These include, but are not limited to fundamental sustainability frameworks. That our business is aligned with key we are continuously innovating to ensure capture our impact, as well as forecast the Global Reporting Initiative (GRI) In developing this report, we have utilised sustainability. SDGs thus solidifying our commitment to reporting against the Group’s adopted shift in focus from our 10-point action plan and the United Nations Global Compact (PRB) of which KCB is a founding member, FI), Principles for Responsible Banking Programme Financial Initiative (UNEP-FI), Principles for Responsible Banking and UNGC principles, which inform our plans to build a sustainable banking business that is responsive to the needs of current and future generations.

We believe that the targets and results published in this report are in line with broader policy goals, as expressed in the SDGs, the Paris Climate Agreement and the Company’s Act 2015 (Laws of Kenya). In line with the GRI framework, our commitment and impact will go a long way in positioning KCB Group as a sustainable Group by leading in sustainable financing and accelerating low-carbon economy transformation in East and Central Africa.

By entrenching sustainability into our business, we expect to set a standard for KCB Group that will help tackle the current challenges facing developing nations. This will put us at par with the global banking sector in terms of sustainability, increased peer-to-peer learning with international partners, and standardised reporting parameters, while actively addressing SDGs locally. Our commitment to implementing these global best practices is part of our contribution to the Decade of Action Agenda.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. GRI are the most recognised and comprehensive guidelines for sustainability reporting globally. To download a copy of this report, or sustainability reports from previous years, please visit the KCB Group website at www.kcbgroup.com

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

The Group champions the creation of shared value through its corporate social responsibility arm, KCB Foundation, which runs several programmes that are focused on youth employment, supporting livestock farmers, and offering high school and university scholarships.

With over 28 million customers, the Group has been a catalyst for development for more than a century, facilitating growth and economic advancement, promoting regional commerce, and linking millions of people throughout the world to possibilities on the African continent and beyond, all while making a significant social impact in communities. We provide a suite of financial services through two key segments of corporate and retail banking to meet our customers’ diverse needs. The Group also offers digital financial services, insurance products, investment banking and shariah-compliant products.

The Group has been listed on the Nairobi Securities Exchange (NSE) since 1988. It has since been cross-listed on the Dar es Salaam Stock Exchange (DSE), Uganda Securities Exchange (USE), and Rwanda Stock Exchange (RISE). As at the end of 2021, the Group had 193,274 individual and institutional shareholders.

KCB has consistently invested in deepening its sustainability plan to build a responsible business for the future, focusing on the Environmental, Social, Financial, and Economic pillars.

Over 125 years of supporting economic development in East Africa by simplifying our customers’ world to enable their progress

28 million customers so far. KCB Group has been a catalyst for development for more than a century

2021 KCB GROUP SUSTAINABILITY REPORT

PROGRESSIVE ACTION FOR SUSTAINABLE DEVELOPMENT

2021 KCB GROUP SUSTAINABILITY REPORT
INTRODUCTION

We have come a long way in our sustainability journey since 2008 when we launched the Group’s green agenda and identified our sustainability pillars as Financial, Economic, Social and Environmental. We have scaled the ladder through the years to be on different sustainability action platforms and succeeded in progressively embedding sustainability in all aspects of the Group’s operations and decision-making.

This report marks a shift from our previous reporting, which focused on our 10-point action plan outlining the various short, medium, and long-term initiatives we have been pursuing in alignment with material issues. While our 10-point action plan has been a handy management tool in driving our progress, it was time to shift to the internationally recognised Sustainable Development Goals (SDGs), which are the drivers of our sustainability agenda.

The Group identified nine SDGs that best resonate with our area of operation and provide us with an opportunity to make the most significant impact.

Covering a broad spectrum of sustainable development topics relevant to our financial sector – such as poverty, climate change and environmental degradation, sustainable infrastructure, and strategic partnerships – the adopted SDGs will go a long way in connecting our business strategies with global priorities.

Covering a broad spectrum of sustainable development topics relevant to our financial sector... the adopted SDGs will go a long way in connecting our business strategies with global priorities.
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 Group is committed to creating long-term value for shared prosperity through the alignment of our strategy to sustainable practices. As we deepen our presence across the region, we seek to address the Environmental, Social, and Governance (ESG) risks and opportunities, and effects of our operations in a manner consistent with our values.

**KEY SUSTAINABILITY HIGHLIGHTS**

- **17%** Overall reduction in resource usage.
- **11.25%** Carbon footprint reduction. KCB committed to be net zero by 2050.
- **8.4%** Proportion of climate finance portfolio to the total loan book up from 4% in 2020.
- **45%** Branches transitioned to using LED lighting.

**RENEWABLE ENERGY**

Our branch in the world-renowned Maasai Mara game reserve is predominantly powered by solar energy.

- **28M** KCB Customers.
- **KShs. 44.6B** Disbursed under Women Value Proposition programme.
- **KShs. 2.1T** 400 million transactions valued at KShs. 2.1 trillion transacted on mobile phones.
- **KShs. 11.2B** Disbursed under the Inua Jamii program.
- **KShs. 0.6T** 67 million transactions valued at KShs. 0.6 trillion transacted at banking agent locations.

**CARBON EMISSIONS**

Progress on the net zero emissions by joining Net Zero Banking Alliance (NZBA).

- **9,634** Jobs created under the Young Africa Works program.
- **412** Livestock farmers trained on productivity, record keeping and access to finance.
- **53** Improvement in Customer Net Promoter Score from 51.
- **10,155** Women in business trained.
- **320** Scholarships awarded under the high school scholarships programme.

**ENVIRONMENTAL GOVERNANCE**

- **313** Suppliers signed up to the code of ethics.
- **46%** Female employees.
- **6,633** Staff trained on sustainability.
- **476** Incidences of fraud prevented.
- **3.8%** Percentage of procurement contracts to special interest groups.
- **45** Farmer organisations trained under the Mifugo Ni Mali program.
- **5,092** Youths trained under the 2Jiajiri program in 2021.
- **49** University Scholarships provided in 2021.

