for Responsible Banking, KCB Group is also proactively incorporating its commitments into all of its operations.

KCB is the first banking conglomerate in Africa meeting with 40 other international stakeholders as part of the UN Climate Action. KCB Group also contributed to the development of the Partnership for Carbon Accounting Financials (PCAF) methodology and will pilot this new system in its portfolio in 2021.

Material Topics
KCB Group is also working to set clear targets to drive the implementation of this agenda, for all entities of the group, and for our own clients to ensure we are an example of more environmentally friendly business practices, at all levels of our business ecosystem.

On an annual basis, KCB Group conducts an assessment on the percentage of the corporate book that is Environmental and Social Impact Assessment (ESIA) compliant in 2020. Our goal is to continue to raise our compliance and performance through our work on Carbon Accounting, our work with the Collective Commitment to Climate Action (CCCAs) and our accreditation to the Green Climate Fund (GCF).

Green Lending Portfolio

The new strategy supports our green lending portfolio. We are looking at increasing our green finance portfolio by 15% over the next 5 years. Cumulatively, green projects estimated within our corporate and SME portfolio combined stood between US$ 162 million and US$ 188 million. This equates to at least 2% of the net loans issued by the Group in 2020.

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This equates to at least 4.2% of the net loans issued by the Group in 2020.

Group in 2020. Current net loans and advances stood at US$ 7.759 billion with the green portfolio estimated at approximately US$ 279 million. At the end of 2020, KCB Group had screened loans worth KShs. 11.8 billion through its Environmental and Social Governance Risk Due Diligence. 15 corporates represent the bulk of these, at KShs. 3 billion in their green journey.

Over the last five years, KCB Bank has incorporated the Social and Environmental Management System (SEMS) into its lending processes. The policy, which was reviewed and updated this year, ensures that our work on Carbon Accounting, our work with the Collective Commitment to Climate Action (CCCAs) and our accreditation to the Green Climate Fund (GCF) continues.

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KCB Bank Kenya receives the Green Climate Fund (GCF) Accreditation

KCB has been accredited by the UN Green Climate Fund (GCF) a major milestone for our country. KCB Bank Kenya can access funds from GCF to support clients and customers interested in investing in Climate Mitigation and Adaptation portfolio and prepare their project proposals.

2010 YEAR OF INCEPTION

The Green Climate Fund
commonly known as GCF; it is a UN body that was formed by 194 countries through the United Nations Framework Convention on Climate Change (UNFCCC).

This is a major milestone for Kenya the bank and East African region. It has opened the Climate Finance and Green Economy space for the East Africa Region.

KCB Bank Kenya is the first bank in the industry and the First Private entity to receive this accreditation.

The Accreditation allows the bank to receive Green Climate Funds within the range of US$ 50 Million to US$ 250 Million.

Role of the fund
To support developing countries reduce their greenhouse emissions and enhance their ability to respond to climate change through adaptation and mitigation measures.

$50M to $250M
The amount of money KCB is set to receive to lend to medium to large private sector category. The other accredited entity in Kenya is National Environmental Management Authority (NEMA) under public sector category that can access grant up to US$ 10 Million.

GCF reviews the proposal against its policies and conducts a technical assessment.

Customers interested in developing climate-resilient projects can now apply for green funding and can assess preparation funds, feasibility grants and green loans. The accreditation process:

1. The project must receive a letter of no objection from the National Designated Authority (NDA) in this case National Treasury office.

2. The bank reviews proposal against its policies as well as GCF policies.

3. The Accreditation allows the bank to receive Green Climate Funds within the range of US$ 50 Million to US$ 250 Million.

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ENVIRONMENTAL RESPONSIBILITY

Material Topics

Greenhouse gas emissions

The bank secured US$ 150 million from the International Finance Corporation and other core lenders to support climate sensitive investments for large SMEs and Corporate customers.

