



ACCELERATING THE FUTURE

**TOGETHER**

2020 SUSTAINABILITY REPORT



This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards framework, the most recognised and comprehensive guidelines for sustainability reporting globally. Our GRI content index is also available on our website

To download a copy of this report, or sustainability reports from previous years, please visit the KCB Group website at [www.kcbgroup.com](http://www.kcbgroup.com).

**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  
**sms:** 22522  
**Website:** [www.kcbgroup.com](http://www.kcbgroup.com)  
**email:** [contactcentre@kcbgroup.com](mailto:contactcentre@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 to society or our sustainability performance. Please contact us at: [sustainability@kcbgroup.com](mailto:sustainability@kcbgroup.com)

## About this Report

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.

**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.**



10



13



19



51



37



71



87

# CONTENTS

ABOUT THIS REPORT	3
REGIONAL PRESENCE	4
KCB SUSTAINABILITY HIGHLIGHTS	6
CHAIRMAN STATEMENT	8
CEO STATEMENT	10
NEW STRATEGY	12
VALUE CREATION PROCESS	16
SUSTAINABILITY COMMITMENT	18
STAKEHOLDER ENGAGEMENT	28
MATERIAL TOPICS	34
a. CUSTOMER	36
b. EMPLOYEES	52
c. DIGITAL FUTURE	58
d. PARTNERSHIPS	64
e. GOVERNANCE AND INTEGRITY	74
f. ENVIRONMENTAL RESPONSIBILITY	86
PRB SELF ASSESMENT TOOL KIT	95
GRI INDEX TABLE	103

**OUR PURPOSE**

Simplifying your world to enable your progress

**OUR VISION**

To be the preferred financial solutions provider in Africa with global reach.

**OUR MISSION**

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

**OUR VALUES**

- Inspiring
- Simple
- Friendly

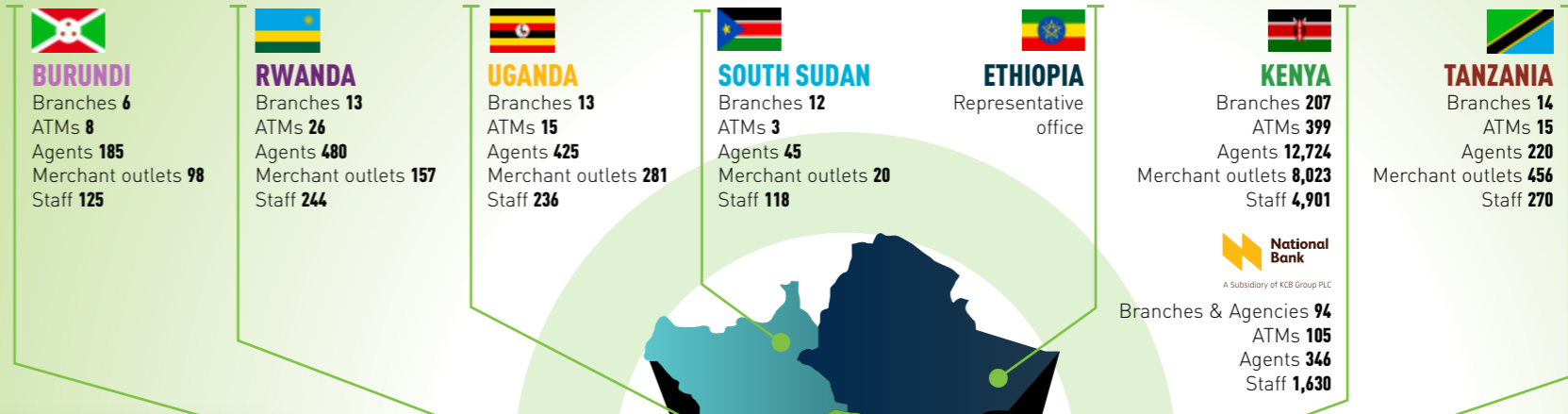
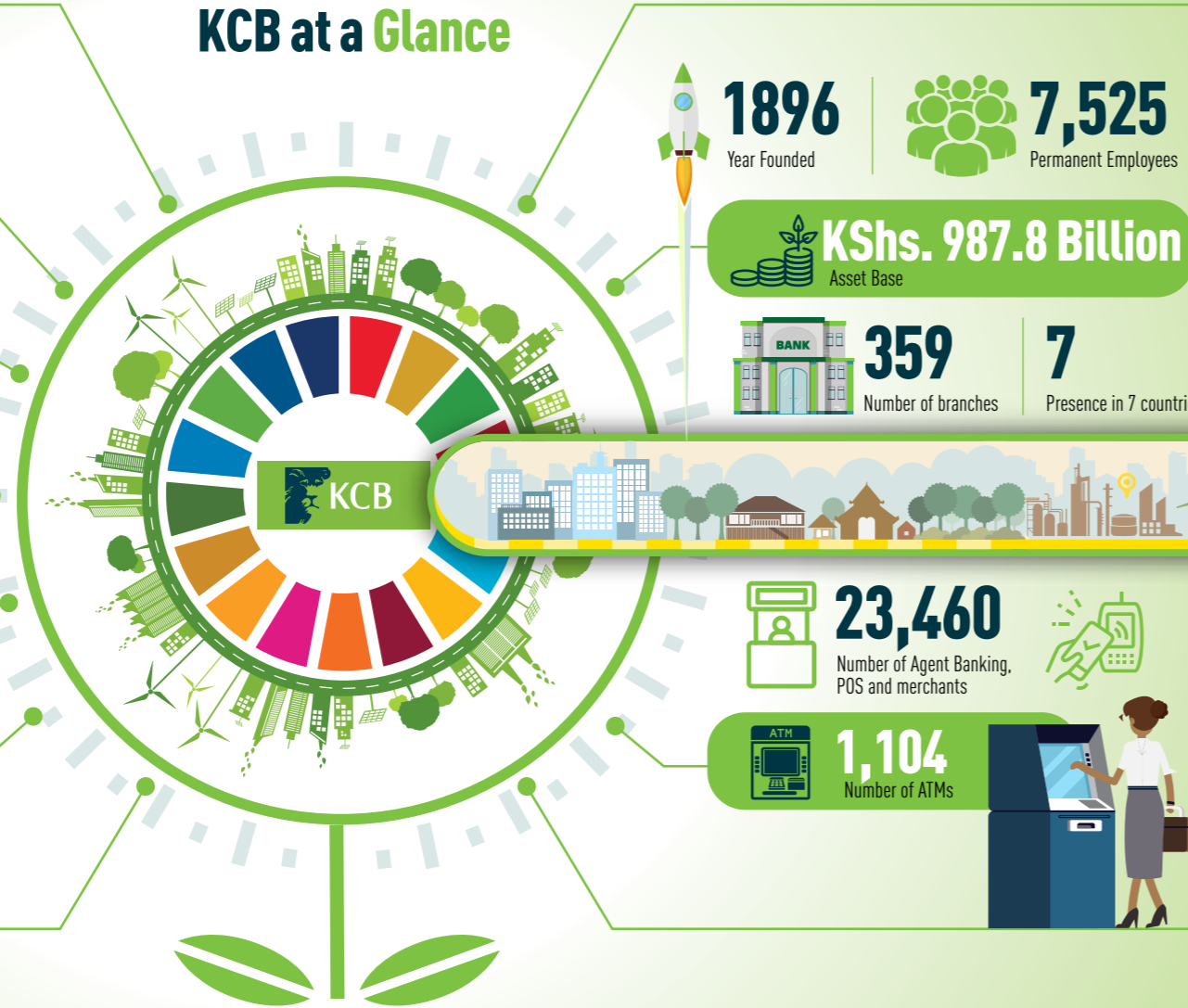
**OUR BEHAVIOUR**

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

**OUR PROMISE**

Go Ahead

**KCB at a Glance**



**Regional**

**Presence**



# KCB Sustainability Highlights 2020

**Social**

**KShs. 11.2 Billion**  
Distributed to elderly, orphans and the vulnerable

**24,881**  
Number insurance policies

**>1 Million**  
masks for public schools

**KShs. 24.3 Billion**  
Loans advanced to women led business



**41%**  
Percentage composition of woman on the KCB Board (Group Board and Country Boards)

**250**  
Women trained under the KCB Group Women in Leadership Network

**KShs. 363 Million**  
Value spent for special interest group of suppliers (PLWDs, youth and women)

**Social**

**Environmental**

**GREEN CLIMATE FUND**  
**US\$ 50 Million to US\$ 250 Million**  
Green Climate Fund Accreditation for Green Projects

**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%

**KShs. 106.1 Billion**  
Cumulative value of loans restructured in 2020 to cushion customers against the effects of the COVID-19 pandemic

**23%**  
Reduction in Greenhouse Gas emissions by 23%

**87**  
Number of loans screened through ESDD (New and Refinancing)

**40%**  
LED Lighting in all Branches

**Environmental**

**Economic**

**KShs. 6.1 Billion**  
Corporation tax expense in 2020

**KShs. 154.0 Billion**  
Mobile loans advanced

**260.8 Million**  
Transactions processed through mobile banking

**KShs. 106.1 Billion**  
Cumulative value of loans restructured in 2020 to cushion customers against the effects of the COVID-19 pandemic

**KShs. 1.1 Trillion**  
Facilitated by KCB via mobile during the COVID-19 period.

**KShs. 7.5 Billion**  
In repayment holidays and moratoriums to over 3,800 MSME customers during the COVID-19 period.

**68%**  
Of procurement spent on local suppliers

**Economic**

## 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.

I would like to start my remarks by thanking and appreciating all our stakeholders who have continued to support KCB Group during the most challenging year in 2020. Despite the negative impact of COVID-19 pandemic to the economy, business and livelihoods, KCB has been able to successfully navigate it with minimal disruption. This Sustainability Report takes cognizance of the lessons learnt, the business continuity plans implemented and our commitment to serve all our stakeholders in 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 in the short, medium, and the long-term. It is both a mindset and a way of behaving that needs to touch every part of an organization. It is also a complex and constantly evolving notion, demanding 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 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 strategy going forward has adopted sustainability

strategic objectives in alignment with annual strategic plans and these are: Environmental and Social Governance (ESG) practices, Sustainable Development Goals (SDGs) progress reporting, Climate Change Mitigation and Adaptation, the Green Economy and Gender and Financial Inclusion. The Board has also approved relevant policies to guide management in internalization, implementation and integrating it into day-to-day business decisions.

KCB continues to be a significant player in the banking sector within the region and therefore the effects of the pandemic gave us the responsibility to review our customers facilities especially in the sectors that were hard hit. Some of the sectors affected included education, hospitality, tourism and transport. This being a difficult period for business to thrive we offered restructuring safeguards to our customers to help them navigate and stabilize as the economy picks up. Our objective is to see our customers develop and grow their businesses

**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.**

to scale so that they can have a positive impact to society around them and we are ready to walk this journey with them.

The new normal post COVID-19 pandemic has also fast-tracked our automation, innovation, and new ways of doing businesses. This sustenance approach has enabled us to re-invent and quickly ensure that our digital services can provide a similar customer experience as a physical interaction. There is more to be done in the coming year to facilitate efficient delivery of services, benefit from cost savings, leverage on synergies and economies of scale across the business. In the short to medium term this will contribute positively towards our cost to income ratio, improve on employee productivity and enhance innovation in a sustainable manner.

I would like to thank all our staff for their continued dedication to our businesses during a difficult and 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.

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



**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 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.**

## Being Sustainable, Beyond Banking



# 173,000

Through the KCB Women Proposition programme we work with 173,000 women-led business who accessed credit facility worth KShs. 24.3 Billion from KCB and we look forward to double this in the coming two years.

The year 2020 was extraordinary due to the impact of the COVID-19 pandemic which continues to ravage humanity, business and economies across the globe. When the virus struck, KCB had to roll out interventions to cushion our staff, customers and other stakeholders.

The crisis has elevated the conversation around sustainability, bringing to the fore the importance of adopting a longterm view on businesses, by focusing on people, planet and profits, driven by the sole purpose of doing good. Our main priority last year and in this year 2021 is to continue to safeguard the health and safety of our employees, customers, shareholders and all our stakeholders to ably navigate through this challenging time and minimize the risk and spread of infection. However, looking ahead, we are optimistic that we now have better knowledge of how best to manage the various scenarios and still deliver on our mandate for the year 2021.

To note is that in 2020 KCB Group rolled out its three-year strategy dubbed "Beyond Banking" focusing on the best of customer experience and driving a digital future. The strategy is underpinned on four key thrusts on Customer first with leading value proposition; Step Change in efficiency and productivity; Digital Leader and Digital to the Core; Scale to achieve regional relevance. Due to the disruption that was brought about by the health care crisis, the Group Board approved the extension of the three-year strategy by one year to 2023. I am confident that this strategy is not just inward looking but has incorporated a sustainability perspective that includes a focus on inclusivity, financial inclusion, climate change component, Sustainable Development Goals (SDGs) input and Environmental and Social Governance (ESG) practices.

The highlights in this report will focus on some of our achievements for the year 2020. I would like to single out the accreditation of KCB Bank Kenya by the Green Climate Fund (GCF) which was approved at the end of 2020. This has opened the space for green economy in the country and beyond. This accreditation now allows KCB to work with clients who have climate ready projects for implementation and submission to National Designate Authority (NDA) and GCF for funding. This milestone will also enable KCB to make its contribution towards managing its carbon emissions and increase uptake of sustainable climate related projects in the country given our knowledge of the regional market.

During the year from a business perspective various sectors were affected by the effects of the pandemic and as a caring corporate citizen we made decisions

## KShs. 106.1B

**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 to allow our customers to continue utilizing our services with us.**

to support our customers in this difficult period. 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.

In the year 2020, we also noted women and youth were also affected by the pandemic and this did not slow down our investment to ensure that they could focus and continue running their business to support their livelihoods. Through the KCB Women Proposition programme we worked with 173,000 women-led business who accessed credit facility worth KShs. 24.3 Billion from KCB and we look forward to double this in the coming two years. Through our KCB Foundation we also supported the youth who were hit by the pandemic through the 2jijiri programmes by investing KShs. 3 million towards their support in the form of vouchers to purchase basic needs to ensure that they navigated this difficult period. This is in line with our Gender and Financial Inclusion agenda.

In the period under review, KCB Group had to adjust its working environment to include flexible home environment and secondary sites to minimize infections by adopting health protocols put into place by governments. With this new business working environment we took cognizant of Cyber security that remains an issue, especially with the increased shift to digital and online platforms and more oversight and investments provided to manage any risks that this may pose from a technology support. Subsequently, customer education to manage any fraud related issues have been done to create awareness on this subject matter.



I would like to conclude by saying that the year 2020 worked well for us as we reaped the benefits of cost efficiency model, improving our effectiveness, increasing shared services and reduction of operating costs. We also took cognizant of the international conversations on the need for organizations to adopt a *Decade of Action* approach to mainstream and implement SDGs and Paris Climate Action objectives for positive impact to society and planet to be achieved. This will be reflected in our reporting next year as we transition into SDGs reporting upon completing the 10 Point Action Plan in the year 2020 which we have used for six years. This scope will then provide a better and reflective scope of our commitments and impacts towards SDGs, Climate Change, Principals for Responsible Banking and national and regional determinants in reporting.

The previous year highlighted the significance of the role KCB Group plays in the markets in which we operate. We do appreciate that collaboration and partnerships with various stakeholders will enable us to build a better society. As the leading financial services provider in East Africa, we have a responsibility to ensure that our businesses positively impact the economy, people and environment in each of these countries, not only through our public commitments but in our day-to-day operations. Indeed 2020 was a defining moment for us to reflect on our contribution to society and the environment and we see it as an opportunity for business growth and inclusion.

**Joshua Oigara, CBS**  
Group CEO & MD

**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 our public commitments but in our day-to-day operations.**

# KCB Strategy

**A**s 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 to 3 years. 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 traverse the limits of a traditional bank will be a cornerstone to our success and that of the entire region. Our strategic vision is to use 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 weaved them into our commitment to pursue positive environmental, social, economic and financial impacts in the markets in which we operate.

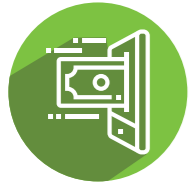
When designing leading value propositions for our customers, we ensured that they went beyond common financial solutions, and considered the support that we should provide to help client businesses grow sustainably, encouraging them to integrate environmental impact in their own planning. We also ensured that the shift to digital service delivery gave our clients more flexibility, ensuring

**We have discerned key lessons from our sustainability journey thus far and weaved them into our commitment to pursue positive environmental, social, economic and financial impacts in the markets in which we operate.**



## 3 years

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 to 3 year cycle.



Total mobile transactions worth KShs. 1.1 trillion facilitated by KCB during the COVID-19 period.

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 but 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.



KCB Staff attending to customer while maintaining social distancing as per COVID19 guidelines.



**KShs. 7.5 Billion**

**Restructured SME loans providing repayment holidays and moratoriums to over 3,800 MSME customers.**

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,



**KShs. 106.1 Billion**

**we restructured over KShs. 106.1 billion worth of our loan portfolio.**

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.

**KShs. 3B**

**KShs. 3 billion to support community initiatives in enterprise development, education, health, environmental and humanitarian support.**



# Our Value Creation Process

## PROCESS



<p><b>ALIGNMENT</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	<p><b>IMPACT &amp; TARGET SETTING</b> 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 this end, we will set and publish targets where we can have the most significant impacts.</p>	<p><b>CLIENTS &amp; CUSTOMERS</b> We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>	<p><b>STAKEHOLDERS</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	<p><b>GOVERNANCE &amp; CULTURE</b> We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	<p><b>TRANSPARENCY &amp; ACCOUNTABILITY</b> 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.</p>
---	---	---	---	--	--

# Our Commitment to Sustainability

## OUR COMMITMENT TO SUSTAINABILITY

### Sustainability journey

**K**CB 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. Sector supplements have also been developed, following GRI's traditional consensus-seeking, 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 the league of 40 global banks that seek to revolutionise banking by developing and aligning their business models to the UNEP-FI Principles for Responsible Banking. The six principles provide a framework for the development of a sustainable banking industry and promote 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 a 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



**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.**

new strategy, informing in many ways trends that will affect our customers and business in the future. It also means we have developed 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 commit to specific targets. Such commitment will drive our transparency, accountability, and disclosures towards 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.



## 2014

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 aspect of the Group's operation.

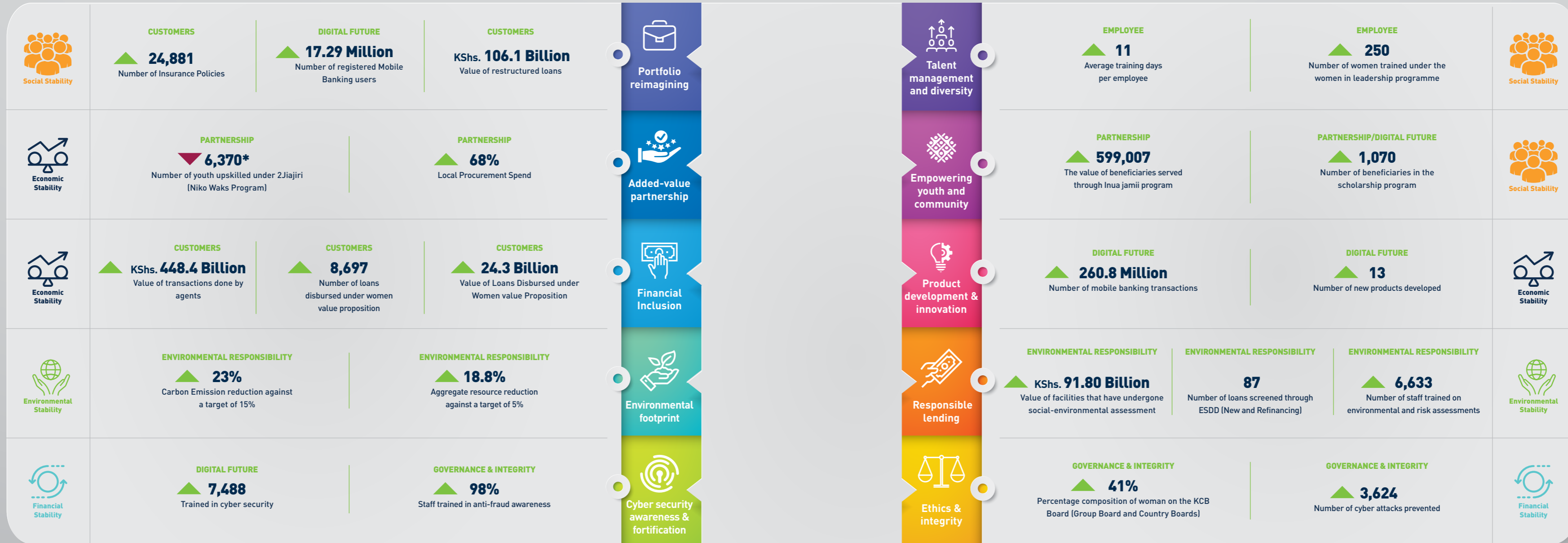
# Our Sustainability Agenda

## OUR COMMITMENT TO SUSTAINABILITY

## OUR COMMITMENT TO SUSTAINABILITY

### KCB Group 10-point action plan

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.