**SOCIAL**

- **250** Women trained under women in leadership program.
- **28%** Women members in senior management.
- **8,025** Staff trained on anti-money laundering.
- **6,633** Staff trained on sustainability.
- **27%** Women members in Group Board up from 18% in 2020.
- **27%** Zero tolerance policy to all forms of corruption, bribery and unethical business practices at the work place.
- **46%** Female employees.
- **25%** Women members in senior management.
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Scaling for Regional Relevance

Our 2020-2023 strategy, which considers the rapid changes in our business environment, requires us to be agile to address market concerns. The Group is continuously working to achieve regional relevance by pursuing attractive expansion opportunities to enhance our regional participation, accelerate our growth, maintain sustainable long-term African success, and scout for opportunities across the continent’s markets to extend our regional business agenda.

We strengthened our regional businesses further by acquiring Banque Populaire du Rwanda PLC (BPR). With the finalisation of the amalgamation between KCB Bank Rwanda and BPR, the entity is now the second largest bank in the country. This has strengthened the position of the Group across the region and enabled us to scale up our sustainability agenda.

The Group maintains optimal capital to support our growth targets, drive investment opportunities, and meet regulatory needs. Despite the year’s turmoil, the Group maintained a strong capital base and varied funding sources, allowing us to offer competitive banking solutions across all our markets, including providing necessary safety nets.

In Tanzania, the Group had to unfortunately end its pursuit to acquire BancABC due to the non-receipt of all required regulatory approvals within the set date. However, we continue to explore opportunities in this market in order to accelerate our growth and maintain sustainable long-term success in line with our growth strategy of developing a strong pan-African Bank.

The Group will continue exploring and pursuing opportunities to enhance our regional participation and expansion in order to accelerate our growth and maintain sustainable long-term success in line with our growth strategy of developing a strong pan-African Bank.

To optimise our branch channels in 2022, the Group plans to collaborate with the retail bank to serve all insurance customers with personal products across various segments, from MSMEs to individual customers. We are also looking to use digital channels to increase efficiency and access to our products. We will further enhance our relationship with key partners to develop products for the underserved market segments, including the agricultural sector and MSMEs, to deepen our penetration.

The Group will continue exploring and pursuing opportunities to enhance our regional participation and expansion in the medium term, as well as continuing to steer the Group’s organic growth.

The Group will advance our ideals of accelerating financial access and offer opportunities that build economies to contribute to a sustainable future that leaves no one behind.

Our Mission

Our focus is to lead the way in sustainability with a keen focus on sustainable financing in Africa, which is core to our business and in line with accelerating the development of a low carbon resilient economy by pivoting the financing of mitigation and adaptation activities. As a leading financial institution in East Africa, we are responsible to the communities we serve to drive financial access and offer opportunities that build economies to contribute to a sustainable future that leaves no one behind.

Guided by our Beyond Banking strategy, which is anchored on sustainable policies, we are going beyond the normal way of banking to align our operations with the ESG metrics to establish a sustainable institution focused on creating the best impact for society, the environment and stakeholders.

Since the Green Climate Fund (GCF) accreditation in 2020, the Bank has continued to raise its ambitions on climate finance by fronting green project concept notes to GCF. In addition, the Bank joined a group of ambitious global financial institutions to declare its net zero commitment by 2050. As part of this strategy, the Group has set a target to achieve greening of 25% of the total loan portfolio by 2025 from the current 8.4%. We continue to reinvest in our subsidiaries to better equip them with the resources needed to achieve this agenda.

This is a chance for us to increase our influence in the region by providing our customers with innovative and bespoke products and solutions that are heavily driven by technology, thus accelerating SDG 9.

Looking into the future, we foresee a year full of promise. We are keen to advance into the Democratic Republic of Congo in the near term to strategically position ourselves to tap into the numerous opportunities availed by the country’s admission into the East African Community this year. Consequently, this will advance our ideals of accelerating financial inclusion with a focus on SDGs 1 and 10.

Strategic Relevance

KCB Group is actively leveraging market expansion strategies to increase the market share of our existing subsidiaries in a bid to become a sustainable lender in all the markets we operate. Additionally, we shall continue to seek non-banking opportunities, and pursue mergers and acquisitions to expand our sustainable play, consequently strengthening our contributions to SDGs 16 and 17 of accelerating peace, justice & strong institutions as well as augmenting meaningful partnerships for the goals.

As a leading financial institution in East Africa, we are responsible to the communities we serve to drive financial access and offer opportunities that build economies to contribute to a sustainable future that leaves no one behind.

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TOP ACHIEVEMENTS 2021
Group: Strategic Collaborations for Net Zero Commitment and Awards

As a result of the sustainable initiatives embedded in our strategy, KCB Group was recognised for Outstanding Leadership in Sustainable Finance in Africa, during the inaugural Global Sustainable Finance Awards in 2021. During the reporting period, the Bank was named the Best Commercial Bank in Kenya by the World Economic magazine and Most Socially Responsible Bank by Finance Derivative Awards.

In April 2021, KCB Group PLC joined other global banks that represent over 40% of global banking assets by signing onto the Net Zero Banking Alliance (NZBA) to align our lending portfolio towards achieving net zero carbon emissions by 2050. As part of accelerating our climate commitment, the Group committed to align with the net zero target by pledging to direct 25% of the total loan portfolio to green investments by 2025.

To further align our ambition toward catalysing this Net Zero objective, we joined a group of Global Financial institutions to form the Glasgow Financial Alliance for Net Zero (GFANZ) before COP 26. The Alliance is a global coalition of leading financial institutions committed to accelerating the transition to a Net-Zero-emissions economy by 2050. Through a collaborative approach with other international financial institutions, we shall be able to direct more climate finance flows to developing countries.

On conservation and biodiversity protection, we partnered with Tusk, a leading wildlife conservation organization, to launch the Lion Trail initiative, which creates awareness and raises funds to protect wildlife and their natural habitats. The initiative is part of global efforts to secure the survival of lions. The Group is committed to supporting wildlife conservation efforts and initiatives where the largest focus has been on conserving lions across the country. The goal is to raise awareness and boost the conservation of species and natural habitats in line with our climate action plan.