KCB Group also contributed to the development of the Partnership for Carbon Accounting Financials (PCAF) methodology in 2020. We will pilot the new system in our portfolio in 2021.
The Renawable biomass briquette projects offer Burundi boarding schools improved cooking technology which cuts their expenses hence reducing their socio-economic status. More so the project offers employment opportunity to the local community throughout its lifecycle. It provides direct employment opportunities for local people (improved cookstoves supplied to schools which are involved in marketing campaigns, renewable biomass supply, clean and distribution channels, marketing campaign).

This projects fosters health benefits for the community. By reducing indoor air pollution, it reduces the risk of respiratory diseases, especially for women and children (stenosis, lung cancer and asthma due to smoke in rural households). By reducing indoor air pollution, it promotes the health of women and children in the households (infections, lung cancer and asthma due to smoke in rural households). It also offers benefits to the environment. The biomass briquettes projects promote the sustainable management of waste PET bottles. Kenyan manufacturers Association (NEMA) announced a cooperation agreement with Kenya Manufacturers Association (KMA) to promote the recycling of PET bottles. This is about the time Harrison had gotten the idea of recycling plastics. He invested in a press machine, before being transported to a larger machine, before being transported to a larger company in Athi river where they are further recycled. Harrison is now discussing with KCB the possibility of financing the purchase of additional machinery required for the full recycling process in his company.

To start the company, Leonard found financial difficulties and had to suggest to his partners to take day jobs such as hauling the garbage collection trade and personal uses. Despite the specific risks represented by his venture, KCB felt particularly interested by the environmentally conscious approach of Leinard Ventures and Harrison’s commitment to play part along the goal of responsible consumption and production (SDG 12) and his approach of job creation for a casual workers (SDG 8). goals shared by the Bank.

Leinard Enterprises

Harrison is now discussing with KCB the possibility of financing the purchase of additional machinery required for the full recycling process in his company in the Nairobi city and the estates, through which KCB Bank drives its impact on financial management. Harrisson is now discussing with KCB the possibility of financing the purchase of additional machinery required for the full recycling process in his company. KCB Bank offered credit facilities to the company and supported Harrison with tailor made training in financial management. Harrison is now discussing with KCB the possibility of financing the purchase of additional machinery required for recycling worth approximately KShs. 400,000.

KShs. 400,000

Harrison is now discussing with KCB the possibility of financing the purchase of additional machinery required for the full recycling process in his company. KCB Bank offered credit facilities to the company and supported Harrison with tailor made training in financial management. Harrison is now discussing with KCB the possibility of financing the purchase of additional machinery required for recycling worth approximately KShs. 400,000.
Internal Resource Consumption

In 2020, KCB Group was able to leverage fully on the movement restrictions put in place as a result of COVID-19 to accelerate our performance in reducing our resource consumption. As a result, there was a significant reduction in fuel consumption of 23.49% across all our business units. The group also focused on automation to LED lighting reducing power consumption by 21.96%. We also saw a reduction in paper consumption by 8.62% and a reduction in water consumption by 10.67% following our water recycling initiatives in our various branches.

The Group implemented a number of other waste management initiatives which include recycling of paper waste and recycling of batteries in association with Associated Battery Manufacturers. The Group installed LED lighting in 36 additional branches, which brought us to a total of 89 out of 207 branches, representing over 40% of the network.

PRB self assessment tool kit

W
We have already adopted the UN Sustainable Development Goals and the United Nations Principles for Responsible Banking as part of our reporting mandate. As a signatory bank, we are part of the UN Principles for Responsible Banking and other commitment we made last year, the KCB Group proactively incorporates these commitments into all of our operations. We have also capacity building sessions to support staff in acclimatizing to this new normal, and as our strategic review, we introduced new KPIs and targets related to these additions to our focus areas. As part of our commitment under the Principles for Responsible Banking, we will report on our implementation of the Principles within the 18 months after signing and then annually thereafter. This covers the Bank’s impact analysis, target setting, plans for implementation and monitoring, progress and finally the governance structure. We have the initial PRB Reporting and Self-Assessment Template at the end of this report.