\*The decline was due to the restrictions occasioned by the COVID-19 pandemic.

### Pillars of Sustainability

- Social Stability**

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

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

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.
- Economic Stability**

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.

Ten Point Action Plan Data for 2020 Sustainability Report - the journey

Stability	Values used	Material topic relevance	Metrics	2014	2017	2020 Actuals
Social	Portfolio Reimagining	Customers	Number of SMEs lent to	n/a	n/a	23,091
		Customers	Percentage of portfolio financing agribusiness (incl small scale Agri)	n/a	2.80%	5.0%
		Digital future	Number of registered KCB M-Pesa users (in Millions)	4.7	12.1	17.29
Economic	Added Value Partnership Financial Inclusion Responsible lending	Customers	Number of registered mobile banking users	1.08	2.9	17.29
		Digital future	Values of loans processed under mobile banking (in KShs. billions)	0.6	29.7	154
		Customers	NPL	5.18%	8.36%	14.70%
Environmental	Environmental Footprint	Environmental Responsibility	LED light adoption	5%	n/a	40%
		Environmental Responsibility	Number of in-person meetings requiring travel replaced by video-conferences	50	60	154
		Environmental Responsibility	overall resource consumption reduction	n/a	n/a	18.8%
Financial	Cybersecurity awareness and fortification	Digital future	Number of cyber attacks prevented	n/a	173	3624
		Governance & integrity	Percentage of staff undergoing anti-fraud training	n/a	99%	98%
Social	Talent Management and Diversity	Employee	Total number group employees	5,627	6,483	7,525
		Employee	Number of employees having undergone sustainability training	n/a	2,582	6,633
	Employee	Number of woman trained under the woman in leadership programme	100	250	250	
	Empowering Youth and Community	Partnership	Amount disbursed in the Inua Jamii program (in KShs. billions)	9.2	8.7	11.2
		Partnership	Number of scholarships awarded under the Scholarship Programme	240	240	290
Economic	Product development and innovation	Digital future	Number of transactions processed under mobile banking (in millions)	9.7	39.2	260.8
		Digital future	Number of new products developed	n/a	8	13
Environmental	Responsible lending	Environmental Responsibility	Value of facilities that have undergone social-environmental assessments (in KShs. Billion)	61	61.3	91.80
Financial	Ethics and Integrity	Governance & integrity	Number of employees having undergone annual mandatory ethics e-learning across the group	6,113	5,928	6,124
		Governance & integrity	Number of successful internal fraud attempts	2.67	4.01	2.82
		Governance & integrity	Number of unsuccessful fraud attempts (incidences)	87	173	663

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 commitments to the SDGs also impacted how we approached sustainability. As such, while our 10 action points has been an extremely useful management tool to drive our progress – as the table below demonstrates, we felt it would now be fitting to shift to the internationally recognised SDGs framework to drive our sustainability efforts moving forward.

This will also give us an opportunity to realign the trackers of our sustainability performance to the new realities of the market. It will increase the readability of our performance by international stakeholders, facilitate discussion and lessons sharing on a global scale and help us focus on our responsibility to realise the SDG during the Decade of Action. As such, we will phase out the 10-point plan in 2021 and adopt the SDG framework for our reporting going forward and through to 2030

In addition, we will also adopt targets related to climate change with respect to the Paris Agreement. Some of the milestones 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





By collaborating with the HR Division, our Communications team ensured that employees working remotely were updated on progress and movement across the business.

154

This partnership led to over 154 staff webinars in 2020 that addressed various issues, offered a feedback mechanism to managers and their reports while also allowing a steady information exchange between senior management and staff.

### 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 that our commitment to sustainability, as well as our new strategic direction, has prepared us to manage this and prospective crises.

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

Like with all aspects of the Bank's operations, the pandemic was a game-changer for the Group's communications function. There was a drastic decrease in hosting of physical corporate events coupled with the cancellation of corporate sponsorships in line with national health policy. This led to a review of the Group's communication strategy in Q1 2020 that adopted 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, publications and corporate video productions to keep all members of the KCB community informed on movements across all our operations. Senior management also used these 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 on progress and movement across the business. This partnership led to over 154 staff webinars in 2020 that addressed various issues, offered a feedback mechanism to managers and their reports while also allowing a steady information exchange between senior management and staff.

We also rolled out a system of shift work, quite quickly, creating separate teams for all customer-facing roles. Members of each shift group could be interchanged if any member of one team developed COVID-19 symptoms. This ensured business continuity and, at the same time, protected our talent and clients.



### Customers and Stakeholders

The Group enhanced COVID-19 communication to all its customers to enhance awareness on the pandemic and its protocols. This involved sharing best practices with clients on how to protect themselves as they interact with KCB, updates on changing public policy within the Bank, along with advice on how to navigate trading during the pandemic, through a branded webinar series.

Given the leadership role in the Kenya banking industry, our Group CEO was appointed as a Board member of the national COVID-19 Fund, cementing the Bank's prominent position as an essential services provider in the country. KCB was also engaged by the regulator, the Central Bank of Kenya, to design various tools to support customers, stakeholders, and society during the period.



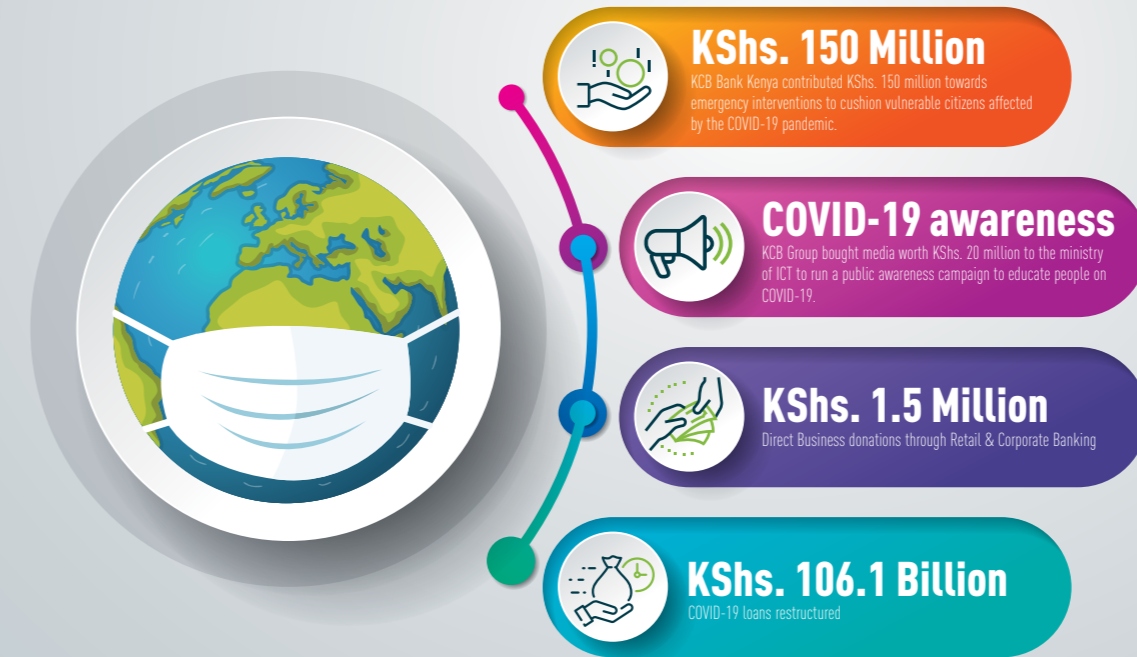
### COVID-19 related initiatives

The global outbreak of COVID-19 poses the largest health and economic crisis in decades. The pandemic has had an adverse impact on economies, households, businesses, and financial institutions around the world.

The Group adopted various measures to keep the customers and staff safe. It also initiated

various relief measures for customers including loan restructuring, waiver of charges on mobile banking touch-points, suspended listing of customers who defaulted on their loan obligations with the Credit Reference Bureaus and also contributed to various COVID-19 response initiatives across the region to support our communities during the pandemic.

All these measures were geared towards limiting the spread of the virus and easing the related economic hardships faced by the communities in which the Group operates. Through our various interventions, we demonstrated KCB as the partner that truly cares for those within its community and genuinely interested in enabling progress.



**KShs. 106.1 Billion**

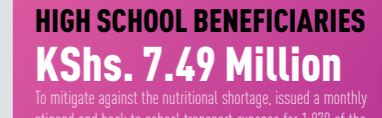
The Group restructured loan facilities worth KShs. 106.1 billion to cushion customers against the effects of the COVID-19 pandemic. The relief accommodation was extended to distressed customers upon request and on a case-by-case basis, based on their circumstances arising directly from the pandemic

### KCB Foundation

The pandemic brought with it a unique opportunity for KCB Foundation to channel additional support to the various programs already set-up.



**FARMERS**  
**KShs. 4.2 Million**  
KCB Foundation funding for Farmers: to meet the increased costs of inputs, water and transport.



**HIGH SCHOOL BENEFICIARIES**  
**KShs. 7.49 Million**  
To mitigate against the nutritional shortage, issued a monthly stipend and back to school transport expense for 1,070 of the High School scholarship beneficiaries



**RETAILERS**  
**KShs. 3 Million**  
Provided Retailer Vouchers to select KCB customers, which include Zjajiri beneficiaries to purchase basic needs. Pilot support to 250 select Zjajiri beneficiaries.



**COVID-19 CONTAINMENT INTERVENTIONS**  
**KShs. 6.5 Million**  
COVID-19 containment interventions to impacted individuals. Distributed water, water containers, soap, masks and sanitizers.



**MIFUGO NI MALI**  
**KShs. 3.15 Million**  
Extended support for a period of 3 months of KShs. 30,000 for 35 Cooperatives with outstanding loans. This is to meet administrative costs (rent, salaries for key staff, transport and communication).

In total KCB Foundation spent KShs. 24,340,000 in COVID-19 related interventions

## 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.

### TEMPORARY FREEZE OF CRB LISTING



The Bank temporarily suspended listing of customers who defaulted on their loan obligations with the Credit Reference Bureaus with effect from April 1, 2020, in line with the directive from the regulator.

### CASH REIMBURSEMENT BENEFIT



KCB Insurance Agency and UAP Old Mutual partnered to offer each KCB residential mortgage customers with a free cash benefit of KShs. 1,500 to a maximum of KShs. 21,000 per day upon hospitalization due to COVID-19. This benefit cover ran from June to November 2020.

### EXTENSION OF INSURANCE PREMIUM FINANCE (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 SMEs and Corporates for medical insurance.

### 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 sanitizers 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



**>1 Million**

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

### SUPPORT PROVIDED TO SME CUSTOMERS



**KShs. 7.5 Billion**

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.

**KShs. 54 Million**

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



Facilitate compliance in online digital learning, including developing online content for online training in three anchor sectors (manufacturing, construction and agribusiness).



Provide face masks, signages, sanitizers, hand washing stations and soap.



Purchase additional tools to avoid sharing of tools at the farms.



Install safety signages at the different project sites.



Set up and equip a farm clinic which has health workers.



Set up onsite accommodation at the Ngong Farm site for the beneficiaries.



Construct dining halls that can also be used as Continuous Learning Communications Hubs on site.



Provide stipends to trainees who were in session during the COVID-19 outbreak.



# Stakeholder Engagement

**S**takeholder 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 applied 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 where it is important 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.**



KCB operates in dynamic markets where it is important to understand the sensitivity to the views of various groups to maintain a two-way relationship of trust between KCB Group and its stakeholders.



Stakeholder	Why we communicate	How we engage
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>To nurture open relationships with our customers, to listen, understand them and get feedback</li> <li>To provide information about KCB products and services available</li> <li>To get feedback to improve on our products and service proposition (via various touchpoints)</li> <li>To facilitate access to credit facilities available</li> <li>To ensure all our business processes are constantly improved to serve the customer better</li> </ul>	<ul style="list-style-type: none"> <li>Email,</li> <li>In-Branch interaction</li> <li>Video conferencing</li> <li>Surveys</li> <li>Feedback platforms</li> <li>Phone calls</li> <li>SMS</li> </ul>
 <p><b>Business partners</b></p>	<ul style="list-style-type: none"> <li>To serve our customers better</li> <li>To collaborate proactively with other financial industry participants to provide shared solutions for the benefits of society at large.</li> <li>To participate in dialogue to develop international best practices and implement them in East Africa</li> <li>To build partnerships and coalitions to improve the effectiveness of the financial sector</li> <li>To identify opportunities to have further positive impact</li> <li>To share our business ethos and encourage our partners to integrate sustainability in their own working processes</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Reports</li> <li>Organized conferences</li> <li>Video conferencing</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>To create a conducive working environment, where each employee is valued and can express their full potential</li> <li>To nurture collaboration among our teams</li> <li>To inform employees of career opportunities available</li> <li>To get feedback on the working environment and productive dialogue with employees and their representatives.</li> <li>To ensure all Group policies are available to employees for their reference whenever required</li> <li>To conduct employee surveys for purposes of getting feedback to improve on engagements and working relationships</li> </ul>	<ul style="list-style-type: none"> <li>Email</li> <li>Face-to-face interactions</li> <li>Video conferencing</li> <li>Surveys</li> <li>Phone calls</li> <li>Messages</li> <li>Newsletters</li> <li>Internal platforms</li> </ul>
 <p><b>Investors</b></p>	<ul style="list-style-type: none"> <li>To ensure an open and transparent conversation with investors and analysts</li> <li>To share our overall financial and non-financial Performance</li> <li>To provide context and insights into our corporate results, business strategies, sustainability initiatives</li> <li>To comply with the Group Investor Relations Policy</li> <li>To attract new investors and achieve a stable and diversified investor base.</li> </ul>	<ul style="list-style-type: none"> <li>Newsletters</li> <li>Hosting thematic events</li> <li>Investor briefings</li> <li>Emails</li> <li>Information/ notices</li> <li>Senior management Meetings and calls</li> </ul>

Stakeholder	Why we communicate	How we engage
 <p><b>General public</b></p>	<ul style="list-style-type: none"> <li>To be transparent and accessible.</li> <li>To ensure compliance with relevant laws and regulations</li> <li>To raise awareness on the contributions made to society by KCB Group as a responsible Corporate Citizen.</li> <li>To share our views, hopes and concerns on the evolution of the financial sector and instil public confidence</li> <li>Ensure all public related publications are available online for easy access as well as an email for any query that requires to be addressed</li> <li>Utilize various communication channels to share KCB Group Story, its products, and services as part of brand positioning.</li> </ul>	<ul style="list-style-type: none"> <li>Media briefings</li> <li>Information notices</li> <li>Meetings</li> <li>Social media handles</li> <li>Email queries and website enquiries</li> </ul>
 <p><b>The media</b></p>	<ul style="list-style-type: none"> <li>To share our corporate quarterly financial results, business strategies and sustainability progress</li> <li>To host media briefings and one-on-one engagements</li> <li>To promptly answer queries about KCB Group news-worthy information</li> <li>To update the media with KCB Group information that is of relevance to stakeholders.</li> <li>Coordinate engagements with bloggers and social media journalists</li> </ul>	<ul style="list-style-type: none"> <li>Interviews</li> <li>Media / press briefings</li> <li>KCB Group Financial and Sustainability reports</li> <li>Sponsorships, corporate events and launches</li> </ul>
 <p><b>Regulators and authorities</b></p>	<ul style="list-style-type: none"> <li>To ensure compliance with all relevant laws and regulations</li> <li>To ensure KCB expertise and views are integrated in the development and implementation of various relevant regulation and policies</li> <li>To support the development of business policies beneficial to the economy, the society and the environment</li> <li>To foster constructive dialogue around innovation</li> <li>To undertake joint programs with relevant regulators and authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondences (Letters, memos), topical forums (e.g. changes in tax)</li> <li>Reports</li> <li>Face-to-face meetings</li> <li>Phone calls</li> <li>Organized meetings/ conferences</li> </ul>
 <p><b>Governments and politicians</b></p>	<ul style="list-style-type: none"> <li>To partner with Governments to support the economic growth of the region and our countries in a sustainable and ethical manner</li> <li>To support the financing of ambitious policies and provide solutions for the private sector to play its role in the development of the region</li> <li>To support the roll out of social projects and disbursement of state aid to beneficiaries</li> <li>To undertake joint programs with County and local governments</li> </ul>	<ul style="list-style-type: none"> <li>Correspondences (Letters, memos), topical forums (e.g. changes in tax)</li> <li>Reports</li> <li>Face-to-face meetings</li> <li>Phone calls</li> <li>Organized meetings/ conferences</li> </ul>





The Group intends to adopt virtual platforms and webinars such as the Annual Suppliers Conference on automation, with themed sessions that address each of the suppliers needs.



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.



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, interactive, and compassionate. In line with our strategic thrust of digital transformation, we have made leveraging on all the 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 and webinars such as the *Annual Suppliers Conference on automation*, with themed sessions that address each of the suppliers needs. KCB is always seeking to partner with innovative businesses in order to transform the banking experience that we offer.

Regulators and government bodies remain key stakeholders, in all that we do. We have increased our engagement this year, not only to participate in



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 in pandemic response.

various industry discussions, but also assess solutions that the financial sector could introduce to support in pandemic response. In this regard, these relationships have enabled us to fast-track the digitization of the Kenyan economy, some which has been on the table for over a decade.

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 the bank's Know-Your-Customer checks, allowing us 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 protect the customers while increasing lending opportunities for KCB mobile products and partnerships through Vooma. As such, we have taken an 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.



The Commission on Revenue Allocation (CRA) proposed key regulation that will affect the banking sector. For example, the CRA proposed the establishment of a 'Beneficial Owners' Registry, for all Kenyan companies.

# Material Topics



## MATERIAL TOPICS

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.



We continue to drive transformation based on existing strong relations and our Shared Value approach, hence we have designated Partnership 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 ambitions to become a digital leader and uses these tools in order to boost efficiency and productivity in our operations and product offerings.



In defining material topic, 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.



Last year, cybersecurity emerged as an area of focus replacing risk management. We have continued to monitor this risk closely under Digital Future and we invest in the latest technology that protects our business and clients against such attacks.

# Customer



## Customer at the Center

Our clients are the focus 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 them products they demanded. At the core of our ongoing strategy is technology which enables us to deliver in real time and at least cost.



### Corporates

Our Internet Banking platform was upgraded, in line with global standards. 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.

## 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 as we can now provide customized solutions.

Customer Value Propositions:

Case study: Mbamu Ventures Limited

KCB 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 markets. Biashara club provides an avenue to help SMEs grow by offering simple, straightforward business solutions and advisory services. It also partners with other organizations and uses their expertise to strengthen Micro, Small and Medium businesses in Kenya. The experience gained through the success of Biashara Club has been a key lever to offer services 'Beyond Banking' to our customers - helping them to grow and increasing their positive impact on the society and the environment.



From right, Lena Mwendu, business banker KCB Wote branch, Victoria Mbathi, director Mbamu Ventures Ltd, centre and Moses Odipo, KCB Biashara club relationship manager, left inspect some fresh purified bottled water at purifying plant in Wote, Makueni.

**One of the biggest advantages I have received by joining this club is training and exceptional customer service. Through the China trip we had, we gained so much exposure. I met different people pursuing different businesses which I learnt from. The most important lesson was learning where to buy products.**

Victoria Mbathi.