In April 2021, KCB Group PLC joined other global banks that represent over 40% of global banking assets by signing onto the Net Zero Banking Alliance (NZBA) to align our lending portfolio towards achieving net zero carbon emissions by 2050. The programme's objective is to support the water sector through affordable and flexible financing to improve access to water services, right from infrastructure to last-mile connectivity. Majikonnect is on the first year of a five-year cycle, and is supported by partnerships with Safaricom, SMART People Africa (SPAI), Davis & Shirtliff (D&S), Aqua for All and Water Services Providers Association (WASPA).

KCBF signed a trade partnership deal with leading global logistics provider DP World to offer e-commerce services to Kenyan traders to enable them to access goods from across the globe. The partnership was vital in ensuring that the Bank positions itself as the go-to financial partner for traders, especially MSMEs, when moving goods between countries.

Kenya: Scaling for Sustainable Growth

A s part of the Group’s corporate social investment, KCB Foundation launched a scholars’ programme for university students, deepening its play in providing access to education and accelerating universal literacy, especially for bright but underprivileged children in Kenya. This is a scale-up from the previous programme, which focused on high school scholarships.

Further, to scale up our sustainability initiative, NBK signed up to the UN Global Compact Kenya membership to ensure that their operations are aligned with the SDGs, as well as the four principles of UNGC.

In addition, NBK rolled out a programme geared towards improving water access across specific regions in Kenya by setting aside KShs.5 billion for financing Water, Sanitation, and Hygiene (WASH) through the Majikonnect programme. The programme targets MSMEs, corporates, and Water Services Providers (WSPs).

The programme’s objective is to support the water

KShs.5B set aside for financing Water, Sanitation and Hygiene (WASH) through the Majikonnect programme.
Rwanda: Digitising for Growth

To enhance efficiency, the Rwandan subsidiary implemented a Point of Sale (POS) converged solution by utilising one POS for agency banking and merchant business. Also, the Bank pledged 1,000 smartphones during the Connect Rwanda Challenge, where individuals and organisations voluntarily pledge to put a smartphone in the hands of the unconnected in Rwanda.

This enhanced technological inclusion, which is in line with the Group’s sustainability agenda. The establishment of the MiBank platform was another vital development that will go a long way in ensuring that an individual can open an account from anywhere in the country, in addition to boosting financial inclusion by focusing on banking the underbanked.

During the COVID-19 pandemic, the Bank was instrumental in disbursing the government’s special Economic Fund as well as donating food and basic supplies to communities that were most hit. The Bank has enhanced its mobile banking service by incorporating additional utility billers and airtime purchases, including but not limited to enhanced agency banking through the introduction of account opening services at agency outlets.

Tanzania: Advancing Technology for Efficiency

As part of strengthening our reputation and purpose in Tanzania, the Bank deployed an in-country primary data centre in line with regulatory requirements. The data centre was critical in enhancing cyber resilience as well as enhancing data privacy and protection.

The Bank rolled out an instant feedback system across all branches to improve customer experience. This was critical, especially during the pandemic when social distancing was mandatory and so scaling up our digital banking proposition ensured that the experience was seamless. Across the branch network and offices, sanitation points, temperature checks, enforced mask mandates, and physical distancing measures were employed to ensure the safety of all our customers.

South Sudan: Facilitating Economic Recovery Post COVID-19

The country has seen a steady growth in the adoption of digital financial products, a trend that is likely to continue given the increased uptake of mobile phones and expanded mobile coverage in the country.

As a Bank we supported a national vaccination campaign, through the distribution of COVID-19 vaccines, supported by the World Bank and COVAX. However, so far only a small percentage of the population has been vaccinated. As such, increasing the number of those vaccinated is critical to mitigating risks posed by new pandemic variants and waves, which could have devastating implications on lives and livelihoods. Vaccines are key to ensuring sustained economic recovery.

Uganda: Driving Home the Digital Agenda

As a part of accelerating the Group’s digital agenda and fulfilling our strategic thrust to be digital and to the core, we committed to lead in innovation and technology-driven banking services by providing alternative banking platforms and real-time banking options. The enhancements were done on our digital platforms. The subsidiary was able to mainstream bulk payments on Internet banking as well as bill payments (for Uganda Revenue Authority, National Social Security Fund, National Water & Sewerage Corporation) via Internet banking. The Bank has also been at the forefront of integrating point of sale machines, including the Umeme payments, as well as launching eight ATM recyclers to scale a circular economy.

To help reduce the Group’s carbon footprint, the Bank started installing solar panels in the branches to cut electricity consumption to achieve a 10% reducing trajectory on our resource consumption.

Burundi: Innovative Services for a Competitive Advantage

The Bank introduced mortgage services to enable both our retail and corporate customers to buy and build property. The mortgage plan has an up to 20-year pay off plan, enabling a fair repayment period for our customers in accelerating economic recovery in the wake of COVID-19 pandemic. As a result, the Bank has increased its competitive advantage within the market through enhanced product proposition in mortgage services consequently enabling our customers to acquire more assets.
Sustainability Developments and Targets for 2022

01 Development and implementation of Net Zero strategy covering scope 3 emissions

02 Development of climate related risk roadmap

03 Achievement of 12.4% green lending

04 Development and implementation of subsidiaries’ sustainability strategies

05 Capacity building programmes (for staff and customers) on sustainability and climate action

06 Development and deployment of KCB suppliers code of conduct anchored on ESG Principles

Regional Presence

KCB BANK UGANDA
Branches: 13
ATMS: 15
Agents: 429
Merchant outlets: 231
Staff: 271

KCB BANK SOUTH SUDAN
Branches: 13
ATMS: 4
Agents: 45
Merchant outlets: 20
Staff: 136

KCB BANK KENYA
Branches: 202
ATMS: 421
Agents: 14,001
Merchant outlets: 7,709
Staff: 4,897

KCB Capital
KCB Bancassurance Intermediary
KCB Foundation
National Bank

NATIONAL BANK OF KENYA
Branches: 94
ATMS: 105
Agents: 511
Merchant outlets: 0
Staff: 1,696

BPR BANK RWANDA
Branches: 150
ATMS: 77
Agents: 944
Merchant outlets: 157
Staff: 1,117

KCB BANK BURUNDI
Branches: 6
ATMS: 8
Agents: 200
Merchant outlets: 92
Staff: 139

KCB BANK TANZANIA
Branches: 14
ATMS: 15
Agents: 311
Merchant outlets: 476
Staff: 291

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Leading the way for a Sustainable Future

The world is at a turning point in the sustainability agenda. Organisations are embedding sustainability in their corporate strategies as part of efforts to build resilience and long-term values. Externally, customers, investors and shareholders have defined their sustainability expectations and are pressing the management to identify material Environmental and Social Governance (ESG) topics that can impact long-term business value.