As a signatory bank for the Principles, we are also part of the UN Collective Commitment to Climate Action (CCCA). This is the most ambitious global banking sector initiative to support a transition to a net zero economy by 2050, in line with the Paris Agreement of 2015. CCCA banks represent over US$ 15 trillion in assets, and as KCB Bank we are taking decisive action on reducing carbon emissions from our lending portfolio from 2021 onwards. These guidelines provide the tools and framework for over 200 signatory banks to align their business with a low carbon world.
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To fulfill the requirements, we established a process that is in its most significant (potentially) positive impact areas, with a budget of 10% of the Bank's profit after tax to be allocated to the Bank's sustainability initiatives.

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We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To fulfill the requirements, we identified a process that is in its most significant (potentially) positive impact areas, with a budget of 10% of the Bank's profit after tax to be allocated to the Bank's sustainability initiatives.
1.3 Plans for Target Implementation and Monitoring

The Bank has fulfilled the requirements of Plans for Target Implementation and Monitoring. It is transitioning from the Ten Point Action plan to reporting on targets aligned with the adopted SDGs from 2021. The Bank has fulfilled the requirements of Plans for Target Implementation and Monitoring. It is transitioning from the Ten Point Action plan to reporting on targets aligned with the adopted SDGs from 2021.

2015-20 strategy firmly puts the customer first serving them through an upgraded IT architecture and digital services. The Bank has identified 2020 as the baseline year for collecting and reporting SDG data, and all targets will be reported against this baseline.

The Bank has set and reported on many KPIs in a SMART manner

87 loans were screened for environmental and social due diligence, against a target of 70 in 2020.

The Bank has set three sustainability policies in place – Sustainability, SEMs, and Credit. These refer to international standards such as the International Financial Corporation (IFC) Performance standards, relevant national laws and policies which are updated every five years to reflect new updates. The Bank’s

KCB Bank reported progress under the targets through its Ten Point Action Plan. Over 90 KPIs were collected under Responsible Lending, Empowering Youth and Community, Talent Management and Diversity, Product Development and Innovation, Ethics and Integrity, Environmental Footprint, Cybersecurity Awareness, Partnerships and Portfolio Reimagining. However, in 2021, we

1.1 Provide an overview of PRB goals, priorities, strategy, and progress report on actions implemented (and/or planned), their outcomes and impacts, and their alignment with and greater contribution to international, national, or regional frameworks. The Bank is also actively increasing its green lending portfolio, with a 15% increase planned over the next 5 years.

These initiatives are linked to the Bank’s adopted SDG 13 Climate Action. The Bank is also focusing on environmental and social impact, with a view to maximize positive impact.

The Bank has identified 2020 as the baseline year for collecting and reporting SDG data, and all targets will be reported against this baseline.

Since 2017, the Bank has engaged in Portfolio Reimagining to assess the negative impact of its lending portfolio. This has created a focus on environmental and social impact, with a view to maximize positive impact.

The Bank has identified 2020 as the baseline year for collecting and reporting SDG data, and all targets will be reported against this baseline.

The Bank has piloted an internal data collection tool for progress on indicators for its nine adopted SDGs. This tool collects data from every division on a quarterly basis. The Bank is also exploring adoption of other internationally accredited tools for collecting data on impact.

The Bank has identified 2020 as the baseline year for collecting and reporting SDG data, and all targets will be reported against this baseline.

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Today’s KCB group has put in place the measures to ensure strong governance and support the set target. Definitions of key performance indicators, any changes in these definitions, and any rebasing of targets should be transparent.

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The Bank has fulfilled the requirements of Plans for Target Implementation and Monitoring. It is transitioning from the Ten Point Action plan to reporting on targets aligned with the adopted SDGs from 2021.
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

Principle 4: Stakeholders

1.2 Describe issues were addressed/results achieved.

has identified relevant stakeholders and what include a high-level overview of how your Bank developed, and, where possible, the impacts planned/implemented, products and services and enable sustainable economic activities.