Mbamu Ventures Limited is a prime example of how KCB helps its customers to grow. They are a water purification company set up in 2014 in Makueni county, Kenya. Their goal is to have a product that the community identifies with and to support the people in the area. The company's market for the purified water includes wholesale outlets for their 500ml and 1 litre bottles. The containers of 10 litres to 20 litres are sold to the supermarkets. Their success helps Kenya achieve SDG 8 on decent work and economic growth for all.

Victoria Mbathi, director Mbamu Ventures Limited notes that the Biashara Club has been of great support to her and her start-up. The support involved benchmarking opportunities with different entrepreneurs and industries across the world in addition to local working capital and term loans and guarantees. Guiding our customers beyond banking and their financial needs, KCB supports their entrepreneurship drive by building their capacity, encouraging peer learning and encouraging them to grow as they want and dream of. Through the KCB biashara club, SME owners and business entrepreneurs, like Victoria, have gone for trips facilitated by KCB to China and Israel to gain international exposure and learn best practices replicable in their businesses.

"One of the biggest advantages I have received by joining this club is training and exceptional customer service. Through the China trip we had, we gained so much exposure. I met different people pursuing different businesses which I learnt from. The most important lesson was learning where to buy products." Says Victoria Mbathi.

Enabling our customers to grow is one of the areas through which KCB drives positive impact daily and supports the achievement of the SDGs in Kenya and East Africa.

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

Building on its success, and driven by positive impact, Mbamu Ventures is now looking to diversify into juice production targeting the same market. Makueni county is prominent for fruit farming which include oranges, watermelons and mangoes. The company is expanding to this area of production in order to support the community in creating a market for their produce.

Customer Value Propositions:

Digital to the Core: The Customer Experience

Our customer base has witnessed steady growth. We anticipate more growth in the coming year with our commitment to opening 1 million MSME accounts in our drive to be a FinTech leader in 2021.

In order to guarantee a seamless customer experience to millions of customers, we have pivoted to digital. Our goal is to be a digital leader and fundamentally improve customer experience. We have enhanced the sales and service functionality of our internet and mobile banking channels in order to drive much higher digital activity. Nearly all transactions now happen via digital channels. For example, 70% of teller operations are on digital platforms to enable self-service.

Early in the year, we optimized and enhanced the Quickpay bulk processing engine to provide 24/7 services, providing another self-service option for our customers. In 2020, Quickpay processed an average of KShs. 40 Billion per month. Indeed, the high level of trust in the Quickpay system was demonstrated by the fact that no customer deposited their bulk files in a KCB branch.

By getting the basics right, and by automating back office services end-to-

end, we have reduced turnaround times. Each digital system is monitored by a dedicated team that receives feedback and resolves customer issues in record time. Furthermore, decisions and actions taken on the system are constantly monitored.

In addition to the digital overhaul of our operations, we launched our refurbished physical branches in order to offer superior customer experience and simpler operations. Branches have continued to be a preferred option for large customers even when the option for self-serve is available digitally due to transaction volumes and sometimes technicalities.

To ensure efficiency and flawlessness in service delivery, we have realigned roles within branches using the Branch Excellence Model to relieve bankers of operational duties so as to have more time to interact with customers and build a solid business relationship. Reducing customer waiting time is vital to us, amongst other measures, we have introduced EQMS machines in the majority of our branch network. Our branches were also redesigned and transformed. As a result of these initiatives, our average wait time was reduced from 18 minutes in January to an average of 11 minutes in December.



In order to guarantee a seamless customer experience to millions of customers, we have pivoted to digital. Our goal is to be a digital leader and fundamentally improve customer experience.

KShs. 40B

In 2020, Quickpay processed an average of KShs. 40 Billion per month. Indeed, the high level of trust in the Quickpay system was demonstrated by the fact that no customer deposited their bulk files in a KCB branch.

Customer Value Propositions:



Customer Experience

In order to 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 raw feedback which is more reliable for data modelling and accuracy of the perception 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 along our new strategy 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 migrate them onto digital channels during the pandemic and provide them with the solutions they need. The Bank has now set a new target of 55 for 2022.



52

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 along our new strategy have been noted by our customers.

KCB Customer Experience Performance Outlook

	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2022 PROJECTED	
<p>Customer first, with leading customer value propositions</p>	Customer NPS	42	52	55
	Customer CES	18	23	10
	Wait Time	23:14	15:00	14:00
<p>Step change in efficiency and productivity</p>	Response Rate	95%	96%	95%
	Repeat Calls	23%	19%	15%
	Service Level	48%	76%	80%
	Voice Interactions	2,539,792	1,879,446	1,851,508
<p>Digital leader and digital to the core</p>	Social Media Interactions	791,560	1,719,172	1,895,387
	Interactive Voice Response (IVR)	38%	40%	45%

Customer Value Propositions:



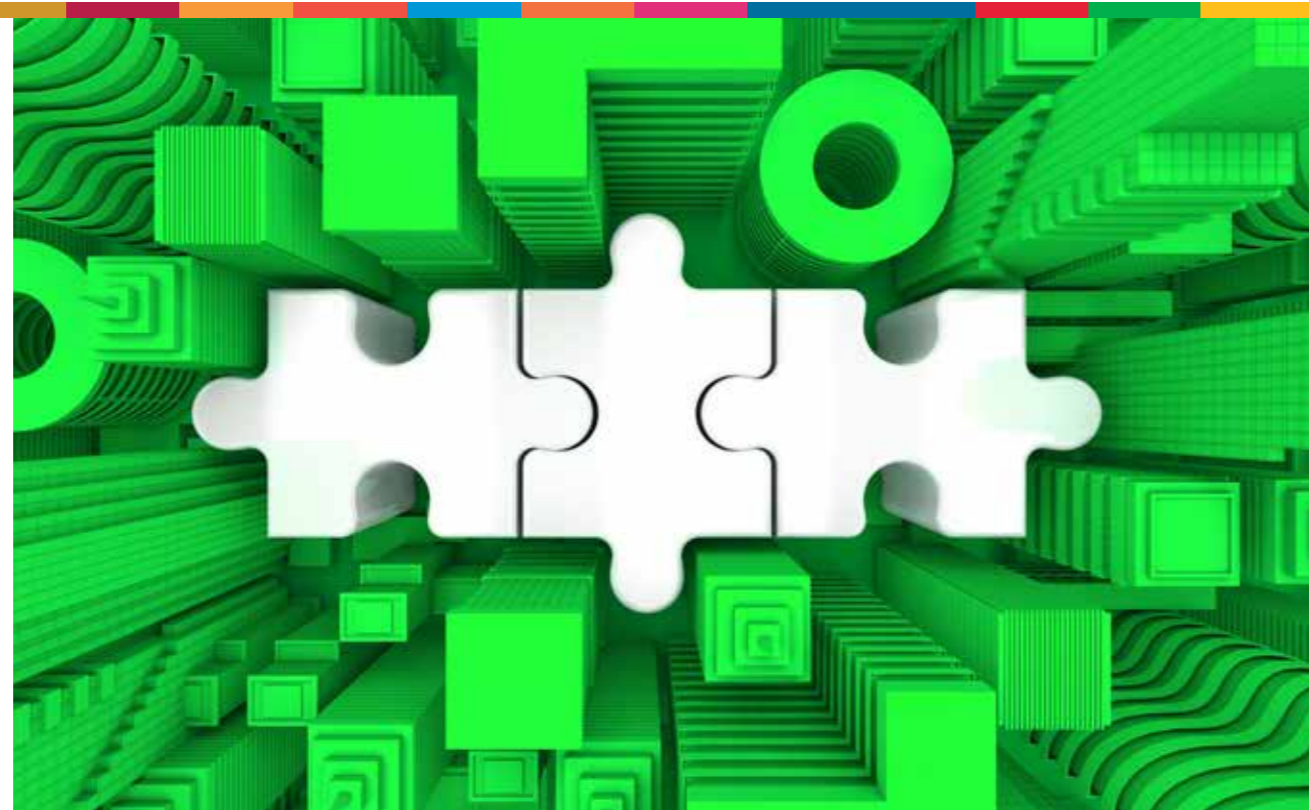
100%

The Group has continued its growth in East Africa by signing a deal with Atlas Mara (ATMA) to acquire a 62% stake in Banque Populaire du Rwanda Plc (BPR) and 100% of African Banking Corporation Tanzania (BancABC).

Regional Expansion

The Group has continued its growth in East Africa with a landmark deal with pan-African banking conglomerate Atlas Mara (ATMA), acquiring 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. Once the transaction is complete, the Group's Rwanda and Tanzania businesses should have stronger financial credentials to drive growth, post-Covid.

In Rwanda, the new acquisition will see KCB solidify its leadership position by doubling its market share hence becoming the second largest bank in the country. In Tanzania, the merger of BancABC and KCB Bank Tanzania, a subsidiary of KCB Group, will integrate KCB Tanzania's strong retail and corporate banking franchise with BancABC's operations. The merged entity is expected to rank as a top 10 bank in the industry.



Top 10

In Tanzania, the merger of BancABC and KCB Bank Tanzania, a subsidiary of KCB Group, will integrate KCB Tanzania's strong retail and corporate banking franchise with BancABC's operations. The merged entity is expected to rank as a top 10 bank in the industry.

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

Customer Value Propositions:



In Rwanda, the acquisition of Banque Populaire du Rwanda, originally a community-based savings and credit scheme, also increases our 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.



193

In Rwanda, the acquisition of Banque Populaire du Rwanda, originally a community-based savings and credit scheme, also increases our 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.

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 40,000 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 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.

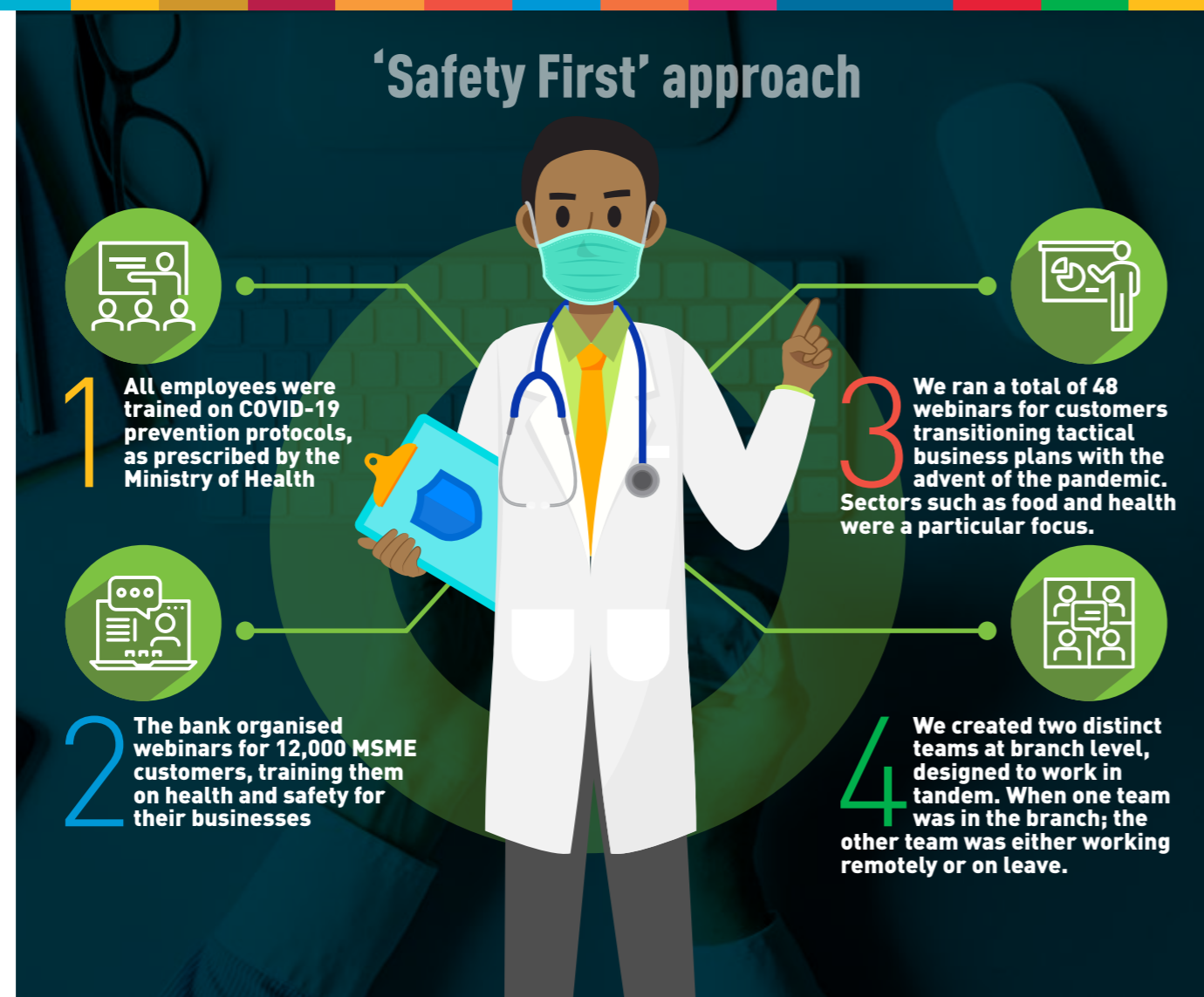
## COVID-19 Impact

### 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 to ensure continuity if either team was affected.

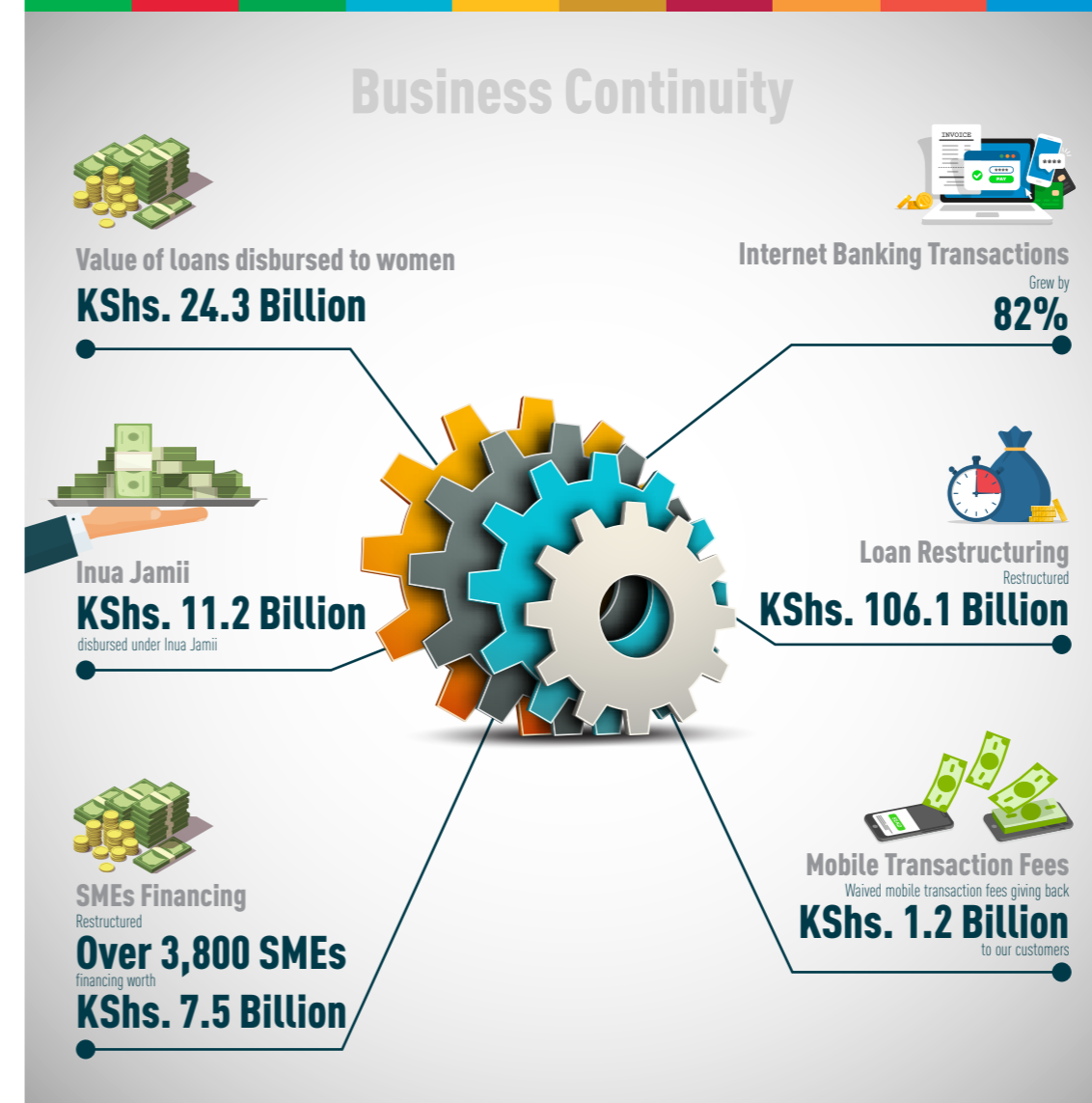
We organized webinars for 12,000 MSME customers, training them on health and safety for their businesses. We also held a themed webinar, focusing on mental health, during the pandemic.

Additionally, we ran a total of 48 webinars for customers transitioning tactical business plans with the advent of the pandemic. Sectors such as food and health were a particular focus.



## COVID-19 Impact

### Business Continuity



### 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.



**96%**

To date, 96% of our eligible customer base are on our online banking service.

Despite the pandemic, KShs. 11.2 billion was disbursed under the *Inua Jamii*, programme a government social programme to support the elderly and orphans.

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 waived mobile transaction charges 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



**3,000**

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.



#### Women

Through the gender value proposition, the bank began lending based on cash flow, not security, to women run businesses. Over 3000 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.



**KShs. 24.3B**

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 users' 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.**



During this year, we focused on the baseline assessment, working with InAble to assess how suitable our services are to Persons Living With Disability (PLWD)



## Financial Inclusion

### Rising above disability

Wycliffe Anyanzwa is a trained Engineer from Stockholm University. His career is 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 35 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 says.

Wycliffe is even more appreciative of mobile banking platforms which allow him to access banking services remotely especially during the COVID- 19 outbreak. He reiterates that they have been very convenient because of the free transaction cost when transferring money from his bank account to Mpesa. “This has saved



me from having to regularly visit the bank and adhere to COVID-19 protocols. I have been able to save on time and fund my business on time.” He adds that, whenever he requires a loan, all he has to do is call the bank.

He is also a member of the KCB Biashara 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 servicing people 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 accommodating, seamless and confidential.

**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.

## 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 amongst our customers of the benefits of insurance generated by the COVID-19 risk, 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 the advantage of proximity and intimate understanding of our customers' needs, giving 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 business. The division commenced business in 2010 and is licensed under the Insurance Act.

By partnering with leading and reputable Insurance Companies, we can offer our customers relevant, appropriate and competitive insurance solutions for individuals, families, 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.



Insurance Metrics	2020 Target	2020 Actual
Number of Policies	22,247	24,881
Value of Premiums (KShs.)	2,387,228,911	2,669,870,736

### 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.**

**By partnering with leading and reputable Insurance Companies, we can offer our customers relevant, appropriate and competitive insurance solutions for individuals, families, schools, institutions, Chama groups, SMEs and Corporates.**



359

Our presence throughout the region with our 359 branches and our historical relation with more than 25.2 million customers gives us the advantage of proximity and intimate understanding of our customers' needs, giving us a competitive edge in the field of insurance.

## Financial Inclusion

### KCB Simba Health Insurance, Eric Mwanzia

Eric works at Arts Group Ltd in Nairobi, a Marketing, Brand communications and Events Agency. He is the Managing partner and also doubles up as the events director. He heard about KCB Health Insurance cover in 2017 through a former Relationship Manager Collins Obiero.

Eric has taken the insurance cover for all his staff members and their families. For Eric, this cover has been very beneficial for the organization as it has been a motivating factor for staff and has led to loyalty, retention and increased motivation and productivity. In this period when there is a lot to worry about in terms of health, Eric confirmed being 'glad to be able to offer his employees the peace of mind the cover provides in the assurance that in case of any medical issue Simba Health has got their back'.