Sustainability has become a key element in business management. The World Economic Forum considers societal and environmental risks as the most pressing concerns in the next five years. The sustainability agenda redefined the relationship between organisations and their stakeholders – businesses must act now to ensure they stay ahead of this curve.

Board oversight is central in enhancing the sustainability of organisations in taking a long-term approach to business strategy and performance. This means the board must consider the needs of a broader universe of stakeholders and establish a clear purpose as part of sustainable growth. It is also an opportunity for the board to support the management in translating ESG risks, opportunities, and stakeholder expectations into the business context.

At KCB Group, we have made deliberate steps to internalise and mainstream sustainability as part of our core business mandate and decision-making.

Today, we have outlined our core sustainability ambition anchored on SDGs and aligned to PRI and UNGC principles. Those developments have nurtured and strengthened our wider stakeholder engagements and partnerships as a responsible corporate organisation.

In this report, we reflect on the past year while reimagining our outlook for the next five years. Our focus as we head into the future will be to meet the changing stakeholders’ expectations, strengthen our risk resilience, and seize growth opportunities resulting from the ESG agenda.

Although COVID-19 is still with us, we continue to manage the adverse impacts of the pandemic on the economy, environment, and people. Regionally, economies have showed remarkable improvement with consistent GDP growth in every quarter of the year despite the periodic scares and mutation of the virus.

Our roadmap is defined by embedding SDGs into our reporting systems in support of accelerating a decade of action after having transitioned from the 10-point Action Plan in the year 2020. This will allow consistency on key disclosure indices in line with the GRI and cross-referencing with the annual integrated report.

In Kenya, the Central Bank of Kenya (CBK) issued the first of its kind Guidance to Climate-Related Risk Management for the banking sector. The Guidance intends to enable banks to integrate the opportunities and risks arising from climate change into their governance structure, strategy, and risk management frameworks. The Guidance will further guide the financial sector in disclosing climate-related information to their stakeholders. For the bank, the issuance of the guidelines has been embraced as they are in line with the Bank’s sustainability journey.

For KCB Group, sustainability has been integrated into our business since 2008. We have continually challenged ourselves to go the extra mile to ensure we do good by doing good business. Despite the challenges brought about by the pandemic, our economies are rebounding due to the resilience demonstrated by our operations and communities we serve, affirming the need to anchor on sustainable development as a business imperative.

There are definite opportunities available for the Group, considering our long-standing leadership and engagement on sustainability by leveraging our financial assets and our geographical footprint. Our unique approach to sustainability leverages all facets of what KCB Group stands for. From collaborating with our customers and suppliers on their green transition, to engaging with our employees to effect the changes they want to see in the world. We continually rely on our customer experience, digital innovations and setting green-lending targets to provide world-class service and increase the much-needed financial access. The team at KCB Group is always looking out to ensure we deliver efficient and responsive services, that leverage on synergies and economies of scale across the business.

The Group’s commitment to our nine SDGs will continue to drive our sustainability agenda. We are committed towards actions required to achieve the 2030 target on SDGs by ensuring that we deliver value to all our stakeholders.

We aim to strategically position ourselves in providing access to sustainable finance. This is by increasing our initiative on green lending. However, we are conscious that sustainability is dynamic and continues to evolve over the years. Therefore, we will ensure that our business remains focused on relevant material topics.

I want to take this opportunity to thank our partners, customers, and stakeholders for collaborating with us on this sustainability journey. I would like to recognise our employees’ considerable contribution and dedication to our business, and achieving the milestones in this report. I look forward to continuing to work together as we lead the way towards a more sustainable future.
Financing Sustainable Progress

KCB Group has been part of East Africa’s history for more than 125 years, playing an essential role in the region by deepening financial inclusion. As a Group, we continuously turn dreams into reality and challenges into opportunities by positioning efficient customer service and digital banking products. As we celebrate 125 years, we remain dedicated to enhancing our support to our stakeholders. The past two years have demonstrated the resilience of East African communities, businesses, and economies. We will continue to provide targeted assistance to those who need it most to foster inclusive sustainable recovery to ensure no one is left behind while recovering from the pandemic.

The Group remains a leader in sustainable finance. We have continued to set our focus on redefining the future of the African finance ecosystem by making investment decisions that consider financial returns while at the same time considering positive environmental, social, and governance impacts.

Over the years, KCB Group has walked hand in hand with communities, enhancing inclusion and lifting people out of poverty. We are part of a financial system that enables East African economies to progress and thrive.

This progress has been bolstered by the need to prioritise sustainable finance, which has been actualised through the Group’s decision to accelerate green financing of our total loan portfolio from 4% in 2020 to 8.4% in 2021. In line with our commitment to accelerate climate action, we have reduced our operational carbon footprint by 11.25%. We are aware of the severity of the negative effects of climate change characterised by the increased frequency and intensity of extreme weather events, which have brought catastrophic negative impacts to livelihoods.

Climate change is one area where we continue to play our part as a Group. We signed onto the Net Zero Banking Alliance (NZBA) in April and at COP 26 (Conference of Parties) in November, 2021, where we set our net zero target of becoming one of the few listed companies to have translated climate ambition to action. We are helping manage the effects of climate change and support the transition to a low-carbon economy by pivoting green finance. Critically, we are doing this while being mindful of the local challenges and opportunities our customers can leverage and the potential socio-economic impacts on the communities in which we operate.

We recognise that our performance on environmental and social dimensions is fundamental in delivering sustainable outcomes that balance the interests of all stakeholders. Going forward, we aim to translate 25% of our total loan portfolio to green finance by 2025.

In line with our Beyond Banking Strategy, we have integrated sustainability into our operations with a focus on SDGs alignment and ESG principles.