The Bank is an founding Bank and active partner in the UN’s Principles for Responsible Banking, sharing experience and best achievements, and KCB has been nominated and won many such awards.

The Kenya Private Sector Alliance works with companies in Kenya to align with the SDGs. High performers are recognized for their.

KCB Group is an founding Bank and active partner in the UN’s Principles for Responsible Banking, sharing experience and best

The Bank also works with various local and international partners to improve the Bank’s sustainability impact.

KCB Bank Rwanda partnered with SPF Ikigega to boost agribusiness MSMEs linking 22,685 farmers to inputs and training 6,855.

and records management. We also helped in the establishment of 12 demonstration farms to support livestock productivity,

During COVID, mobile Banking charges for transactions up to 1000, balance inquiry and transfers were waived.

customers are supported by thousands of agent and merchant outlets across the region.

This represents numerous individuals whose shelter was secured, thousands of small, medium and micro businesses that remained in operation, thousands of school fees invoices settled on time and countless other forms of bills that were paid. Additionally, the customers are supported by thousands of agent and remittance agencies across the region.

The Bank is focused on providing financial inclusion to our customers through digital Banking channels through its new strategy “Beyond Banking” for 2020-2022. KSh 106.1 billion worth of loans were restructured for clients. There was a tenfold growth in mobile Banking adoption.

The Bank is focused on providing financial inclusion to our customers through digital Banking channels through its new strategy “Beyond Banking” for 2020-2022. KSh 106.1 billion worth of loans were restructured for clients. There was a tenfold growth in mobile Banking adoption.

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The KCB Legal division, Risk division and Group internal audit provide monitoring and reporting on overall sustainability risks.

Relative Sustainability

The Bank is focused on providing financial inclusion to our customers through digital Banking channels through its new strategy “Beyond Banking” for 2020-2022. KSh 106.1 billion worth of loans were restructured for clients. There was a tenfold growth in mobile Banking adoption.

The Bank has always prioritized sustainability and responsible Banking. The values and culture around responsible Banking are embodied by the leadership and cascaded throughout the organization through Sustainability Champions appointed in every department.

The Bank has three sustainability policies in place – Sustainability, SEMs and Credit. These refer to international standards such as the

Further, in 2021, the Bank is updating its policies to align with GCF’s accreditation requirements. These include its environmental and

The Bank is focused on providing financial inclusion to our customers through digital Banking channels through its new strategy “Beyond Banking” for 2020-2022.

The KCB Legal division, Risk division and Group internal audit provide monitoring and reporting on overall sustainability risks.

The KCB Group, Bank, Retail (Custodial entities) and Risk Manager (ESM) to sign the Sustainability Framework Agreement. The Bank has appointed a Sustainability Champion in each entity, including the Bank’s digital Banking division. Sustainability Champions are responsible for spreading awareness about sustainable measures, collected data around KPIs, and engaged with key stakeholders to ensure alignment with international standards.

Further, in 2021, the Bank is updating its policies to align with GCF’s accreditation requirements. These include its environmental and

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The Bank is focused on providing financial inclusion to our customers through digital Banking channels through its new strategy “Beyond Banking” for 2020-2022.
Principle 6: Transparency & Accountability
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

1.1 Progress on Implementing the Principles for Responsible Banking

Show that your Bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your Bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your Bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

The Bank is working to improve its processes in accordance with the adopted SDGs.

The 90 plus KPIs are being streamlined to align with the SDGs.

The Bank is working to report according to the updated GRI standards, the Principles for Responsible Banking as well as the IFC Performance standards and the GCF. Its sustainability policies monitor and ensure compliance with national laws and priorities for sustainability, such as the Climate Change Act of 2016, Act 84, National Carbon Charge Action Plan (NCCAP) and other relevant plans are put in consideration as an usual sustainability programs.

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Please provide your Bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

The Bank has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking. It is working to align its processes with international goals, recognises that its processes may have gaps, and is working to address them.

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