A decent working environment is key for Arts Group. They wanted a financial partner who understands this and provides a solution with an impact to their employees. SDG 8 being one of KCB bank's focus areas the two aligned well.

He recalls that he has had a meaningful experience with the medical cover since



**KCB also has a solid financial status which gives us the assurance that our funds are safe & secure. The business support we receive from the bank has been impeccable."**  
Eric Mwanzia

Eric Mwanzia of the Art group at Highway Mall Mombasa road

he joined the pool. As an organisation they have not had any major health issues with any member apart from the normal minor illnesses like colds, malaria etc.

Arts Group 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 on a need to basis.

Eric acknowledges that KCB understands the Kenyan market and its needs. That is why he banks with us. He is appreciative of the great customer service in addition to great products. "KCB also has a solid financial status which gives us the assurance that our funds are safe & secure. The business support we receive from the bank has been impeccable." Says Eric

As an SME, every opportunity counts, KCB understands 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 worries about health uncertainty to us.

## Financial Inclusion

### COVID-19: Ensuring society can count on us

We have taken various measures in playing our part in the society to cushion the vulnerable and ensure that everyone we count on, from staff to customers to partners and the general public can count on us.

KCB Insurance customers are entitled to a cash benefit should they contract COVID-19 and are hospitalized. This followed a deal signed between KCB Insurance Agency and UAP Old Mutual which will see customers, both new and existing, draw a free cash benefit of KShs. 1,500 to a maximum of KShs. 21,000 per day upon hospitalization due to COVID-19. This benefit cover ran from June to November 2020. To ensure non-exposure to COVID-19 during the claim process, all documentation was done online and processed within 48 hours.

### Partnership with Jubilee Insurance and Allianz

KCB Insurance has notably partnered with the largest insurer across East Africa, Jubilee Insurance, and one of the largest insurers in the world Allianz of Germany, to expand the availability of Insurance services in East Africa, where KCB will act as the Escrow Account service provider for all transactions.

### Partnership with NHIF, Safaricom and Proto Energy

Out of the 18 million informal sector entrepreneurs in Kenya, the Group hosts 1 million accounts. We look forward to offering insurance services to all 18 million through KCB Insurance. In this regard,



**1,500**

KCB Insurance Agency and UAP Old Mutual partnered to offer each KCB residential mortgage customers with a free cash benefit of KShs. 1,500 to a maximum of KShs. 21,000 per day upon hospitalization due to COVID-19. This benefit cover ran from June to November 2020.

we have partnered with NHIF, Safaricom and Proto Energy to enable Boda Boda operators and Digital Taxi Operators to access products that enhance their ability to save for their future while providing them with personal accident cover, cover for funerals of loved ones and access to fuel for their daily operations.

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 success of our Insurance subsidiary is validating our diversification in this sector, especially in a year when other financial performance was affected by the COVID pandemic. We remain confident that our products will continue contributing to the Group's revenue streams.

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.

### Staff age and diversity Table

Age Group	BURUNDI	ETHIOPIA	KENYA	RWANDA	SOUTH SUDAN	TANZANIA	UGANDA	Grand Total
Under 30	9		653	9	4	52	43	770
30 - 50	115	1	3,805	230	110	225	200	4,686
51 & Above	2		450	4	3	6	2	467
Grand Total	126	1	4,908	243	117	283	245	5,923

### Performance and career development review table

Grade Name	Female	Male
CHAUFFEUR	0%	100%
CLERK	49%	51%
COPY TYPIST	100%	0%
DRIVER	0%	100%
HEAD MESSENGER	0%	100%
MESSENGER	22%	78%
MLA	47%	53%
MLB	42%	58%
MLC	35%	65%
MLD	34%	66%
MLE	30%	70%
MLF	20%	80%
MLG	0%	100%
MLH	0%	100%
SECTION HEAD	33%	67%
Grand Total	45%	55%

### Employee reward policy breakdown

	Male	Female
KENYA	1.00	0.89
KCBIA	0.83	1.00
CAPITAL	0.58	1.00
FOUNDATION	1.00	0.60
TZ	1.00	0.96
RWANDA	1.00	0.72
BURUNDI	1.00	0.96
SOUTH SUDAN	0.73	1.00
UGANDA	1.00	0.70

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 allocation, shifts and leave arrangements, workloads, work related social functions, conferences, onsite, 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.



3.2%

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.



2020	2019	2020	2019	2020	2019
Total Staff		Total number of new hires		Revenue per staff (KShs. millions)	
7,525	7,584	132	216	12.8	11.1
Average number of leave days taken		Total number of exits		Cost per staff (KShs. millions)	
37	29	303	387	2.7	2.6
Average number of sick-off days taken		Staff cost-to-income ratio		Employee distribution by gender M:F	
5	4	21.4%	23.1%	55:45	
Total number of interns		56:44		Human Capital	
160	365				



1,856

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

**COVID and Staff Welfare**

The Group has a detailed Occupational health, Safety and Environment policy that provides 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. Occupational Safety, Health and Environmental Management forms part of the Group's overall management system. The policy signals that the Group has an integrated management approach to the prevention of injuries, incidents and ill health while minimizing the impact of the Group on the environment. The bank regularly conducts workplace health and safety assessments and reviews relevant statistics related to health and wellness of employees.

The policy is applicable to all employees of KCB Group. This includes managers and supervisors, full-time, part-time or casual, temporary or permanent staff, job candidates, student placements, apprentices, contractors, sub-contractors and volunteers. Exclusions to this policy must be approved by the Board Human Resources Committee.

The outbreak of the COVID pandemic in the first quarter forced the Bank to urgently prepare a pandemic plan and prepare various scenarios and staff interventions. The first thing we did was to protect staff by purchasing Personal Protective Equipment (PPE) for all and implement a work from home policy where appropriate.

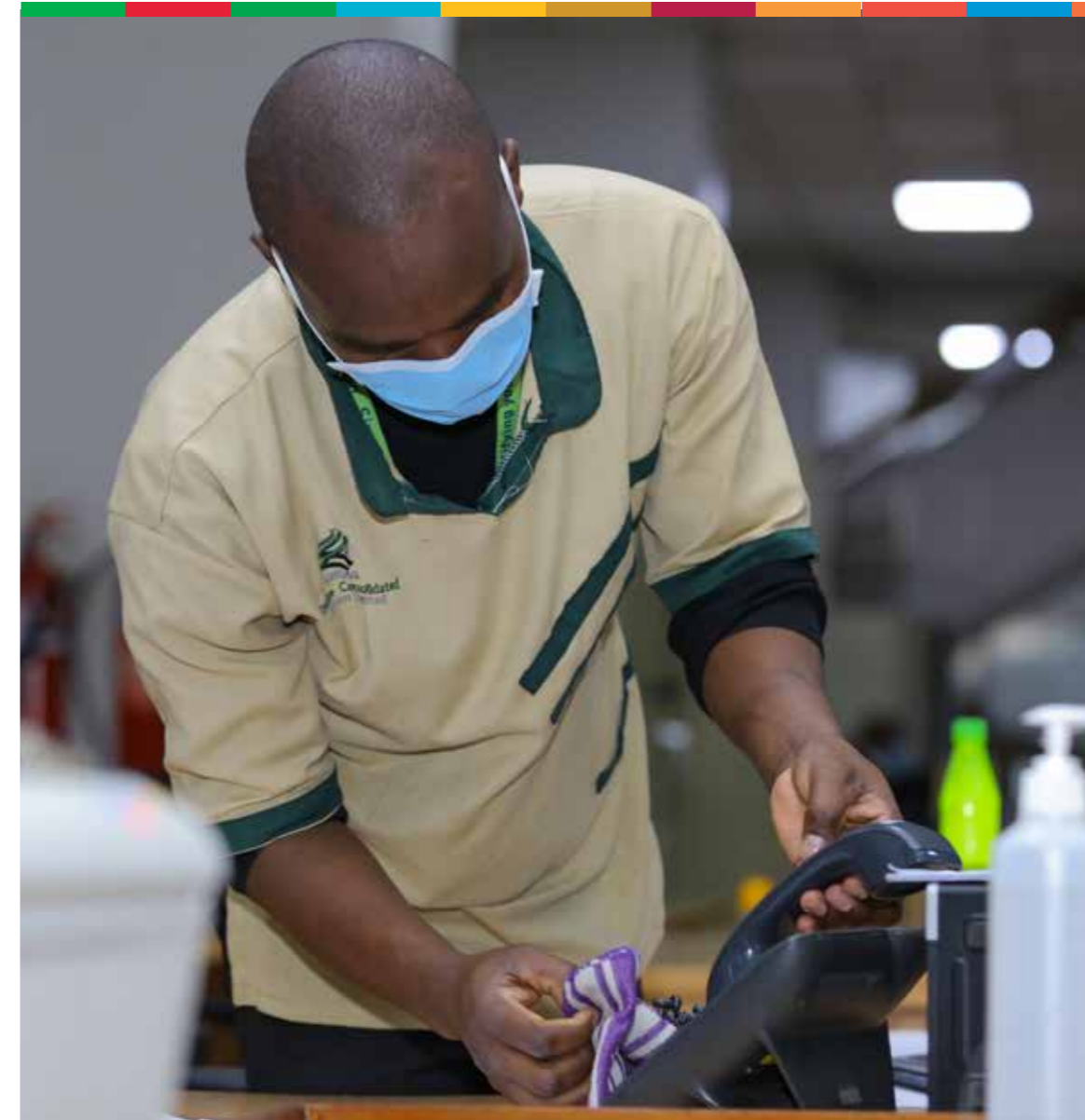


KCB Staff and customer exercising social distance during this period of COVID-19 pandemic at KCB tower Upper Hill Towers.



**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 management, mental health management and cyberskills. 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.



Ensuring hygiene and cleanliness is adhered to as per the COVID-19 guidelines.



1,000+

All staff were reskilled to meet customer needs in the new business operating environment. In this regard, we quickly rolled out training on remote selling to over 1,000 staff. This also helped prevent emerging fraud associated with remote working.

Psychological support was extended to all employees who received counselling and psychiatric support on a confidential basis when necessary. A list of counsellors and psychiatrists was shared. Vulnerable employees or those with pre-existing conditions were given special support.

COVID led to the suspension of all physical gatherings. Budget adjustments led to the cancellation or postponement of key programs and initiatives. In response, tools for working remotely from home were provided to all employees. These included laptops, discounted connectivity bundles, access to secure VPNs and home office furniture at discounted rates. The adoption of technology allowed us to offer a wider array of technical and leadership development interventions to a wider audience across all levels across the group.

In order to mitigate productivity declines, the bank facilitated the learning and adoption of new coping mechanisms to drive productivity and enable staff to adjust to the new way of working through various webinars and engagements. All staff were reskilled to meet customer needs in the new business operating environment. In this regard, we quickly rolled out courses such as remote selling which helped to prevent emerging fraud associated with remote working.

We established work-from-home-plans and equipped line managers with the ability to manage people related skills. In addition, we rolled out the emerging leaders mentorship program to strengthen the capabilities of leaders at this level. Leading in Lean Times was a particularly popular webinar which attracted 1,020 staff.



15B

The program 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.

**Gender Intelligence**

Our constant surveillance of the operating environment and our focus on customer experience made it clear that women face challenges that prevent them from fulfilling their economic potential. These include inadequate access to capital due to unconscious bias in the market along with lack of gendered customer value propositions. Thus, the Bank embarked on a systematic program in the region aimed at unlocking and unleashing the economic potential of women.

To make this program a reality, the Bank launched a comprehensive training program for 700 staff on gender intelligence, ensuring that they overcome any lingering biases against female customers, observe the strictest confidentiality when dealing with women (for example, we do not reveal any information to their husbands unless specifically authorized to do so) and learn how to meet the real business needs of women.

These employees now drive the Bank's highly effective gender agenda and women feel increasingly encouraged to take advantage of the financial options offered by the Bank and feel reassured that the Bank not only sees them, but hears and understands them. The program 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.

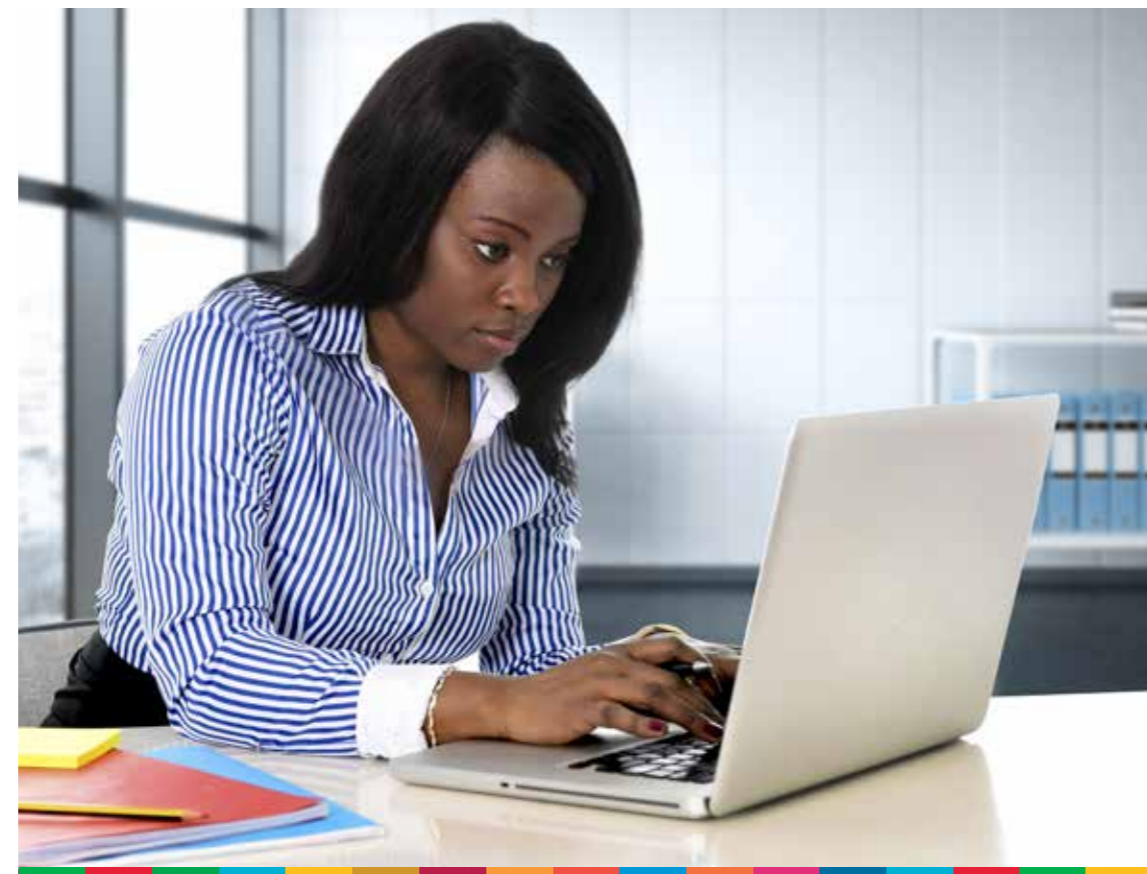


45%

KCB Group has achieved nearly 50-50 gender parity in its staff composition, with female employees comprising 45% of all staff.

**Women in Leadership Network**

KCB Group has achieved nearly 50-50 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.



**KCB Group launched a new cohort in 2020/2021 for the 'Women in Leadership Network' (WILN) program to mentor high-performing female employees in the organization.**

In order to address this, through the Women in Leadership Network (WILN) programme the bank continues to mentor high performing females in the organization to enable them climb the corporate ladder. In addition to this program, the 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.



**Digital Training**

The Group moved from physical to virtual interviews in order to respond to the demands of recruitment during the pandemic. This was initially met with skepticism. However, we held sessions with the interview panels to walk them through the new process and also to assure them that the process will not compromise hiring outcomes.

The Group trained its suppliers in digital procurement processes in order to complete the transition from manual to digital procurement as part of our strategic thrust to be digital to the core. As a result, suppliers reported improved turnaround times in execution of procurement requirements and a better sourcing experience due to visibility of supplier responses to tenders. The improved accuracy of data also enabled enhanced assessment of vendor proposals. Improved Stakeholder engagement due to ease of system access by users and collaborators ensured that we enabled our employees to fully meet their procurement KPIs on behalf of the Group.

In addition, employees reported improved job satisfaction and the Group enjoyed increased cost savings associated with preparation of bidding documents, reduction in office space for storage of documents, physical delivery, and evaluation of bidding documents. Indeed, employee health improved as they no longer had to handle documents that gather dust that can be inhaled when retrieving documents.

The Group saw increased productivity as staff were able to focus on more strategic work such as market intelligence, Supplier performance management and the use of data analytics in decision making. Furthermore, employees reported improved stakeholder management as tenders can now be evaluated at the comfort of the evaluators.



Employees reported improved job satisfaction and the Group enjoyed increased cost savings associated with preparation of bidding documents, reduction in office space for storage of documents, physical delivery, and evaluation of bidding documents.

# Digital Future



## 8.2M

We saw a four-fold increase in mobile banking transactions. Monthly, these rose from 2.1 million transactions in January 2020 to 8.2 million in December.

**K**enya is reputed to be the 'Silicon Savannah' of the continent due to its innovation and startup ecosystem. KCB is a major actor in this narrative. Our passion to implement digital products is at the heart of our offerings, driven not just by our progressive outlook but by customer feedback that has reinforced the need for new thinking.

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 rose from 2.1 million transactions in January 2020 to 8.2 million in December. - Page 59 the call out.

Although the Bank initially focused on converting personal banking clients onto its digital products, last year we set a new goal of bringing on board 1 Million MSMEs by 2023.



**Digital to the Core  
The Customer  
Journey: End-to-End  
Automation**

13

Phase two of this effort saw the bank digitize 13 supplementary processes, critical to customer experience. As a result, client value addition services such as standing orders, mobile banking resets and tax processing were available to all customers instantaneously through our online channels.

In the past, the Bank used to transfer paperwork from all 200 branches to headquarters to complete the account opening process, which took an average of two days. However, with digitization, all registration documents now remain within the branch, and only digital copies are forwarded to a central server.

Initially, digitization focused on transforming the end-to-end customer experience. The intention was to reduce turnaround times while automating back-office processes. We followed with digitizing core banking processes. As a result, we now have instant account opening and instant Debit Card issuance. Phase two of this effort saw the Group digitize 13 supplementary processes, critical to customer experience. As a result, client value addition services such as standing orders, mobile banking resets and tax processing were available to all customers instantaneously through our online channels.



**Vooma**

The KCB Vooma application is a cashless platform that offers clients a variety of services which include person-to-person payments, bill payments, payments to merchants on Vooma tills and paybills, bulk payments for salaries, government subsidies, e-voucher payments, distributor ecosystem payments, retailer financing. This platform is most preferred especially in a society that is digital and tech-savvy, the Vooma app has proven to address the needs of the mass.

The Vooma cashless solution aligns well with the government's Vision 2030 agenda under the economic and social pillars. Looking at some of the benefits of a cashless society, we can acknowledge that it fosters lower crime rates as there is no tangible money for criminals to steal. In addition, money laundering and tax evasion are reduced because there is always a paper trail. By collecting extensive data through digital transactions, organizations and consumers can use behavioral insights to upsell existing products, plan targeted campaigns, and to the consumer, can help manage their spending habits and preferences. The risk of handling, storing, and depositing cash is eliminated. Cashless transactions hinder the generation of black money and therefore curbs corruption.

**Benefits to businesses that use Vooma**

In terms of addressing the business needs of clients, the Vooma app allows users to earn from services they offer while receiving payments from customers.



**The Vooma cashless solution aligns well with the government's Vision 2030 agenda under the economic and social pillars. Looking at some of the benefits of a cashless society, we can acknowledge that it fosters lower crime rates as there is no tangible money for criminals to steal.**

KCB Vooma champions debrief session

**Use of Vooma on a county level**

There is a great need for the Vooma app to be utilized on a larger scale, which has allowed the app to grow and expand to different counties as they look to adopt digital services, especially when it comes to receiving and making payments. The Vooma app will address this by offering affordable services to the entire county ecosystem. KCB plans to build a network effect for both the agents and merchants and aims to have 200,000 agents by the close of the 2021 financial year, and 1 million merchants. KCB also plans on implementing interoperability with various stakeholders in the industry including telcos. KCB have seen this growing need from customers, as they seek an alternative that will provide them with fast secure modes of payments.