We have narrowed our focus areas including harnessing Africa’s demographic dividend and securing Africa’s future through youth empowerment by putting the right skills necessary to succeed in a rapidly changing world. We also ensure that those skills are recognised and can be utilised across the globe. Through our Foundation arm, we have led on this front by fostering entrepreneurial skills in young people, including providing them with the capital to finance their ambitions.

During the period culminating in the COP 26, held in Glasgow in November 2021, we declared our commitment to achieving net zero by 2050 and joined the Glasgow Financial Alliance for Net Zero (GFANZ). In line with this commitment, KCB Group continues to leverage finance to decarbonise economies in line with reaching this crucial target.

As one of the leading financial institutions in East Africa, KCB Group has the ability and responsibility to contribute to positive change in our communities’ environmental, social, and economic well-being.

We are leveraging our finance to accelerate the transition to low carbon economies by constantly monitoring our climate finance and carbon footprint to ensure we lead from the front.

As part of our ambitions to scale the sustainability momentum, we continue to support our stakeholders in their sustainability journey. During the reporting period, we also ensured that we mainstream sustainability across our value and supply chain to ensure we curb our scope 3 emissions.

Our goal is to streamline ESG across our business and help our suppliers to operate ethically, manage business risks, achieve process optimisation by reducing costs through material efficiency gains, and enhance their brand reputation.

Although the challenge is formidable, I’m confident we will trigger real change and progress, including leveraging on green finance to accelerate the achievement of the Paris Agreement. We are creating a financial ecosystem where it will be possible for economies to transition while still being profitable and sustainable.

The Group is still cognizant that we are in the decade of action towards fulfilling the agenda 2030 on sustainable development. Consequently, we continue aligning our sustainability agenda through our adopted SDGs. In addition, the Group continues to strengthen its support toward sustainability through its commitments to the UNGC, PRB and the Task Force on Climate-related Financial Disclosures (TCFD).

As we progress to the future, we remain committed to creating long-term value for shared prosperity by aligning our strategy to sustainable practices by addressing ESG risks and effects in the regions we operate.

“... This progress has been bolstered by the need to prioritise sustainable finance, which has been actualised through the Group’s decision to accelerate green financing of our total loan portfolio from 4% in 2020 to 8.4% in 2021. As we progress to the future, we remain committed to creating long-term value for shared prosperity by aligning our strategy to sustainable business practises. "

Paul Russo, Group Chief Executive Officer
A Purpose-Led Economy

Purpose has become an integral part of our business operations. It is important that we focus on why we are in business and not just what we do. Purpose transcends profits, considering the shared value created by relationships we hold with our customers, stakeholders, and investors. Purpose enables us to future-proof our business for generations to come.

The financial sector is striving for purpose and sustainability by ensuring ESG considerations, at the same time mainstreaming SDGs into the strategy and increase awareness of the changing climate conditions. Without a healthy planet the financial sector will not thrive. It is therefore imperative for the financial sector to adhere to frameworks such as those set out in the Principles of Responsible Banking.

At KCB, we are aware of the responsibility we bear in championing a purpose-led business by virtue of aiming to become a regional powerhouse. We have deployed sustainable processes and initiatives across our network and leveraged our influence and reach to champion this cause. In line with our commitment of being net zero by 2050, we are accelerating green finance, consequently positioning the Group as an accelerator of green finance in the region.

We continue to anchor our processes and initiatives on the nine of the 17 United Nations’ SDGs. SDGs are our compass, offering us a lens for viewing our business contribution to society’s needs and ambitions; they are also integrated in product development to encourage sustainable financial practises. To track and mobilise support, we constantly engage stakeholders to streamline adoption, implementation, and execution of SDGs, for enhanced impact.

Our commitment to the SDGs is reflected in initiatives, including adoption of carbon accounting standards in monitoring our footprint, scaling green lending with the accreditation by Green Climate Fund (GCF) and International Finance Corporation (IFC). The GCF accreditation obtained in 2020 will go a long way in scaling investments in the green economy.

From a social impact perspective, we are scaling our role in education through the Scholars Programme under the KCB Foundation, where we are focused on awarding scholarships to bright and needy students from marginalised communities. Our enterprise development programme, anchored on the 2jiajiri Programme has seen the Group Foundation create 64,186 direct jobs and 385,008 indirect jobs cumulatively. Under our livestock programme, through the Foundation, we foster sustainable agriculture via Mifugo ni Mali, and we have been able to support over 113 Farmer Community organisations on leadership and financial management courses, and on livestock value chains, including creating over 8,460 jobs in the livestock value chain.

Leading with purpose is good for staff morale and business, but as one of the leading financial institutions in Africa, we are positioning our staff to be our champions and leaders. We have engaged our staff in training and capacity building to drive this purpose and pursue it in their day-to-day work. Through SDG 9 and 12, we have mainstreamed responsible business as well as ensuring we respond to the changing needs of our staff, thereby attaining a staff loyalty tenure that spans an average of nine years.

The pandemic and the changes in the regulatory environment have demonstrated how years of sustainable thinking and acting delivered value for the Group, staff, customers, and other stakeholders, as demonstrated by the results in this report. In line with the KCB culture, we will continue to focus on our business contribution to climate change from a risk perspective and from an opportunity perspective striving to disclose our impact while setting voluntary targets that support positive climate development.

In conclusion, I would like to say that purpose is a virtue that is aligned in our business and brings forth our sustainability into life. It is about our diverse stakeholders who expect us to lead the market in this conversation and walk the talk. So far, we are on the right track, and we believe we will scale to greater heights to establish a purpose-led economy by leveraging sustainable finance.

Rosalind Gichuru,
Group Director, Marketing, Corporate Affairs & Citizenship
Aligning Sustainability to our Strategy

Through our Beyond Banking Strategy, which focuses on rapid changes in our business environment and requires us to be agile to address market concerns, we have been able to set overall goals and a plan for how our business will achieve this.

Our strategy remains anchored on delivering the very best in customer experience and driving a digital future. In anticipation of a stronger year ahead, and a more sustainable recovery, we are deepening our focus on supporting various sectors of the economy as we walk with our customers to regain the lost foothold caused by the COVID-19 crisis. We are making strategic investments to deepen our regional play while building a sustainable business for the future that is anchored on people, planet and profits.