200,000

KCB plans to build a network effect for both the agents and merchants and aims to have 200,000 agents by the close of the 2021 financial year, and 1 million merchants.



**Enhancement of Digital Channels**

Vooma is a mobile wallet targeted at those who want financial services without access to traditional banking services. It is an attractive option for low income earners and the youth. The application also offers open APIs so that FinTechs and various businesses can connect to the platform and conduct their own transactions. Advanced analytics are key to predict the repayment capabilities of customers which, we anticipate, will further unite the ecosystem from small business owners to large corporations and enhance the cashless economy, of which KCB is a part. We are moving our Mobile Banking platform to Vooma, 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 is currently piloting a plan to onboard, and lend, to at least 1 Million SMEs in 2021.

**Financial Inclusion: Banking the Unbanked**

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.



**40%**

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.

**Digital Future**

**Tablet Banking**

At KCB Group, our focus on digital is not just an add-on - it is fundamentally transforming the way we operate.

Automating processes has had a direct impact on our capacity to serve our customers better. In an increasingly digitised world, where we all spend more time on social media and use our phone for payment transactions, we understood our clients expect us to serve them where they are, at the convenience of a button, without having to come to our branches to make every single banking operations.

Automation has also enabled us to free our employees from many lengthy manual procedures - such as the ones involved in account opening, enabling them to focus on serving customers rather than on paperwork.

As part of our 3 year strategy, we decided to leverage on this combination of factors to help our staff focus more on the customer experience (another of our strategic thrust) making each and every customer experience seamless, simplified and memorable. Being closer to our customers enables staff to understand their needs and helps to propose tailor-made solutions that

**Developed as a pilot in 20 of our branches, tablet banking has proved very successful and the feedback from new customers as well as from the 350 employees equipped with these tablets are very positive.**



KCB staff member shows a customer how to use the tablet banking platform.

will give them better value. This in turn helps staff to connect emotionally having understood the customers' reality.

Tablet banking was imagined at the confluence of these two strategic thrusts: by equipping staff with tablets from which they can securely operate most basic banking operations, we enabled them to go and meet potential new customers where they are and open an account for them using the tablet. With this new mode of banking, KCB can increase the accessibility of banking services in remote locations, thus driving financial inclusion. It has helped the Group to reach people who would never visit a banking hall, be it because they are far geographically or because of psycho-cultural barriers. Tablet banking enables our staff to meet our customers in the field, in their own environment, thus helping us to understand them and their reality better.

Developed as a pilot in 20 of our branches, tablet banking has proved very successful and the feedback from new customers as well as from the 350 employees equipped with these tablets has been positive. KCB Group is now considering a wider roll out as part of our drive to accelerate the future of banking, for our customers as well as our employees.

**Digital Transformation and Related Risks**

The advent of COVID-19 compelled us to rely more on digital platforms in order to reduce traffic at our branches. While successful, this exercise to transition to digital presented significant challenges. Cybercrime, including fraud and phishing attacks, have been on the increase as more employees worked remotely.

In 2020, the Group successfully prevented a theft of KShs. 2 billion, in attempted fraud, thanks to our robust cyber-security systems. In order to safeguard our customers' funds, we have ensured that all our data is encrypted and, in tandem, we conduct consumer awareness campaigns on cybercrime.



**KShs. 2 Billion**

In 2020, the Group successfully prevented a theft of KShs. 2 billion, in attempted fraud, thanks to our robust cyber-security systems.



# Partnerships

**K**CB 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 collective solutions to current challenges through the Collective Commitment to Climate Action (CCCA), which is the most ambitious global banking sector initiative supporting the transition to a net zero carbon emission economy by 2050.

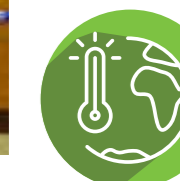


From left, Treasury Cabinet Secretary Ukur Yattani, KCB Bank Group Chairman Andrew Kairu, KCB Group CEO and MD Joshua Oigara during the Treasury dividends cheque handover at the Treasury offices, Nairobi.

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 partnership culture has been invaluable in our contribution to the private sector's economic recovery efforts, following the pandemic. In addition to our own initiatives, we quickly launched joint initiatives with players in government, the private sector and the non-profit sector. Examples include a partnership between the KCB Biashara Club and the International Finance Corporation (IFC) to provide COVID-19 webinars to over 12,000 SMEs.

**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.**



38

With over 38 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.

**Global Reporting Initiative**



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 and take responsibility for their impacts, enabled through the world's most widely used standards for sustainability reporting. This reporting has also enabled businesses, investors, policymakers, and civil society to use this information to engage in dialogue and make decisions that support sustainable development in their stakeholder engagement interactions with KCB. The initiative has been a source of guidance in reporting improvement, integrating Sustainable Development Goals (SDGs) to track and update report as well as identification of materiality issues and content.

**UNEP-Finance Initiative (FI)**



This is a UN partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. KCB Group joined this initiative in the year 2014. It has been a source of learning best practices from a global perspective to help create a financial sector that serves people and planet while delivering positive 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 commitments to the six Principles for Responsible Banking (PRB) as an ambition towards supporting the Sustainable Development Goals (SDGs), Paris Climate Agreement and National and Regional Determinants framework and Contributions. These six principles are: Alignment; Impact and Target Setting; Clients and Customers; Governance and Culture; Stakeholders and Transparency and Accountability. This partnership has enabled KCB Group to progressively align business strategy with sustainability innovation thinking and practices in decision making.

**UN Global Compact**



KCB Group is a member of UN Global Compact having joined in the year 2014. It is a voluntary initiative based on CEO commitments to implement 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 into strategies, policies and procedures, and establishing a culture of integrity, upholding basic responsibilities to people and planet, but also setting the stage for long-term success of an entity.

**Sustainable Finance Initiative (SFI)**



Sustainable Finance Initiative (SFI) is a Kenya Banking Association (KBA) industry led initiative that was launched in 2015 and it brings together all banks to adopt and support the Sustainable Finance Initiative (SFI) Guiding Principles but also integrate them to ensure enhanced benefit 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 enabled by new technology. KBA have hosted e-learning sessions for banking sector to support in capacity building needs, integration and mainstreaming. KCB also is a member of the SFI committee.

**Africa Shared Value**



KCB Group is a signatory to the Africa Shared Value programme having joined in the year 2018. 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. In doing so, 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 come to life in practical ways.

**Task Force on Climate-Related Financial Disclosures**



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 to see how best this can be translated into physical and transitional risks and evaluate these risks using climate scenario analyses and play a positive role in the low-carbon transition. The successful implementation of TCFD will enable KCB to consolidate best practices in climate risk management and help standardize climate disclosures from a global perspective. At the moment we are undergoing capacity building and training through the UNEP-Fi with an aim to full integrate this in the next two years.

**Partnership for Carbon Accounting Financials**



Partnership for Carbon Accounting Financials (PCAF) is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. PCAF developed a guidance to help financial institutions navigate through the cluster of climate initiatives and understand their purpose, focus, coverage and target audience. The guidance comes with an overview of climate initiatives, describing the status and the requirements to join them. Understanding this landscape will help financial institutions at different levels of progress to identify the most efficient support available to scale their climate efforts. KCB joined this initiative in 2019 and are on a learning curve with support from PCAF secretariat.



**Boda boda transportation**

**B**oda 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 our 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 3, the contribution made will ensure NSSF and NHIF payments are made on behalf of all members, thus supporting the health and wellbeing of 1.4 million people.



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.**

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.



**KShs. 50**

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.



The Bank is now able to continuously qualify 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 During the Pandemic**

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 for humanitarian support. We also introduced lending agreements with County governments to support MSMEs through fund management, interest sharing and guarantees.

**Partnership with our suppliers**

Our suppliers are key partners of ours. Including them in our own sustainability drive is a strategic way for us to lead the efforts of our entire 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 qualify 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.

We have also continued prioritizing procurement from selected groups of suppliers, be they local, women or youth led. We are also starting to integrate



KCB Group CEO and MD Joshua Oigara, with Education Cabinet Secretary, Professor George Magoha, during the launch of a system for learning institutions ahead of the reopening.

**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.**

special consideration towards companies being led or employing People Living With Disability. We believe our capacity to hold true to our commitment of 10% of our procurement plan being reserved for these special groups as well as our preference for local suppliers, enables us to play a key role in the social and economic growth of society, especially in a difficult year such as 2020.

KCB Metric / KPI	Target by Dec 2020		Achievement by Dec 2020
	Local	International	
Local vs international spend for supplies (in Billion)	Local	International	6,352,461,103.14
	International		3,032,281,569.66
% of Local Vs International of the total purchases	Local	60%	68%
	International	40%	32%
Number of Special groups ( PLWDs, youth and women) suppliers	10% of Procurement plan		22%
Value spent for Special Group Suppliers (in Millions)			363,233,415

**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 its core business interest. As such, the KCB Foundation has been highly instrumental in our socio-economic impact drive, with flagship programs such as Zjiajiri. *Zjiajiri* 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 *Zjiajiri* 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 within the Micro, Small and Medium Enterprises in the agriculture, manufacturing and construction sectors in Kenya over the next five years. This is under the *Niko Waks* program, which, as one of the largest and most ambitious such plans, we believe will turn the tide of youth unemployment.

While this program is expected to buoy other sectors of the economy and impact economic growth, its



Zjiajiri 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.

Young Africa Works beneficiary Derrick Mboya harvests tomatoes at his hydroponic farming greenhouse in Kibiko-Ngong.

COVID-19 Emergency response fund beneficiary, Nuria Abdi sells shoes to gain income to feed her family in Mukuru kwa Njenga Nairobi County.



COVID-19 Emergency response fund beneficiary, Mary Awino Otieno who was financially affected after the outbreak of COVID-19.



## KShs. 8 Million

Additionally, we rerouted nearly KShs. 8 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.



## 1,000

We also initiated a social support programme in partnership with online retail aggregator Sokowatch to cushion 1,000 needy households in informal settlements within Nairobi.



## 44

Additionally, in order to ease the heavy financial burden and reduced incomes among our 2jijiri beneficiaries, the KCB Foundation, with our Micro Banking department, restructured 44 2jijiri loans worth nearly KShs. 15 million.

implementation was adversely impacted by the Covid pandemic. Government directives compelled us to suspend recruitment and suspend operations. The Foundation's major stakeholder, the youth demographic, were heavily affected.

Our 2jijiri beneficiaries could not access greenhouse accessories and farm infrastructure due to the sudden suspension of manufacturing activities. Concurrently, the closure of educational institutions halted the enrolment of beneficiaries for training in agribusiness, manufacturing, and construction. High school students and livestock farmers in the arid and semi-arid areas also suffered significant disruptions as some of our implementation partners had to close down their premises and suspend program activities.

In response to these challenges, the Foundation set aside KShs. 25 million under the 'Save Life Initiative'

to support beneficiaries in programs still running. From the fund, nearly KShs. 5 million was dedicated to KCB Foundation's Greenhouse farmers to meet rising operational costs. We extended similar support to beneficiaries in Juja and Rungiri in Kiambu County.

Additionally, we rerouted nearly KShs. 8 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, KShs. 2,000 was allotted for back-to-school expenses to each of them when schools resumed in January 2021.

We also initiated a social support programme in partnership with online retail aggregator Sokowatch to cushion 1,000 needy households in informal settlements within Nairobi. We leveraged Sokowatch's wide network to distribute e-vouchers for the last 5



years, through a network of 14,000 kiosks in Eastern Africa.

We remain keen on partnerships with similar groups as they are the backbone in our strategy to enroll women in the Mastercard Foundation's *Young Africa Works* initiative, which stipulates at least 70% of program beneficiaries are women. In a related bid to strengthen our commitment to inclusion, education access and job opportunities for People Living with Disabilities, we distributed KShs. 1 million to 500 2jijiri beneficiaries via a monthly stipend of KShs. 1,000.

Additionally, in order to ease the heavy financial burden and reduced incomes among our 2jijiri beneficiaries, the KCB Foundation, with our Micro Banking department, restructured 44 2jijiri loans worth nearly KShs. 15 million.

We utilized the COVID-19 Business Continuity and Economic

Resilience allocation of KShs. 54 million from the Mastercard Foundation to:

1. Facilitate compliance in online digital learning, including developing online content for online training in three anchor sectors (manufacturing, construction and agribusiness).
2. Provide face masks, signages, sanitizers, hand washing stations and soap.
3. Purchase additional tools to avoid sharing of tools at the farms.
4. Install safety signages at the different project sites.
5. Set up and equip a farm clinic which has health workers.
6. Set up onsite accommodation at the Ngong Farm site for the beneficiaries.
7. Construct dining halls that can also be used as Continuous Learning Communications Hubs on site.
8. Provide stipends to trainees who were in session during the COVID-19 outbreak.

## KShs. 1 Million

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



## 70%

We remain keen on partnerships with similar groups as they are the backbone in our strategy to enroll women in the Mastercard Foundation's *Young Africa Works* initiative, which stipulates at least 70% of program beneficiaries are women.

COVID-19 Emergency response fund beneficiary, Nuria Abdi sells shoes to gain income to feed her family in Mukuru kwa Njenga Nairobi County.



# Governance and Integrity

### Transparency and Accountability

The KCB Group subscribes to the Principles of Responsible Banking and is aligned with the relevant statutory and international commitments to ensure we meet the highest expectations of governance and integrity by our shareholders, ourselves, our stakeholders and society as a whole. We subscribe to the philosophy and principles of integrity, accountability, transparency and fairness in our manner of doing business.

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 enhanced system integrity enables us to securely 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 blocks 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 finance infrastructure in the country through electronic data warehousing. In addition, we have been involved in the development of consumer protection guidelines which provide for the publication of 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 proposed increase of personal and business income taxes.



**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 and protects shared value for the Group and society as a whole. 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 as prescribed by the Central Bank of Kenya, which is the primary regulatory authority of the Group and KCB Bank Kenya Limited. We also continue to comply with the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 and believe we are among the companies classified as leaders by the Capital Market Authority in its report on the State of Corporate Governance of issuers of securities to the public in Kenya

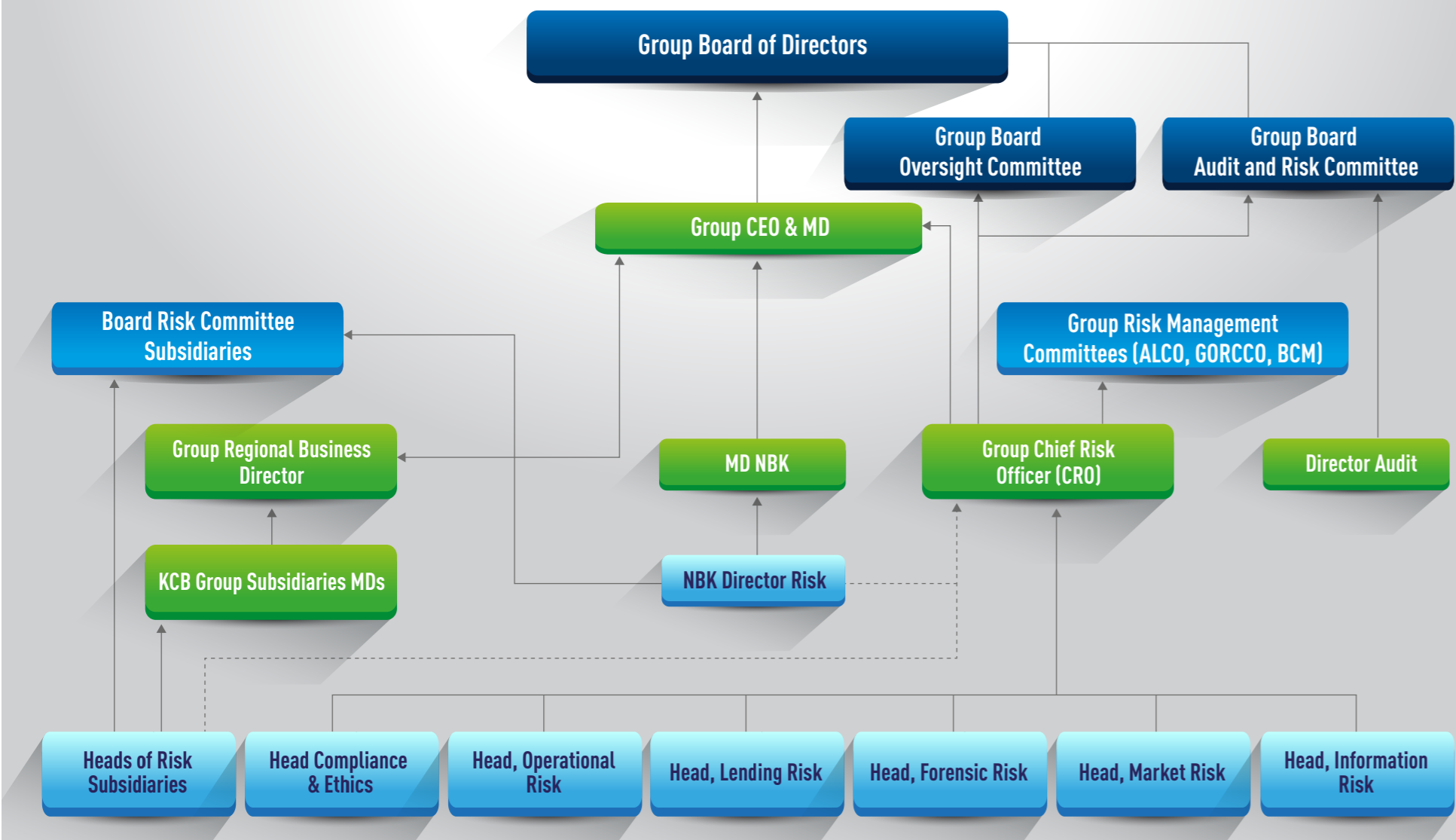
The Board Charter sets out the Board authority and matters reserved for determination and approval by the Board. These include appointing the CEO, decisions concerning strategy and long-term objectives of the Group, the Group's capital, financial planning and financial budgets, significant contracts and various statutory and regulatory approvals. Matters related to the approval of the remuneration policy, resource management, risk management framework and risk appetite are also other matters reserved by the Board. To assist it in discharging these responsibilities, the Board has established Board committees to give detailed consideration to key issues. These include the Executive Management Committee (EXCO), the Group Management Committee (GMC), the Assets and Liabilities Management Committee (ALCO), the Group Operational Risk and Compliance Committee (GORCCO) and the Management Credit Risk Committee (MCRC).



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.

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 Group Chief Executive Officer & Managing Director in turn delegates aspects of his own authority to members of the Executive Committee. The scope of, and limitations to, these delegations are clearly documented and cover areas such as operating expenditure, capital expenditure and investments. These delegations balance effective oversight with appropriate empowerment and accountability of senior executives.

The fundamental relationships between the shareholders, Board, 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 separate and distinct with a clear division of responsibility between the running of the Board and the executive responsibility of running KCB Group's business. The current KCB Group Board Charter was reviewed and approved by the Board on 5 March, 2019 and is available on the company website ([www.kcbgroup.com](http://www.kcbgroup.com))

The Human Resources Committee of the Board is responsible for setting and administering the non-executive Directors remuneration policy. The Articles of Association of the company provides that the Board 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 Bank will be keen on improving the inclusivity target 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 including the Group Chairman. The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter and applicable law. The Board composition comprises a majority of independent non-executive directors with a broad range of skills, experience and expertise and from a diverse range of backgrounds. The Chairman of the Board must be an independent non-executive director.

In the year 2019, the Board established a Nominations committee separate and distinct from the previously Existing HR & Nominations committee. The process to appoint a new director is overseen by the Chairman

and the Nominations committee. The committee is responsible for recommending the procedure for the selection of new directors, the proposed criteria for the selection of candidates with particular reference to current mix of skills, knowledge and experience. 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 preferred candidates meet with the members of the committee before a final decision is made. Prior to confirmation of appointment, all Directors are required to meet the "Fit and Proper" requirements set 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-election by shareholders as required under the Company's Articles of Association, the Board Charter and applicable law. The Group Chairman would normally be expected to serve a maximum term of five years in that capacity. A Director appointed by the Board to fill a casual vacancy must seek election at the next Annual General Meeting ("AGM") after their appointment. As further provided for in the Articles of Association, at every AGM, and as may be applicable,

**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.**

at least one-third of the non-executive Directors must retire from the Board and where eligible, stand for re-election.