With the pandemic still ongoing, and it being an election year in Kenya, we are cautiously optimistic about the full year prospects. We expect the business to be resilient given the ongoing economic recovery.

Looking ahead, KCB believes in being a purpose-led organisation that takes into account all its stakeholders and runs a sustainable business that impacts society positively as a responsible corporate citizen.

We will continue to pursue key initiatives to strengthen this resolve. Through our KCB Foundation, we focus on redefining our social initiatives via strategic partnerships such as the Young Africa Works programme in collaboration with the Mastercard Foundation. We aim to expand our investment in the education sector, specifically university scholarships, by sponsoring over 1,000 students and accelerating the apprenticeship programmes, including scale-up and roll-out of the Foundation’s programmes in the Burundi and South Sudan markets.

Looking at the broader sustainability focus, our priority will be to achieve targets in line with our nine adopted SDGs, by strongly focusing on climate finance as a key issue for the coming year. We will also invest in opportunities that have positioned climate action/inaction as a principal risk requirement.

We have commenced the drafting of a climate-related risk roadmap that will guide the process of climate risk approach and opportunities which will be submitted to the CBK for review and subsequent implementation. In addition, the Bank will set its Scope 3 emissions target, including evaluation of its investment emission, in line with the net zero ambition.

To build an enabling environment, we shall continue to review our policies and enhance the capacities of our staff to better understand and spearhead the SDG focus ambition.
The Role of the Board

The Board of Directors (Board) of KCB Group PLC. (Company) consider good governance, achieved through an ethical culture, competitive performance, effective control, and legitimacy, as the way to create sustainable value, and enhance long-term equity performance. The Board applies good governance practices to promote strategic decision-making within the organisation to balance short, medium, and long-term outcomes.

To align the interests of the Group and stakeholders, the Board ensures that integrity is mainstreamed. To that end, sound governance practices, based on accountability, transparency, ethical management, and fairness are entrenched across the business. Directors have a statutory duty to promote the success of the Company for the benefit of its stakeholders. In promoting the success of the Company, Directors must have due regard to the long-term consequences of their decisions; the legitimate interests of employees; the need to foster effective business relationships with suppliers, customers and various stakeholders; the impact of the Company’s operations on the community and the environment, and the desire to maintain a reputation for high standards of business conduct.

The Board is committed to ensuring that the Company complies with the laws, regulations, and standards applicable to it. The Board ensures that high standards and practices in Corporate Governance and, more specifically, the principles, practices and recommendations set out under the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the CMA Code); the Corporate Governance Guidelines as prescribed by the Central Bank of Kenya - being the primary regulatory authority of the Group and KCB Bank Kenya Limited - as well as the Companies Act, 2015 (the Act), are adhered to.

The Board Charter sets out the Board’s 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 reserved by the Board. To assist it in discharging these responsibilities, the Board has established Board committees to consider key issues. In deciding committee memberships, the Group Chairman endeavours to make the best use of the range of skills across the Board and shares out responsibilities. Overlapping memberships consider instances where matters raised in one committee may have implications for another. Membership is reviewed periodically by the Group Chairman in collaboration with the Nominations committee. The Board receives a report from the Chairman of each committee on significant areas of discussion and key decisions at the subsequent Board meetings. Each committee has in place terms of reference that set out the roles and responsibilities and the procedural rules that apply to the committee. Under the procedural rules, each committee must be composed of at least three members, independent directors and have an independent Chairman. The Audit & Risk committee only consists of independent non-executive Directors in line with the provisions of the Prudential Guidelines issued by the CBK.

The committees include the Audit & Risk, Human Resources & Governance, Nominations Committee, Strategy & IT Committee, and the Oversight Committee. The Board operates within a clearly defined governance framework that 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 organisation to the executive management led by the Group Chief Executive Officer with their performance closely monitored against set objectives and policies.

The Group Chief Executive Officer in turn delegates aspects of his authority to members of the Executive Committee through the following committees: the General 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).

The scope 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 a clear definition of the roles and responsibilities of the Group Chairman, directors and the Company Secretary. The roles and responsibilities of the Group Chairman and the Group Chief Executive Officer 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).

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

**Responsible business**

The Board is committed to upholding 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 region where the subsidiaries operate and consistently incorporates this information in its policy decisions relative to the Group’s commitment to sustainable business practices. This year, the Board reviewed and approved six critical policies pertaining to our sustainability agenda thus ensuring adherence to these policies informs decisions made throughout all our entities and subsidiaries. The risk appetite policy was reviewed to include climate finance to align with the Group’s overall direction of scaling green finance, including alignment with the net zero target.

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 for loan approvals above KShs. 50 million covering the key areas of Social, Environmental and Governance (ESG) 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 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 partnerships and creating allies who can tolerate divergent views. To accommodate this, the Group has in place a whistleblowing process that seeks to address any issue that might be cause for discomfort for any stakeholders. This mechanism utilises anonymity in the channel of communication both for internal and external stakeholders.

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).

KCB Group is committed to complying with the following policies and regulations to support the Group’s operating entities to promote the dignity of communities and safeguard the environment.

**Transparency and Accountability**

KCB Group subscribes to the Principles of Responsible Banking and is aligned with the relevant statutory and international standards to ensure we meet the highest expectations of good governance and integrity, which are expected by our stakeholders and shareholders. We subscribe to the philosophy and principles of integrity, accountability, transparency, and fairness in the manner in which we do business.

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

**Risk Management**

The Group’s business activity involves the management of financial and non-financial risks. The key financial risks managed are as follows: Credit risks, which are integral to the Group’s core business, and market and liquidity risks. In addition to financial risks, the Group’s activity posses non-financial risks, the management of which is a necessary precondition to meeting the Group’s ongoing and long-term goals. These risks include operational risks, such as technological and cyber risks; regulatory risk; compliance risk; legal risk; reputational risk; strategic risk; model risk; environmental risk; conduct risk, and macroeconomic risk. KCB’s risk management strategy involves maintaining the Group’s stability and supporting the achievement of its business objectives.

These objectives are achieved while meeting the predefined risk appetite, the policy and the limitations deriving thereof, which form the boundaries for the Group’s business activity.

The risk management framework includes mechanisms for identifying and estimating risks, defining the corporate structure and areas of responsibility for managing risk as well as putting in place adequate control and reporting mechanisms. KCB continually upgrades its risk management infrastructures and analyses the risk outlook, to enable informed decision-making. The Risk Management function supports the Board in formulating the risk appetite, strategies, policies, and limits. It provides review, oversight, and support functions throughout KCB on risk-related items.

The Group’s Board of Directors is responsible for delineating the overarching risk strategy and supervising the risk management framework of the Group, directly or through the Risk Management Committee. The Board of Directors Committee on Risk Management receives reports on risks and on the execution of approved policies at least once each quarter. It is mandatory for the Board to be trained on Cybersecurity and Anti-Money Laundering issues every year.

Risk appetite at the Group is defined by an effective framework for risk management and a key tool linking the organisation’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 the 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.
Sustaining Ethics

KCB Group recognises the important role it plays in the economy and the high level of trust it enjoys from its customers and stakeholders. To sustain this performance, the Group relies on its employees to maintain the highest standards of ethical and lawful conduct. In line with this, the Group 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 Group’s policy review requirements. However, the Code of Ethical Conduct is also reviewed as needed, should there be significant changes in the operating environment both internally and externally, which 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 focal point for ethics and is a key contact for 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 the line management.

COVID-19 and Ethics

KCB Staff continued to uphold a compliance and ethics culture during the pandemic, by continuously abiding with the KCB Group Code of Ethical Conduct, and complying with other Group policies during the health crisis. During this period, the Group established a programme to enhance testing and treatment of staff to ensure we are continuously aligning with the COVID-19 health code of conduct for reopening of the economy, including provision of a clean working environment.

We have ensured that sitting arrangements meet the social distancing requirements, provided counseling for employees to ensure they fit into the work environment at the primary work sites and reminding them to continue complying with COVID-19 containment measures. Above all, we have ensured that over 90% of staff have been vaccinated, and we are encouraging continuous testing.

Data Privacy

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-emphasised through periodic communication issued to all staff.

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 in which the subsidiaries operate. The Group also consistently invests in public communication campaigns to sensitise all customers and all stakeholders on the need, and how, to protect their own data.

Over and above the Consumer Protection requirements that the Group has fully embraced, the stipulations of the Kenya Data Protection Act 2019 are currently being implemented within the Group and any new matters that have been introduced by the Act are being addressed across the Group.

The Ethics team worked in collaboration with the Human Resources Division in the implementation of the Pandemic Response plan. Respect, privacy and avoidance of stigmatisation and other ethical matters are still considered key elements in the implementation of the Pandemic Response plan by the Crisis Management Team.

The implementation is being 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 provides for a work environment that is free from all forms of discrimination-related conduct. In this regard, while the Group continues taking active measures to prevent the spread of COVID-19 among its customers and staff, the privacy of those who got infected is still respected while communicating that discrimination against infected customers, colleagues and stakeholders will not be tolerated by the Group.

Policies and Code of Conduct

KCB Group maintains and has in place policies and a code of conduct that captures our legal obligations and the reasonable expectations of our stakeholders, including our customers and suppliers. These policies apply to all employees and Directors of KCB Group, and to anyone working on the Group’s behalf, including contractors and consultants. The Group adopts zero tolerance to all forms of corruption, bribery, and unethical business practices from its staff and stakeholders.

Ethical Conduct

Our Code of Ethical Conduct covers a range of areas, including personal conduct, integrity, honesty, transparency, accountability, fairness, and prevention of corruption. It emphasises the importance of making the right decisions and
behaving in a manner that fosters respect and trust in the organisation. The Code sets out clear behavioural requirements, and there are consequences where these are not met. The Group has in place a suite of policies and practices to promote a culture of compliance, honesty and ethical behaviour in relation to anti-money laundering and counter-terrorism financing, whistleblower protection and conflicts of interest.

We believe that acting with integrity is the right way to conduct oneself, especially where trust is essential. In the year under review, 6,819 employees underwent ethics e-learning courses, representing an increase from 6,124 in 2020.

Whistleblowing and Grievance Mechanism

KCB Group does not tolerate fraud, corrupt conduct, bribery, unethical behaviour, legal or regulatory non-compliance or questionable accounting or auditing by employees, directors, customers, and contractors. KCB Group is committed to a culture that encourages all people to speak up about issues or conduct that concerns them. The KCB Group whistleblower programme encourages reporting of any wrongdoing in a way that protects and supports whistleblowers. Additionally, the Group has in place a grievance mechanism to ensure that staff have an opportunity to be open and transparent on key issues without fear or discrimination. The platform aims to ensure that accountability is entrenched in all levels of the organisation. Both programmes provide confidential and open communication channels to raise concerns. The communication channels are supported and monitored independently by Deloitte, details of which are provided below:

Stakeholders are encouraged to raise any issues involving illegal, unacceptable, or inappropriate behaviour or any issue that would have a material impact on the organisation’s customers, reputation, profitability, governance, or regulatory compliance. There is zero tolerance for any actual or threatened act of reprisal against any whistleblower. The Group takes reasonable steps to protect a person who makes disclosure of any inappropriate behaviour, including taking disciplinary action, potentially resulting in dismissal for any person taking reprisal against a whistleblower.

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

1. Filing a complaint
2. Screen & acknowledge complaint
3. Review of the complaint
4. Mediation
5. Investigation
6. Decision

KCB Group does not tolerate fraud, corrupt conduct, bribery, unethical behaviour, legal or regulatory non-compliance or questionable accounting or auditing by employees, directors, customers, and contractors. KCB Group is committed to a culture that encourages all people to speak up about issues or conduct that concerns them.
Business progress should be evaluated through different perspectives and not just through the growth of financial assets and that is why as a Group, we pride ourselves in extending value to our stakeholders, which is hinged on the nine adopted SDGs leveraging on our four key pillars that underpin our Beyond Banking strategy. Our value creation model speaks to the fact that our customers are key to ensuring that the Group generates business while increasingly aligning to their needs.