The Board is committed to maintaining transparency and accountability to our shareholders and investors. The board works to ensure that all shareholders are treated equitably and their rights are protected. The board actively reviews the social, environmental and economic issues that are pertinent to the regions where the bank operates and consistently incorporates this information in its policy decisions relative to the banks commitments to sustainable business practices. This year, the Board reviewed and approved 4 critical policies pertaining to our sustainability agenda – thus ensuring respect of these policies inform decisions throughout all our entities and subsidiaries. The Sustainability and Social & Environmental Management Systems policies which dated from 2017 were reviewed and updated. The Board also approved for the first time our new Stakeholders Policy and our Gender and Financial Inclusion Policy. The Group Head of Corporate & Regulatory Affairs is the policy owner of these 4 very important policies.

The KCB Group has adopted the International Finance Corporation's (IFC) Performance Standards as international best practices to be the specific KCB Group Performance Requirements; covering the key areas of Social and Environmental impacts and issues that clients are expected to meet.

The Group operates in dynamic markets where it is critical to develop sensitivity to the views of various stakeholders for maintenance of trust among and its stakeholders. It is important for the Group to ensure that stakeholders understand its position on various issues affecting them in the market while building



3

The current Board consists of three female members out of a total of 12 members. Going forward, the Bank will be keen on improving the inclusivity target at senior management levels to achieve the 50:50 gender balance target.



Although COVID started off as a moderate risk it is now considered a high risk. The Group has suffered one fatality and continues to see increased infections among staff. The Bank reviewed its risk appetite in April to address impact of COVID.

partnerships and creating allies who can tolerate divergent views.

All KCB Group activities respect the rights and responsibilities set forth in the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and other applicable international instruments relating to the human rights of indigenous peoples, including ILO Convention No.169, the International Covenant on Economic, Social and Cultural Rights, United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Universal Declaration on Human Rights and the International Convention on the Elimination of All Forms of Racial Discrimination (CERD).

The KCB 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.

**Risk Management**

Risks are inherent in our day-to-day operations and therefore 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 as a whole, while identifying and quantifying risks, establishing risk ownership, implementation of appropriate mitigation actions and maximizing business value.

The Board of Directors of the Bank is responsible for delineating the overall risk-management strategy and supervising the risk-management framework of the Group, directly or through the Risk Committee.



**The KCB 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 for the allocation of capital in respect of risks. Risk appetite at the Group constitutes an effective framework for risk management and a key tool linking the organization's strategy, capital allocation, and risk management. The risk-appetite document declares 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 aids awareness of risk and appropriate behaviours and judgment in regard to risk taking in the context of corporate governance, effective risk management, appropriate risk taking, and ensures that emerging risks or risk-taking activities are identified, assessed, escalated, and addressed in a timely manner.

The Group started the year 2020 with Credit risk, 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 strategy and the economy. The Group has suffered one fatality from coronavirus and continues to see increased infections among staff. The crisis team meets on a regular basis to review the impact of COVID on staff and implement mitigation and prevention measures such as enabling staff to work from home, regular disinfection of workstations and workspaces, and ensuring compliance with health protocols. Uncertainty exists regarding the duration and severity of COVID-19 impacts and the associated disruption to the local and global economy.

The COVID-19 pandemic resulted in prolonged closures of businesses, predominantly in service industries leading to increased credit losses from business insolvencies and challenging economic conditions, and higher consumer defaults due to unemployment. The bank undertakes regular stress tests to understand how our business performs and to prepare alternative action plans for a range of economic scenarios. The bank will also continue



**The KCB 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.**

to support our customers whilst adhering to its policies, procedures and tools to support responsible credit decisions in this new environment. The bank offered an extended level of help and flexibility to customers including extension of repayment terms for distressed customers and implementation of measures prescribed by the Central bank such as the waiver of fees on digital transactions.



**96%**

The Group achieved 96% coverage of all staff trained on Anti-Money Laundering practices in order to better detect and deter such activities. The Group is developing a Data Protection Framework to align ourselves with the Data Protection Act 2019 and the GDPR laws enacted by the European Union.

ICT risk was enhanced by the potential exposures from the adoption of remote working/ access to bank systems and the increased rollout of digital services. Fraud risk has gone up on digital platforms due to increased limits on internet and mobile platforms as well as enhanced activity on those platforms. The Group continues to enhance cyber security capabilities across its entities with continuous sensitization to staff and customers on emerging and existing cybercrime activities. Further, the Group has developed a Data Protection Framework to align with the Data Protection Act 2019 and the GDPR laws enacted by the European Union.

In response to the Coronavirus pandemic, the Central bank of Kenya requested all financial institutions to re-submit revised ICAAP documents taking into account the impact of the pandemic and the mitigating measures undertaken including the proposed measures to strengthen the balance sheet and maintain adequate capital and liquidity, and any proposed distribution of 2020 profits. The policy of the Group is to maintain capital adequacy at a level higher than the minimum ratio required by the Regulator, 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 a global increase in cybercrime as cyber criminals seek to gain financially from





All staff and other parties working for or on behalf of the Group are called upon to uphold Ethical business conduct in all their business dealings.

people's vulnerability, or exploit potential weaknesses introduced through rapid operational changes implemented by businesses or exploitation of system vulnerabilities. KCB is committed and continue to build capability for effective response to fraud risks having made several enhancements to our systems and controls including the implementation of the Fraud Management System. All Stakeholders of the Group have a responsibility in respect to the fight against fraud and other illegal acts. This is achieved through initiatives such as fraud risk training and awareness, underpinned by zero tolerance to fraud culture agenda. Further, there is a management level Disciplinary Committee which reviews fraud cases and applies the consequence management framework.

**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.**

**Sustaining Ethics at KCB Group**

KCB Group recognizes 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 in all their business dealings. In line with this, the Bank has a documented Code of Ethical Conduct that stipulates the expected behaviours and standards of ethical conduct required of all staff and others acting for the Group.

The Code of Ethical Conduct is reviewed every three years at the minimum as per the Bank's policy review requirements. However, the Code of Conduct is also reviewed as needed should there be significant changes in the operating environment both 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.



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. In addition to this, staff also rely on the support of line management.

**Data Privacy**

The Group upholds customer data confidentiality and integrity in compliance with the data governance regulations. We work diligently to ensure that data protection, privacy and integrity are taken into consideration at every step when we process personal data. To this end, we are developing a data management program focused on strengthening our Data Management Framework across the Group. This involves enhancing our methodology, architecture, tools, standards, and procedures across all business areas, to ensure the quality and integrity of data throughout its lifecycle.

Over and above the Consumer Protection requirements that the Group has fully embraced, the requirements of the Kenya Data Protection Act 2019 are currently under review to establish and address across the Group any new matters that have been introduced by the Act.

KCB Staff are well guided and frequently trained on strictly upholding customer confidentiality. All staff undertake a mandatory annual Ethics E-learning course. With the increased focus on digital services, customer confidentiality has been re-emphasized through periodic communication issued to all staff.

**KCB Group complies with all laws and regulatory guidelines, and continuously ensures that internal policies are aligned in the respective jurisdictions the Bank operates.**



Any cases involving breach of customer confidentiality are noted, investigated by the Forensics team and disciplinary action taken where omissions are noted. KCB Group complies with all laws and regulatory guidelines, 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 all customers and all stakeholders not only on the need to protect their own data but also how to do so.



Over and above the Consumer Protection requirements that the Group has fully embraced, the requirements of the Kenya Data Protection Act 2019 are currently under review to establish and address across the Group any new matters that have been introduced by the Act.



The Group Code of ethical conduct outlines the behaviours and standards of ethical conduct required of Staff and other stakeholders acting for the Group.

**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 programs through training and cascading of policies to staff and encouraging open communication on risk management issues. The Group Code of ethical conduct outlines the behaviours and standards of ethical conduct required of Staff and other stakeholders acting for the Group.

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

- KCB Group Risk Appetite Policy document.
- KCB Group AML Compliance Policy
- KCB Group Code of Ethical Conduct Policy
- KCB Group Whistle Blowing Procedures
- KCB Group Sanctions, Embargoes and Watch-list Compliance Policy
- KCB Group Reputational Risk Policy
- KCB Group Strategic Risk Management Policy
- KCB Group Fraud Risk Policy
- KCB Group Outsourcing policy

**COVID-19 and Ethics**

KCB continued to uphold its compliance and ethics culture in the midst of the pandemic, continuously abiding with the KCB Group Code of Ethical Conduct, while complying with the Pandemic Response plan and other Bank Policies during the pandemic. Alternative working arrangements were complied with.



**Majority of staff are in favor of the Group's sustainability initiatives and believe that integrating sustainability is a personal responsibility. The most practiced behaviors by staff are turning off computers and switching off the lights.**

Respect, privacy and avoidance of stigmatization and other ethics matters were considered in development and implementation of the Pandemic Response plan by the Crisis Management Team. This was done in compliance with regulatory guidelines including the CBK Guidance Note to the Banking Sector on Pandemic Planning.

The KCB Group Code of Ethical Conduct requires a conducive working environment for all staff, and the HR policy on Harassment and Discrimination provide for a work environment that is free from all forms of discrimination and related conduct. In this regard, while the bank took active measures to prevent the spread of COVID-19 amongst its customers and staff, we ensured the privacy of those who got infected was respected while communicating to staff and stakeholders that discrimination against infected customers, colleagues and stakeholders would not be tolerated by the Group.

**KCB Group Whistle Blowing system: 'Voice Your Concerns'**

KCB Group has established effective communication channels for staff to raise 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, there is an externally hosted 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

Concerns 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 requests for advice received, their type, and the percentage that were answered during the reporting period are as below:

Type of Request* for advice	Number of Requests	Answered Requests
Conflict of Interest	3	3
Business Gifts	1	1
<b>Total</b>	<b>4</b>	<b>4 (100% response rate)</b>

Total number of concerns reported, the type of misconduct reported, and the percentage of concerns that were addressed, resolved, or found to be unsubstantiated during the reporting period:

Reported Concerns (Internal Ethics reports)	Number Reported	Resolved/Addressed Concerns
Dress Code Concerns	4	4
Maintenance of Business Gifts Register	1	1
Customer Complaints on unfair treatment	5	5
<b>Sub-Total</b>	<b>10</b>	<b>10 (100% resolution rate)</b>
Reported Concerns (Forensics Reports)	Number Reported	Resolved/Addressed Concerns
HR Related Grievances & Governance	7	7
Others	3	3
<b>Sub-Total</b>	<b>10</b>	<b>10 (100% resolution rate)</b>
Reported Concerns External Whistleblowing Channel	Number Reported	Resolved/Addressed Concerns
HR Related Grievances & Governance	20	20
Others	4	4
<b>Sub-Total</b>	<b>24</b>	<b>24 (100% resolution rate)</b>

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 below guidelines are set out in the code of ethical conduct:

- i. Not accepting any form of personal payment or other form of inducement.
- ii. Directly or indirectly soliciting, arranging or accepting a bribe or inducement of any form is prohibited.
- iii. Not to make or receive offers, gifts, or acceptance of a facilitation fee, bribe, or inducement in any form.
- iv. Not to knowingly assist a person or a private entity to give or receive a bribe.



**100%**

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



2

In May, the prestigious Association for Talent Development (ATD) 'Best Award' ranked the Bank at position two out of 66 organizations globally for supporting its employees and nurturing a conducive working environment.

- v. Avoidance of and reporting of cases of conflicts of interest.
- vi. All occasions where a bribe has been offered must be reported.

**Mandatory training**

All Group employees must complete annual training on risk courses including Ethics course and annual declarations on code of conduct and ethics, anti-money laundering and conflict of interest. Regular training helps to ensure appropriate understanding and embedding of the bank's expectations in terms of ethics and conduct.

**Integrating Sustainability**

We have implemented a culture of responsible banking across the Group by cascading relevant training to our workforce. In 2020, the Group administered an online survey to all staff in all the countries we operate. The survey found that five in every ten staff are aware of at least 6 KCB Group sustainability initiatives. Staff have reported the highest awareness on the principles of Responsible banking, KCB's adopted SDGs, the KCB Green Agenda and Sustainability Reporting.

Majority of staff are in favour of the Group's sustainability initiatives and believe that integrating sustainability is a personal responsibility. The most practiced behaviours by staff are turning off computers and switching off the lights while the least practiced behaviours are use of public transport & carpooling.

There's a high level of agreement amongst staff that sustainability is key for future generations.

They agree companies should take responsibility for the green agenda, poverty eradication and peaceful resolution of conflict.



**Majority of staff are in favor of the Group's sustainability initiatives and believe that integrating sustainability is a personal responsibility. The most practiced behaviors by staff are turning off computers and switching off the lights.**

**Regulatory Changes: Opportunities for the Group**

Following the decision by the Office of the Attorney General in Kenya to update the national registry on beneficial ownership, companies were required to update their beneficial ownership e-register by 31st January 2021. In line with this development the Group moved to strengthen its internal Know Your Customer (KYC) procedures. Combined with our robust Cybersecurity systems, we were able to flag and prevent suspicious or fraudulent transactions faster. With COVID-19 tax relief now lapsing, we expect better business performance in 2021 due to improved macroeconomic performance which should lead to higher repayment rates for loans and increased demand for our banking products.



From far left KCB Bank Group staff Haji Hemed Business performance, Victor Kibet Financial control and Shem Ngumo Financial controls receives the overall fire awards winner trophy from former Chief Justice David Maraga assisted by Nelson Gaichuhie Chief Administrative Secretary and Geoffrey Odundo Chief executive NSE. This was during the Fire Awards ceremony held at Serena Hotel Nairobi county Bank managed to bank six awards which are Listed Companies Category, Kenya category, Bank category, Overall Winner, 1st Runners up Corporate Governance Category and 2nd Runners up integrated Reporting Category.

**Awards and Recognition**

KCB Group Plc ranks at 667 globally in *The Banker's Top 1000 World Banks*. The Group climbed 142 places in the survey, having been ranked at position 717 in 2019 and position 809, the year before. Additionally, the Bank was also named the 'Safest Bank in Kenya' by Global Finance in the 29th *World's Safest Banks*, the gold standard of financial safety for over 25 years. In May, the prestigious *Association for Talent Development (ATD) 'Best Award'* ranked the Bank at position two out of 66 organizations globally for supporting its employees and nurturing a conducive working environment. The Bank was also recognized as the 'Best Bank' and 'Best Investment Bank' by *Global Finance* in 2020.

**Awards Won in 2020**

- |   |   |
|---|---|
| <p>1 <b>Global Finance, Best Investment Banks 2020</b><br/>- Best investment Bank for sustainable Finance</p> <p>2 <b>Global Finance's Best Bank Awards</b><br/>- Best Bank in Kenya</p> <p>3 <b>Africa Regional Awards by Asian Banker</b><br/>- Best Digital Bank</p> <p>4 <b>Best Digital Bank by Asian Banker</b></p> <p>5 <b>Outstanding Crisis Leadership, Community Category by Global Finance</b></p> | <p>6 <b>Safest Bank by Global Finance World Safest Banks</b></p> <p>7 <b>The Banker's Top 1000 World Banks</b><br/>KCB was rated number 1 in Eastern Africa and emerged in the top 10 among African banks in key parameters</p> <p>8 <b>ATD (Get this in full) Best Awards</b></p> <p>9 <b>Outstanding Crisis Leadership</b><br/>- Crisis Leadership</p> <p>10 <b>Financial Reporting Awards (FIRE)</b><br/>Winner Best Bank in Kenya<br/>- Best Bank Category<br/>- Best among the Listed Companies<br/>- First runners-up Corporate Governance Category<br/>- Second runners-up Integrated Reporting Category</p> |
|---|---|



667

KCB Group Plc ranks at 667 globally in *The Banker's Top 1000 World Banks*. The Group climbed 142 places in the survey, having been ranked at position 717 in 2019 and position 809, the year before.

# Environmental Responsibility



**K**CB 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 working with 40 other international stakeholders as part of the Collective Commitment on Climate Action to align with UN Climate agenda. 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.



40

KCB is also the first banking conglomerate in Africa working with 40 other international stakeholders as part of the Collective Commitment on Climate Action to align with UN Climate agenda.



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.

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 enabler of more environmentally friendly business practices, at all level of our business ecosystem. Access to funding facilities enable us to support our clients in their own environmental journey.

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 continually raise our compliance and performance through our work on Carbon Accounting, our work with the Collective Commitment to Climate Action (CCCA) 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 4.2% of the net loans issued by the

**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 enabler of more environmentally friendly business practices, at all level of our business ecosystem.**

**Green Agenda**



**Green projects estimated within our corporate and SME portfolio combined stood between**

**US\$ 162 Million & US\$ 188 Million**

**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 stand at US\$ 5.59 billion with the green portfolio estimated at approximately US\$ 279 million.

At the end of 2020, KCB Group had screened loans worth KShs. 91.8 billion through its Environmental and Social Governance Risk Due Diligence. 56 corporates represent the bulk of this, at KShs. 88,9 billion and 31 SME representing 2.8 billion.

Over the past five years, KCB Bank has incorporated the Social and Environmental Management System (SEMS) into its lending processes. The policy, which was renewed and updated this year, ensures that we remain at the forefront of innovation and capacity building of our stakeholders whilst mitigating environmental cost.

**GCF Accreditation**

This year, a major milestone to enable such positive impact has been KCB accreditation to the Green Climate Fund, a first in East Africa. This confirmed that the KCB Group duly met all the standards and requirements of the Green Climate Fund Board. The accreditation paves the way for the Bank to receive funds from the Green Climate Fund (GCF) as a result, lend to beneficiary institutions already involved in the development of green-climate resilient investment projects across the region.

KCB Bank in partnership with the Ministry of Finance and National Treasury formed a partnership to source funding to scale the roll out of solutions aligned with the Sustainable Development Goals (SDGs) and Climate Change Advocacy in the country. In 2017, KCB Bank Kenya was nominated to participate in the



**Following an extensive due-diligence assessment conducted by the GCF since 2017 to ascertain the Bank's preparedness in managing climate change programmes, KCB Bank Kenya was accredited by the United Nations Green Climate Fund as the first financial intermediary for the implementation of green financing initiatives in East Africa.**

Green Climate Fund (GCF) Accreditation. Under the GCF programme, the National Treasury is the National Designated Authority (NDA) for accrediting entities and applies for funding through GCF in Kenya.

Following an extensive due-diligence assessment conducted by the GCF since 2017 to ascertain the Bank's preparedness in managing climate change programmes, KCB Bank Kenya was accredited by the United Nations Green Climate Fund as the first financial intermediary for the implementation of green financing initiatives in East Africa. The accreditation paves way for the Bank to receive funds from the Green Climate Fund (GCF) for on-lending to beneficiary institutions involved in the development of green and climate resilient investments, assets and projects in Kenya as well as in the region where the bank operates.

The bank is the first private sector entity and lender in Kenya to receive this accreditation, cementing the sustainability efforts within the Group. The Group now has an enhanced opportunity for portfolio re-imagining in the green lending space. The Bank has been accredited under the medium to large private sector category, and is therefore capable of fronting projects of between US\$ 50 million (KShs. 5 billion) and US\$ 250 million (KShs. 25 billion).

In addition to this GCF accreditation, the bank has also secured US\$ 150 million from the International Finance Corporation and other core lenders to support climate sensitive investments with a specific emphasis on the reduction of greenhouse gas emissions for large SMEs and Corporate Customers.



**91.8B**

**At the end of 2020, KCB Group had screened loans worth Ksh 91.8 Billion through its Environmental and Social Governance Risk Due Diligence. 56 corporates represent the bulk of this, at Ksh 88,9 Billion and 31 SME representing 2.8 billion.**

### 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.

**1** 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.**

**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).



**GREEN CLIMATE FUND**

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.

**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

**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;**

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

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

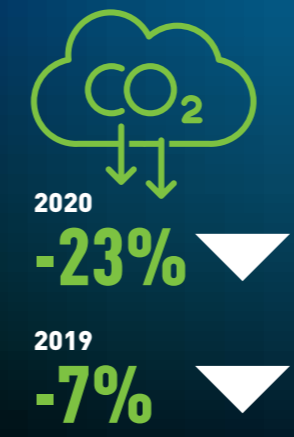
GCF reviews the proposal against its policies and conducts a technical assessment.

### Greenhouse gas emissions

**K**CB has entered into partnerships intended to scale support for initiatives and projects started by our customers that are aimed at reducing greenhouse gas emissions. In addition to the GCF grant, 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.

### Reduction in greenhouse gas emissions



**150M**

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.

**Supporting positive environmental impact**

We are also increasingly considering the environmental impact of applicants for our financial products. By supporting customers who have clearly identified their impact, along the 9 Sustainable Development Goals prioritized by the Bank and with a growing attention paid to, we are able to have clear and direct impact on the SDGs which have a strong environmental component.

**Burundi Quality Stoves (BQS)**

**B**urundi Quality Stoves (BQS) is developing an improved cookstoves project for Burundi schools. The projects aim is to;

Distribute institutional improved cook stoves (ICS) and/or refurbishing former masonry stoves in schools of Burundi to replace currently used old masonry stoves and open fire three stone system (and traditional stoves); and

Switching from non-renewable logged trees to a sustainable energy supply: briquettes made of renewable biomass waste.

Compared to the currently used three-stone fires or traditional stoves, the advanced technology of ICS and refurbished masonry stoves allows quicker heating-up, longer cooking and heat retaining with less fuel wood as well as lower combustion fumes. It results in saving wood-fuel and associated expenses.

The implementation of 907 stoves in 284 schools, supplied with 12,586 tons of renewable biomass briquettes, and the associated awareness and training campaigns in schools has helped these communities in turning it 100% renewable. This project has aided Burundi's resilience and adaptive capacity of SDG 13. It has promoted and stimulated awareness about renewable biomass benefit as well as forest conservation. Over this first monitoring



period, the project has saved 435,595 tCO<sub>2</sub>e greenhouse gas emissions by reducing the use of non-renewable biomass within the country, thus slowing down deforestation.

The Renewable biomass briquettes projects offer Burundi boarding schools improved cooking technology which cuts their expenses hence reducing their socio-economic status. More so the project offers employment opportunities in the local community throughout its lifecycle. It provides direct employment opportunities for local people (improved cookstoves supply chain and distribution channels, renewable biomass supply chain and distribution channels, marketing campaign).

This projects fosters health benefits for the community By reducing indoor air pollution, ICS reduce the risk of respiratory diseases, especially for women and children (infections, lung cancer and asthma due to carbon monoxide and other harmful particles rank among the worst threats to women and children's life in poor developing countries – more than 1.5 million deaths a year), United Nations Framework Convention on Climate Change (UNFCCC) research shows.

KCB Bank granted BQS a short-term loan of BIF 200 Million payable in fine in 6 months to allow him to continue to supply fuel briquette to partner schools, the loan will be repaid by encashment of the payment from SHELL.

**The Renewable biomass briquettes projects offer Burundi boarding schools improved cooking technology which cuts their expenses hence reducing their socio-economic status. More so the project offers employment opportunities in the local community throughout its lifecycle.**

**Leinad Enterprises**

**U**pon noticing the gap in garbage collection in the Nairobi city and the estates, Harrison Oloo decided to do his part to save the environment and created Leinad Enterprises. Leinad Enterprises is a garbage collecting company, which has been in operation for ten years. The company's main objective is Environmental conservation through garbage collection. Eradicating plastics through environmentally friendly means.

In 2017, Kenya Manufacturers Association, the Ministry of Environment and Forestry and National Environment Management Authority (NEMA) announced a cooperation agreement towards holistic management of PET bottles in Kenya. In an effort to promote responsible and sustainable management of waste 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 company in Athi river where they are further recycled. Harrison is hopeful that in the future he will be able to do the full recycling process in his company.

To start the company, Leonard faced financial difficulties around cash flow to finance the day to day tasks such as fuelling the garbage collection trucks and personnel costs. 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 its part along the goal of responsible consumption and production



Elijah Githinji (left), explaining the recycling process to Harrison Oloo, Director Leinad Enterprise Recyclers (centre) and fellow worker (left) at the Dandora dumpsite during the Bloomberg documentary shoot.

(SDG 12) and his approach of job creation for 6 casual workers (SDG 8), goals shared by the Bank.

KCB Bank offered credit facilities to the company and supported Harrison with tailor made training on 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.

Financing such ventures is one of the ways through which KCB Bank drives its impact on the environment, but also the economy and the society. Leinard Ventures is now running a business of KShs. 3 million and employing 6 staff members.

**KShs. 400,000**

**Harrison is now discussing with KCB the possibility of financing the purchase of additional machinery required for recycling worth approximately KShs. 400,000.**



40%

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.

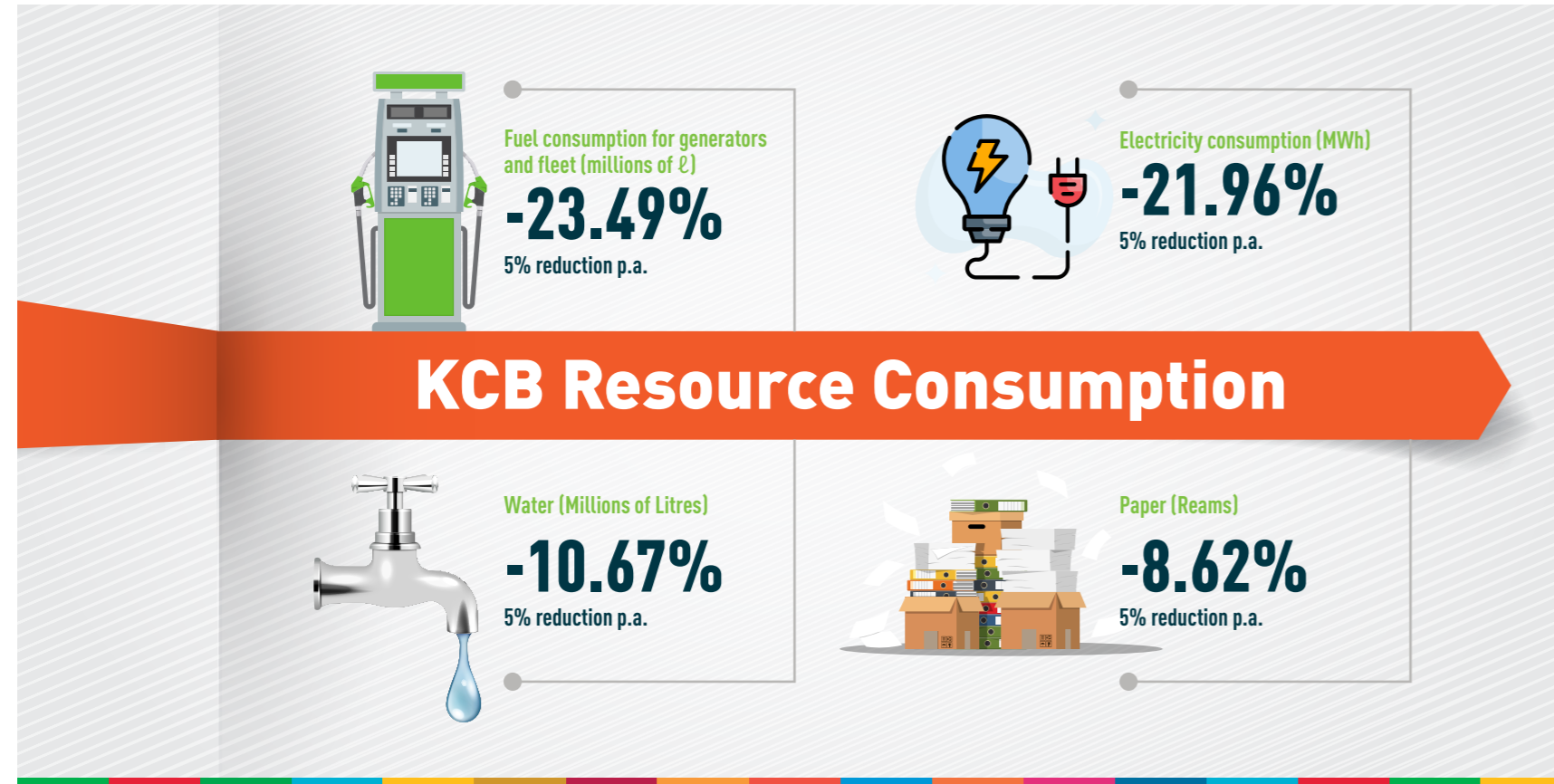
**Internal Resource Consumption**

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 use of 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. LED lighting is undergoing installation in phases through all our branches. we expected to have 65% of the branch network under LED lighting by end of 2021, 80% installation by 2022 and full completion by 2023.



**PRB self assesment tool kit**

We have already adopted the UN Sustainable Development Goals and the United Nations Principles for Responsible Banking as part of our reporting mandates. As one of the founding signatories of the UN Principles for Responsible Banking, and other commitments we made last year, the KCB Group proactively incorporates these commitments into all of our operations. We also ran capacity building sessions to support staff in acclimatizing to this 'new' normal, and in 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 proud to contribute to the ongoing discussions for **Guidelines for Climate Target Setting for Banks**. 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.





Reporting and Self-Assessment Requirements	High-level summary of Bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to Bank's full response/ relevant information
<b>Principle 1: Alignment</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1 Describe (high-level) your Bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your Bank has operations or provides products and services.	KCB Bank's main customer segments are Corporate and SME- Transport & Communication, Trade, Agriculture, Building & Construction, Real Estate, Manufacturing, Energy & Water, Financial Services, Tourism, Restaurant & Hotels. The Bank has a new strategy for 2020-22 called Beyond Banking, focusing on the individual customer. The four strategic pillars are putting customer first, driving a step change in efficiency and productivity, being a digital leader and building scale to achieve regional relevance. KCB Group operates in seven geographies: Kenya, Tanzania, South Sudan, Uganda, Rwanda, Burundi, and Ethiopia (representative office). In 2020, the Bank was serving 25.2 million customers through the largest branch network in the region, with 359 branches, 1,104 ATMs and 23,460 point of sale merchants and agents on a 24/7 basis.	Sustainability Report Page No. 5, 10, 13, 14, 18, 48  Integrated Report Page No. 4, 29, 37, 44, 45, 46
1.2 Describe how your Bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	Our Sustainability framework was launched in 2013, anchored in four key pillars—financial, economic, social and environmental sustainability. In 2017, the Bank went through a rigorous consultation and assessment exercise that resulted in the adoption of eight of the 17 SDGs – growth, SDG 9 Industry Innovation and Infrastructure, SDG10 Reduced Inequalities, SDG 11 Sustainable Cities and communities, SDG 12 Responsible Consumption and Production, SDG 16 Peace, Justice and Strong Institutions and SDG 17 Partnerships for the Goals. A ninth one, SDG 13 Climate Action was adopted in 2019. The Bank collects data on several metrics that align with the SDGs and reports them annually in a Sustainability report. Examples of programmes under the SDGs are: SDG 1 – Loans to SMEs. Inua Jamii cash transfer program to protect vulnerable children, older persons and persons with severe disabilities. SDG 8 – 2 jiajiri program that supports youth entrepreneurship. SDG 10 – Loans to women under Women Value Proposition. Tracking of Gender in KCB employees. SDG 11 – Mortgages provided for Affordable Housing program. SDG 12 – We track our resource consumption across fuel, water, electricity and paper annually with goals to reduce waste. SDG 13 – We are conducting a portfolio analysis to gauge our emissions profile and take appropriate action. SDG 17 – Mifugo Ni Mali program for livestock farmers.	Sustainability Report Page No. 7, 20, 21, 22, 25, 26, 45, 46, 54, 71, 72, 91, 92  Integrated Report Page No. 11, 16, 18, 19, 36, 37, 46, 54, 56, 57

<b>Principle 2: Impact and Target Setting</b> 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 this end, we will set and publish targets where we can have the most significant impacts.		
1.1 Impact Analysis:  Show that your Bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a) <b>Scope:</b> The Bank's core business areas, products/ services across the main geographies that the Bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) <b>Scale of Exposure:</b> In identifying its areas of most significant impact the Bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. c) <b>Context &amp; Relevance:</b> Your Bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) <b>Scale and intensity/salience of impact:</b> In identifying its areas of most significant impact, the Bank has considered the scale and intensity/ salience of the (potential) social, economic and environmental impacts resulting from the Bank's activities and provision of products and services. (your Bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))  Show that building on this analysis, the Bank has • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts	KCB Bank has been reporting annually on its sustainability since 2013. The Sustainability reports were prepared in accordance with the Global Reporting Initiative (GRI) standards. The GRI standards require all reporting entities to conduct a comprehensive materiality assessment, as does the Integrated Reporting framework, which KCB Bank also adheres to. KCB group conducts annual materiality assessments to identify the Bank's impact on a range of environmental, social and governance issues. These were identified under the four pillars of social, environmental, economic and financial stability.  Social Stability – Talent Management, Customer Centricity, Shared Value, Diversity and Inclusivity Environmental Stability – Shared Value (KCB Green Agenda and the SDGs) Economic Stability – Business Growth and Operational Efficiency Financial Stability – Corporate Conduct and Risk Management  These seven material issues were analysed further, and appropriate strategic responses to enhance their positive impact were prepared accordingly. The findings and improvements are reported annually under the Bank's Ten Point Action Plan. All the material issues affect our major customer segments comprising of Corporate and SME- Transport & Communication, Trade, Agriculture, Building & Construction, Real Estate, Manufacturing, Energy & Water, Financial Services, Tourism, Restaurant & Hotels.  Our core areas of impact that have exposure are Infrastructure and Energy. We are engaging in analysing the carbon footprint of our lending portfolio and will be taking action to reduce this 2021 onwards.  The Bank engaged a consultant in 2019 to conduct a comprehensive assessment of its carbon footprint according to the GHG protocol, identifying its scope 1, 2 and 3 emissions, with 2017 as the baseline year. The emission boundaries included Scope 1 – stationary combustion, mobile combustion, and air conditioning; Scope 2 – electricity consumption and Scope 3 – business travel, water consumption, employee commute, paper, and franchises. The findings were that KCB Group's emissions are much lower than its regional peers with an emissions intensity of 8,739 tCO2eq. The key areas for reduction were the Group's South Sudan subsidiary and the overall Group's air conditioning units reaching end of their life cycle. The Bank is acting on the recommendations on climate action and reduction of emissions.	Sustainability Report Page No. 7, 20, 21, 91, 92  Integrated Report Page No. 5, 53 ,54, 55
Please provide your Bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		
In 2019 the Bank adopted the PRBs, since then the Bank has been realigning itself with best global practices to ensure it is able to meet its SDG targets by 2030. The introduction of the self- assessment tool is an excellent mechanism which will help the Bank to actualize its ambitions. This tool is also being updated by UN now, so there will be a new one to use for 2021.		

<p>1.2 Target Setting</p> <p>Show that the Bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant</b> and <b>Time-bound</b> (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the Bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks. The Bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the Bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>The Bank has set and reported on many KPIs in a SMART manner</p> <ol style="list-style-type: none"> <li>Adopted LED lighting in a big way, exceeding its 2020 target of 35% adoption by 5%.</li> <li>Reduced its carbon emissions by 23% in 2020 as compared to 2019, in line with its goal to be 50% carbon neutral by 2022 and 100% by 2035.</li> <li>The Bank conducted social-environmental assessments of facilities worth KSh 91.8 billion in 2020, against a target of over KSh 70 billion.</li> <li>87 loans were screened for environmental and social due diligence, against a target of 70 in 2020.</li> </ol> <p>These initiatives are linked to the Bank’s adopted SDG 13 Climate Action. The Bank is also actively increasing its green lending portfolio, with a 15% increase planned over the next 5 years.</p> <p>The Bank has identified 2020 as the baseline year for collecting and reporting SDG data, and all targets will be reported against this baseline.</p> <p>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.</p>	<p>Sustainability Report Page No. 7, 20, 21, 37, 85, 87</p> <p>Integrated Report Page No. 5, 17, 57, 53, 54, 55</p>
<p>Please provide your Bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>The Bank has fulfilled the requirements regarding Target Setting. It has adopted nine of the 17 SDGs and reports annually according to the GRI standards. It is working to improve internal processes and align with international standards.</p>		
<p>1.3 Plans for Target Implementation and Monitoring</p> <p>Show that your Bank has defined actions and milestones to meet the set targets.</p> <p>* Show that your Bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>KCB Group has defined targets and almost 90 indicators for Responsible Lending, Financial Inclusion, Empowering Youth and Community, Talent Management and Diversity, Product Development and Innovation, Ethics and Integrity, Cyber Security and Portfolio Reimagining. These are aligned with the SDGs, and work is going to improve the linkage with global targets and indicators.</p> <p>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 emissions, fuel, water, and electricity usage.</p>	<p>Sustainability Report Page No. 16, 20, 21</p> <p>Integrated Report Page No. 12, 54, 55</p>

<p>Please provide your Bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>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.</p>		
<p>1.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p>Show that your Bank has implemented the actions it had previously defined to meet the set target.</p> <p><b>Or explain</b> why actions could not be implemented / needed to be changed and how your Bank is adapting its plan to meet its set target.</p> <p>Report on your Bank’s progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, Banks should include quantitative disclosures)</p>	<p>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 are moving towards reporting the KPIs aligned under the SDGs, and will be discontinuing the Ten Point Action Plan, for greater transparency and alignment with global standards.</p> <p>In 2021, we have also introduced an internal data collection tool for collecting quarterly updates on the KPIs under the nine adopted SDGs. This is a secure online platform accessible by KCB staff in different divisions. It collects the data, and visually represents the achievements and progress under each SDG.</p>	<p>Sustainability Report Page No. 20, 21</p> <p>Integrated Report Page No. 54, 55</p>
<p>Please provide your Bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>The Bank has fulfilled the requirements of Progress on Implementing Targets. It is working to align its processes with international goals, recognizes that its processes may have gaps, and is working to address those.</p>		
<p><b>Principle 3: Clients and Customers</b>  <b>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</b></p>		
<p>1.1 Provide an overview of the policies and practices your Bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>The Bank has three sustainability policies in place – Sustainability, SEMs, and Credit. These refer to international standards such as the IFC Performance standards, relevant national laws and policies which are updated every five years to reflect new updates. The Bank’s 2020-23 strategy firmly puts the customer first serving them through an upgraded IT architecture and digital services. The Bank’s sustainability policy specifically addresses creation of value for customers through sustainability. This is embedded in procedures relating to lending as well as across the supply chain of the Bank. If the client’s project passes the KCB Exclusion list review, the appraisal process continues with a thorough environmental and social due diligence, including an environmental social impact assessment (ESIA) study for green field projects and environmental audits for existing projects. It is mandatory for all projects categorized as A &amp; B respectively as per E&amp;S risk categorization matrix for the RMs to do a site visit for verify and validate possible project’s social and environmental issues as may be called out by the technical experts in the provided ESIA report. . The Bank processed facilities worth 91 billion for social environmental assessments in 2020 and screened over 87 loans through ESDD. Relationship managers work closely with clients to raise environmental and social impact concerns to mitigate them in time.</p> <p>The Bank is a member of the UN Global Compact and upholds the Ten Principles of the UNGC. The Bank has been conducting annual supplier conferences for the past 4-5 years, themed around sustainability. In 2020 this was a fully virtual conference with over 200 participants.</p>	<p>Sustainability Report Page No. 6, 19, 20, 21, 32, 35, 66, 78, 85</p> <p>Integrated Report Page No. 17, 29, 35, 37, 53, 54, 55, 68-89</p>

<p>1.2 Describe how your Bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>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 between January and December 2020. Mobile loans advanced increased to KSh 212 billion in 2019 from Kes. 54 billion in 2018, and 400 million in 2014. The cumulative disbursement over the last five years totalled to KSh 319 billion shillings via mobile. 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 merchant outlets across the region.</p> <p>During COVID, mobile Banking charges for transactions up to 1000, balance inquiry and transfers were waived.</p> <p>These actions resulted in a significant growth in mobile Banking volumes to Kes. 900 billion.</p> <p>Despite COVID, the Bank managed capacity building for 73 livestock groups to help with production and record management trained 219 leaders of livestock groups on governance and planning and trained 1,095 farmers on productivity and records management. We also helped in the establishment of 12 demonstration farms to support livestock productivity, supported livestock tagging in Laikipia and Taita Taveta counties and linked 15 livestock groups to off takers.</p> <p>KCB Bank Rwanda partnered with SPF Ikigega to boost agribusiness MSMEs linking 22,685 farmers to inputs and training 6,855.</p>	<p>Sustainability Report Page No. 6, 8, 10, 13, 20, 21, 25, 47-51, 58, 63, 70, 72-73</p> <p>Integrated Report Page No. 16, 18-20, 27, 36, 37, 45-46, 50, 51, 54, 55</p>
<p><b>Principle 4: Stakeholders</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p>1.1 Describe which stakeholders (or groups/types of stakeholders) your Bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your Bank's impacts. This should include a high-level overview of how your Bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>The Bank engages with customers, employees, shareholders and suppliers as part of its annual materiality assessment. It works on the identified issues through actions authorized by the Board in accordance with Group strategy.</p> <p>The Bank also works with various local and international partners to improving the Banks' sustainability impact.</p> <p>Kenya Banker's Association The KCB Group CEO is the Chairman of the Kenya Bankers' association and leads efforts on implementing the Sustainable Finance Initiative (SFI) in Kenya. SFI provides online training to Bankers with e-learning modules on environmental and social risks, green financing, new investment opportunities and more.</p> <p>UNEP FI KCB Group is an founding Bank and active partner in the UN's Principles for Responsible Banking, sharing experience and best practices globally on implementing and aligning with the SDGs, greening the lending portfolio, committing to a net zero goal by 2050 and meeting the goals of the Paris Agreement.</p> <p>KEPSA The Kenya Private Sector Alliance works with companies in Kenya to align with the SDGs. High performers are recognized for their achievements, and KCB has been nominated and won many such awards.</p>	<p>Sustainability Report Page No. 14, 16, 17, 19, 22, 65, 66, 67, 83, 93</p> <p>Integrated Report Page No. 8, 12, 13, 17, 29, 36, 37, 47, 53, 87</p>

<p><b>Principle 5: Governance &amp; Culture</b> We will implement our commitment to these Principles through effective governance and a culture of responsible Banking</p>		
<p>1.1 Describe the relevant governance structures, policies and procedures your Bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The Bank has three sustainability policies in place – Sustainability, SEMs and Credit. These refer to international standards such as the IFC Performance standards, relevant national laws and policies which are updated every five years to reflect new updates. These were last updated in 2020.</p> <p>Further, in 2021, the Bank is updating its policies to align with GCF's accreditation requirements. These include its environmental and social due diligence, procurement practices, SEMs policy, gender action and other standards to align with international standards.</p> <p>The Bank also conducts a yearly capacity building programme. Last year the Bank trained up to 6,633 staff. In 2021 more training will be done around Green loans criteria and Environmental Social Due Diligence This also includes training and capacity building to ensure KCB staff can support GCF climate projects in Kenya.</p>	<p>Sustainability Report Page No. 20, 21, 53, 54, 67, 85, 88</p> <p>Integrated Report Page No. 8, 9, 17, 53, 54, 55, 63-68, 78</p>
<p>1.2 Describe the initiatives and measures your Bank has implemented or is planning to implement to foster a culture of responsible Banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>KCB Group 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 division. Sustainability Champions are responsible for spreading awareness about sustainable measures, collected data around KPIs aligned with SDGs and ensuring responsible Banking stays top of mind for KCB employees. The Champions are engaged weekly on the latest updates in sustainability news and policies through curated and targeted content.</p> <p>The Bank also carries out annual sustainability awareness and training in accordance with the Kenya Banker's Association's Sustainable Finance Initiative.</p> <p>The Bank is a strong supporter of empowering women, both for customers and employees. The Women Proposition product was rolled out in August 2020, to support more women led businesses, leading to loans of almost KSh 10.8 billion. Internally, women employees have coaching and mentorship available to fast track career growth.</p>	<p>Sustainability Report Page No. 6, 7, 10, 19, 20, 21, 25, 46, 56, 71</p> <p>Integrated Report Page No. 9, 13, 16, 17, 20, 46, 49, 54, 55</p>
<p>1.3 Governance Structure for Implementation of the Principles</p> <p>Show that your Bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>The KCB Group Board, Board Strategy Committee, Risk Committee, KCB Subsidiary Managing Directors and the Group CEO review, challenge and approve the sustainability framework and strategy for the Bank.</p> <p>They ensure there are enough resources and manpower available for implementation.</p> <p>The target setting is done through a consultative process, policies implementation is tracked by the Group Board.</p> <p>The KCB Legal division, Risk division and Group internal audit provide monitoring and reporting on overall sustainability risks.</p>	<p>Sustainability Report Page No. 75</p> <p>Integrated Report Page No. 63-68</p>
<p>Please provide your Bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>The Bank has fulfilled the requirements of Governance Structure for Implementation of the Principles. It is working to align its processes with international goals, recognizes that its processes may have gaps, and is working to address those.</p>		

**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.

<p>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p>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).</p> <p>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.</p> <p>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.</p>	<p>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, Energy Act of 2019, National Climate Change Action Plan (2018-2022) and other relevant plans are put in consideration as we conduct our businesses.</p> <p>The Bank has updated its policies in 2020. It is piloting a new SDG tool to streamline, automate and collect data on indicators internally from each division. It is aligning these actions with the Principles.</p>	<p>Sustainability Report Page No. 8, 11, 19, 20, 21, 29, 63, 65, 93, 71</p> <p>Integrated Report Page No. 17, 46, 52-55, 95</p>
---	--	---

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 of Progress on Implementing the Principles for Responsible Banking. It is working to align its processes with international goals, recognizes that its processes may have gaps, and is working to address those.

**GRI INDEX TABLE**

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL
<b>GRI General Disclosures</b>				
<b>GRI 102 Organisational Profile</b>	Disclosure 102-1	Name of the organization	KCB at a glance	Page 4
	Disclosure 102-2	Activities, brands, products, and services	KCB at a glance	Page 4-5
	Disclosure 102-3	Location of headquarters	KCB at a glance	Page 5
	Disclosure 102-4	Location of operations	KCB at a glance	Page 5
	Disclosure 102-5	Ownership and legal form	Integrated Report 2020	Page 116
	Disclosure 102-6	Markets served	Regional Presence double spread	Page 5
	Disclosure 102-7	Scale of the organization	Regional Presence double spread	Page 4-5
	Disclosure 102-8	Information on employees and other workers	KCB at a glance	Page 4, 53
	Disclosure 102-9	Supply chain	Partnership with our suppliers	Page 70
	Disclosure 102-10	Significant changes to the organization and its supply chain	Partnership with our suppliers	Page 70
	Disclosure 102-11	Precautionary Principle or approach	Integrated Report 2020	Page 9-11
	Disclosure 102-12	External initiatives	Integrated Report 2020	Page 26
	Disclosure 102-13	Membership of associations	A culture of partnerships	Page 66-67
<b>GRI 102 Strategy</b>	Disclosure 102-14	Statement from senior decision-maker	Chairman/CEO Statement	Page 8-11
	Disclosure 102-15	Key impacts, risks, and opportunities	Integrated Report 2020	Page 68-81
<b>GRI 102 Ethics and Integrity</b>	Disclosure 102-16	Values, principles, standards, and norms of behavior	KCB at a glance	Page 4
	Disclosure 102-17	Mechanisms for advice and concerns about ethics	Sustaining Ethics at KCB Group	Page 80
<b>GRI 102 Governance</b>	Disclosure 102-18	Governance structure	Governance and Integrity	Page 75
	Disclosure 102-19	Delegating authority	Integrated Report 2020	Page 62-63
	Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	New Strategy/ Sustainability commitment	Page 13, 19
	Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement process	Page 29-31
	Disclosure 102-22	Composition of the highest governance body and its committees	The Board	Page 75-77
	Disclosure 102-23	Chair of the highest governance body	The Board	Page 75-77
	Disclosure 102-24	Nominating and selecting the highest governance body	The Board	Page 75-77
	Disclosure 102-25	Conflicts of interest	Sustaining Ethics at KCB Group	Page 80

GRI INDEX TABLE

GRI 102 Reporting practice	Disclosure 102-26	Role of highest governance body in setting purpose, values, and strategy	Sustaining Ethics at KCB Group	Page 76	
	Disclosure 102-27	Collective knowledge of highest governance body	The Board	Page 75-77	
	Disclosure 102-28	Evaluating the highest governance body's performance	The Board	Page 75-77	
	Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	The Board	Page 75-77	
	Disclosure 102-30	Effectiveness of risk management processes	Risk Management	Page 78	
	Disclosure 102-31	Review of economic, environmental, and social topics	Integrating Sustainability	Page 84	
	Disclosure 102-32	Highest governance body's role in sustainability reporting	Integrating Sustainability	Page 84	
	Disclosure 102-33	Communicating critical concerns	Sustaining Ethics at KCB Group	Page 80	
	Disclosure 102-34	Nature and total number of critical concerns	Sustaining Ethics at KCB Group	Page 80	
	Disclosure 102-35	Remuneration policies	Integrated Report 2020	Page 63	
	Disclosure 102-36	Process for determining remuneration	Integrated Report 2020	Page 82	
	Disclosure 102-37	Stakeholders' involvement in remuneration	Integrated Report 2020	Page 63	
	Disclosure 102-38	Annual total compensation ratio	Integrated Report 2020	Page 94-98	
	Disclosure 102-39	Percentage increase in annual total compensation ratio	Integrated Report 2020	Page 63	
	GRI 102 Stakeholder Engagement	Disclosure 102-40	List of stakeholder groups	Stakeholder Engagement process	Page 30-31
		Disclosure 102-41	Collective bargaining agreements	Stakeholder Engagement process	Page 29
		Disclosure 102-42	Identifying and selecting stakeholders	Stakeholder Engagement process	Page 29-31
		Disclosure 102-43	Approach to stakeholder engagement	Stakeholder Engagement process	Page 29
		Disclosure 102-44	Key topics and concerns raised	Stakeholder Engagement process	Page 29
GRI 102 Reporting practice	Disclosure 102-45	Entities included in the consolidated financial statements	Integrated Report 2020	Page 3, 91	
	Disclosure 102-46	Defining report content and topic Boundaries	Material Topics Introduction	Page 35	
	Disclosure 102-47	List of material topics	Material Topics Introduction	Page 35	
	Disclosure 102-48	Restatements of information	Integrated Report 2020	Page 225	
	Disclosure 102-49	Changes in reporting	About the report	Page 2	
	Disclosure 102-50	Reporting period	About the report	Page 2	
	Disclosure 102-51	Date of most recent report	About the report	Page 2	
	Disclosure 102-52	Reporting cycle	About the report	page 2	
	Disclosure 102-53	Contact point for questions regarding the report	Contact page	Page 2	

GRI INDEX TABLE

GRI 102 Reporting practice	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	About the report	Page 2
	Disclosure 102-55	GRI content index	GRI content index Table	Page 101-104
	Disclosure 102-56	External assurance	All number used on this report have already been assured	
<b>Material Topics</b>				
GRI 103 Management Approach	Disclosure 103-1 Disclosure 103-2 Disclosure 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	Material topic customer	Page 35-51
			Material topic employee	Page 53-57
			Material topic digital future	Page 59-63
			Material topic Partnerships	Page 65-73
			Material topic governance and integrity	Page 75-85
			Material topic on environmental responsibility	Page 87-94
<b>Topic Specific Disclosures</b>				
GRI 201 Economic Performance	Management approach disclosures			
	Disclosure 201-1	Direct economic value generated and distributed	Integrated Report 2020	Page 5-7
	Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	Integrated report	Page 68
	Disclosure 201-3	Defined benefit plan obligations and other retirement plans	Integrated Report 2020	Page 130
	Disclosure 201-4	Financial assistance received from government		
GRI 202 Market Presence	Management approach disclosures			
	Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee reward policy breakdown	Page 53
	Disclosure 202-2	Proportion of senior management hired from the local community	Staff age and diversity table	Page 53
GRI 203 Indirect Economic Impacts	Management approach disclosures			
	Disclosure 203-1	Infrastructure investments and services supported	Material topic customer	Page 35-51
	Disclosure 203-2	Significant indirect economic impacts	KCB sustainability highlights	Page 6-7
GRI 204 Procurement Practices	Management approach disclosures			
	Disclosure 204-1	Proportion of spending on local suppliers	Supplier spending table / partnership section	Page 71
GRI 205 Anti-corruption	Management approach disclosures			
	Disclosure 205-1	Operations assessed for risks related to corruption	Sustaining Ethics at KCB Group	Page 80-83
	Disclosure 205-2	Communication and training about anti-corruption policies and procedures	Sustaining Ethics at KCB Group	Page 80-83
	Disclosure 205-3	Confirmed incidents of corruption and actions taken	Sustaining Ethics at KCB Group	Page 80-83

GRI INDEX TABLE

<b>GRI 206 Anti-competitive Behavior</b>	Management approach disclosures			
	Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustaining Ethics at KCB Group	Page 80-83
<b>GRI 207 Anti-competitive Behavior</b>	Management approach disclosures			
	Disclosure 207-1	Approach to tax	Integrated Report 2020	Page 21 -27
	Disclosure 207-2	Tax governance, control, and risk management	Integrated Report 2020	Page 68-79
	Disclosure 207-3	Stakeholder engagement and management of concerns related to tax	Integrated Report 2020	Page 68-79
	Disclosure 207-4	Country-by-country reporting	Integrated Report 2020	Page 21-27
<b>GRI 301 Materials</b>	Management approach disclosures			
	Disclosure 301-1	Materials used by weight or volume	Resource Consumption	Page 94
	Disclosure 301-2	Recycled input materials used	Resource Consumption	Page 21, 87, 94
	Disclosure 301-3	Reclaimed products and their packaging materials		
<b>GRI 302 Energy</b>	Management approach disclosures			
	Disclosure 302-1	Energy consumption within the organization	Resource Consumption measurement	Page 21 & 87
	Disclosure 302-2	Energy consumption outside of the organization	Resource Consumption measurement	Page 87-94
	Disclosure 302-3	Energy intensity	Resource Consumption measurement	Page 21 & 87
	Disclosure 302-4	Reduction of energy consumption	Resource Consumption measurement	Page 21 & 87
	Disclosure 302-5	Reduction in energy requirements of products and services	Resource Consumption measurement	Page 21 & 87
<b>GRI 305 Emissions</b>	Management approach disclosures			
	Disclosure 305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emissions	Page 91
	Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse gas emissions	Page 91
	Disclosure 305-3	Other indirect (Scope 3) GHG emissions	Greenhouse gas emissions	Page 91
	Disclosure 305-4	GHG emissions intensity	Greenhouse gas emissions	Page 91
	Disclosure 305-5	Reduction of GHG emissions	Greenhouse gas emissions	Page 91
	Disclosure 305-6	Emissions of ozone-depleting substances (ODS)		
	Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		

GRI INDEX TABLE

<b>GRI 306 Effluents and Waste</b>	Management approach disclosures			
	Disclosure 306-1	Water discharge by quality and destination	Greenhouse gas emissions	Page 94
	Disclosure 306-2	Waste by type and disposal method		
	Disclosure 306-3	Significant spills		
	Disclosure 306-4	Transport of hazardous waste		
	Disclosure 306-5	Water bodies affected by water discharges and/or runoff		
<b>GRI 307 Environmental Compliance</b>	Management approach disclosures			
	Disclosure 307-1	Non-compliance with environmental laws and regulations	KCB Green Agenda	Page 87,88
<b>GRI 308 Supplier Environmental Assessment</b>	Management approach disclosures			
	Disclosure 308-1	New suppliers that were screened using environmental criteria	GCF Accreditation/KCB Green Agenda	Page 87-90
	Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken		
<b>GRI 401 Employment</b>	Management approach disclosures			
	Disclosure 401-1	New employee hires and employee turnover	Material topic employee	Page 53
	Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Material topic employee	Page 53
	Disclosure 401-3	Parental leave	Material topic employee	Page 53
<b>GRI 402 Labor/Management Relations</b>	Management approach disclosures			
	Disclosure 402-1	Minimum notice periods regarding operational changes	Integrated report 2020	Page 76-77
<b>GRI 403 Occupational Health and Safety</b>	Management approach disclosures			
	Disclosure 403-1	Occupational health and safety management system	Covid and staff welfare	Page 54
	Disclosure 403-2	Hazard identification, risk assessment, and incident investigation	Covid and staff welfare	Page 54
	Disclosure 403-3	Occupational health services	Covid and staff welfare	Page 54
	Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety	Covid and staff welfare	Page 54
	Disclosure 403-5	Worker training on occupational health and safety	COVID and staff welfare	Page 54
	Disclosure 403-6	Promotion of worker health	COVID and staff welfare	Page 54
	Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	COVID and staff welfare	Page 54
	Disclosure 403-8	Workers covered by an occupational health and safety management system	COVID and staff welfare	Page 54
	Disclosure 403-9	Work-related injuries	COVID and staff welfare	Page 54
Disclosure 403-10	Work-related ill health	COVID and staff welfare	Page 54	

<b>GRI 404 Training and Education</b>	Management approach disclosures			
	Disclosure 404-1	Average hours of training per year per employee	Material Topic Employee	Page 53
	Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Material Topic Employee	Page 53
	Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews		
<b>GRI 405 Diversity and Equal Opportunity</b>	Management approach disclosures			
	Disclosure 405-1	Diversity of governance bodies and employees	Women in leadership network	Page 56
	Disclosure 405-2	Ratio of basic salary and remuneration of women to men	Employee reward policy breakdown	Page 53
<b>GRI 406 Non-discrimination</b>	Management approach disclosures			
	Disclosure 406-1	Incidents of discrimination and corrective actions taken	Gender intelligence	Page 56
<b>GRI 407 Freedom of Association and Collective Bargaining</b>	Management approach disclosures			
	Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The Board	Page 75
<b>GRI 408 Child Labor</b>	Management approach disclosures			
	Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor	The Board	Page 75
<b>GRI 409 Forced or Compulsory Labor</b>	Management approach disclosures			
	Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	The Board	Page 75
<b>GRI 410 Security Practices</b>	Management approach disclosures			
	Disclosure 410-1	Security personnel trained in human rights policies or procedures	The Board	Page 75
<b>GRI 411 Rights of Indigenous Peoples</b>	Management approach disclosures			
	Disclosure 411-1	Incidents of violations involving rights of indigenous peoples	The Board	Page 75
<b>GRI 412 Human Rights Assessment</b>	Management approach disclosures			
	Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	The Board	Page 75
	Disclosure 412-2	Employee training on human rights policies or procedures	The Board / Employees	Page 53 & 75
	Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	The Board	Page 75
<b>GRI 413 Local Communities</b>	Management approach disclosures			
	Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	A culture of partnerships	Page 65
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	Partnerships during the pandemic	Page 70

<b>GRI 414 Supplier Social Assessment</b>	Management approach disclosures			
	Disclosure 414-1	New suppliers that were screened using social criteria	Partnership with our suppliers	Page 70
	Disclosure 414-2	Negative social impacts in the supply chain and actions taken	Partnership with our suppliers	Page 70
<b>GRI 415 Public Policy</b>	Management approach disclosures			
	Disclosure 415-1	Political contributions		
<b>GRI 416 Customer Health and Safety</b>	Management approach disclosures			
	Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	Customer value proposition	Page 39-40
	Disclosure 416-2 I	incidents of non-compliance concerning the health and safety impacts of products and services	Customer experience	Page 40-41
<b>GRI 417 Marketing and Labeling</b>	Management approach disclosures			
	Disclosure 417-1	Incidents of non-compliance concerning product and service	Sustaining Ethics at KCB Group	Page 79-81
	Disclosure 417-2	Incidents of non-compliance concerning product and service information and labeling	Sustaining Ethics at KCB Group	Page 79-81
	Disclosure 417-3	Incidents of non-compliance concerning marketing communications	Sustaining Ethics at KCB Group	Page 79-81
<b>GRI 418 Customer Privacy</b>	Management approach disclosures			
	Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Experience	Page 40-41
<b>GRI 419 Socioeconomic Compliance</b>	Management approach disclosures			
	Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	The Board	Page 75



ACCELERATING THE FUTURE  
**TOGETHER**





ACCELERATING THE FUTURE

# TOGETHER

2020 SUSTAINABILITY REPORT