Our model is leveraging on efficiency to scale productivity by continuously scaling systems to become a digital bank by enhancing customer experience and negating natural resource consumption. As a business imperative, we are continuously pivoting stakeholder engagement to ensure we are walking with them in this sustainability journey as we scale to become a regional powerhouse by advancing financial inclusion. We believe with this model, the value will not only be created, but also extended and conserved.
Value Creation Process

**Financial**
- Equity: KShs. 171.7B
- Deposits: KShs. 807.1B
- Borrowings: KShs. 37.6B

**Manufactured**
- 492 branches
- 1,178 ATMs
- 25,126 Agents and POS/Merchants
- 98% of transactions conducted outside the branch network

**Intellectual**
- Vooma
- Partner less Ground

**Human**
- Staff count: 8,538
- Average tenure: 9.0 years
- Revenue per staff: KShs. 13.6M

**Social**
- 135.9 million customers
- KShs. 45 billion advanced under women proposition
- Strategic Partnerships
- 47 inaugural university scholarships provided in 2021

**Natural**
- Carbon-neutral operations
- Monitored resource usage (water, fuel, power and paper)
- KCB Green Agenda
- Green lending, evaluation of facilities against E&S risks

**Accountants**
- We enable the progress of our customers through various money management solutions:
  - Current
  - Transactional
  - Mobile
  - Savings

**Payment Transactions**
- Enabling Funds transfer through:
  - Mobile
  - Agents
  - Internet
  - POS/Merchants
  - Branches
  - ATMs

**Loans**
- We extend credit, in co-operating responsible lending practices:
  - Personal
  - Corporate
  - SME
  - Micro

**Forex**
- Provision of brokerage services to buy and sell foreign currencies through:
  - SWAPS
  - Future
  - Futures
  - T-Bills/Bonds
  - Savings products

**People**
- Career development & advancement opportunities to ensure we attract and retain top talent

**Investors**
- Return on average equity: 22.4%
- Return on assets: 3.2%
- Earnings per share: KShs. 10.61
- Dividends per share: KShs. 3.00

**Customers**
- KShs. 11.2B distributed to the elderly and disabled
- Reduction of resource usage: 17%
- Reduction in carbon footprint: 11%

**Employee**
- KShs. 25.1B salaries and benefits paid
- Average tenure: 9.0 years
- 456 promotions in 2021
- OHS Score of 75 in 2021
- Staff cost to income ratio 22.9%

**Suppliers**
- Average supplier performance of 89% on all deliverables
- 3.8% of procurement contracts awarded to special interest groups
- 313 suppliers signed up to the code of ethics

**Outcomes**
- 496.4M Transactions facilitated across all channels
- KShs. 80.2B growth in net loans advanced in 2021
- KShs. 67.9B growth in deposits mobilized in 2021
- KShs. 2.1T transacted on mobile in 2021
- KShs. 25.1B salaries and benefits paid
- Average tenure: 9.0 years
- 456 promotions in 2021
- OHS Score of 75 in 2021
- Staff cost to income ratio 22.9%
ALIGNING TO THE NORTH STAR
The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. The SDGs call for worldwide action by governments, businesses, and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.

The SDGs explicitly call on all businesses to utilise their creativity and innovation in solving the development challenges of our times while still innovating to ensure future generations are well protected. The SDGs have been agreed on by all governments, yet their success relies heavily on action and collaboration by all actors. We identified 9 SDGs to anchor our sustainability initiatives. The adopted SDGs present an opportunity for business-led solutions and technologies to be developed and implemented to address sustainable development challenges. SDGs form the global agenda for the development of our societies. They allow us to demonstrate how our business helps advance sustainable development, by minimising negative impacts and maximising positive impacts on people and the planet.

The adopted SDGs will connect our business strategies with global priorities. As a Group, we will leverage the SDGs as an overarching framework to shape, steer, communicate and report our initiatives and goals, allowing them to capitalise on a range of benefits such as:

1. **Aligning to the North Star**

   **The SDGs explicitly call on all businesses to apply their creativity and innovation in solving the development challenges of our times while still innovating to ensure future generations are well protected.**

   **Stabilising Societies and Markets**

   We believe we can’t succeed in societies that fail. Investing in the achievement of the SDGs supports our pillars for business success, which in underscoring the essence of driving efficiency while generating market share, includes but not limited to – supporting transparent financial systems, and non-corrupt and well-governed subsidiaries.

   **Using a Common Language and Shared Purpose**

   The SDGs define a common framework of action and language that will help us communicate more consistently and effectively with all stakeholders about our impact and performance. The goals will help bring together synergistic partners to address the world’s most urgent societal challenges.

   To ensure we keenly monitor our SDGs contribution, we have gone further to set Key Principal Indicators (KPIs) under each goal, in line with the globally set indicators, and rolled out a digital SDG monitoring tool. Through the tool, we can collect data for our KPIs well-organised across various divisions, and the platform can generate reports, identify gaps, and pinpoint areas of improvement.

   **Strengthening Stakeholder Relations and Keeping the Pace with Policy Developments**

   The nine SDGs reflect stakeholder expectations from the Group and the future policy direction at the international, national, and regional levels. Our alignment with the SDGs strengthens engagement of all stakeholders as well as achieve coherence with the Inevitable Policy Response as a result of the global shift from brown to green growth.

   **Enriching the Value of Corporate Sustainability**

   While our business case for corporate sustainability is already well-established, spanning over 12 years, the SDGs will augment the economic incentives, risks, and opportunities for the markets we operate in to use resources more efficiently, or to switch to more sustainable alternatives, as externalities become increasingly internalised.

   **Identifying Future Business Opportunities**

   The SDGs aim to redirect global, public and private investment flows towards sustainability challenges. In doing so, we will define the markets we operate in and deliver innovative solutions and transformational change.

   **Progressive Action for Sustainable Development**

   2021 KCB Group Sustainability Report
### Key Principal Indicators (KPIs) Under Each Adopted SDG Goal

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<th>SDG KPI</th>
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<td>No Poverty</td>
<td><strong>SDG 1 - No Poverty</strong></td>
<td>Decent Work and Economic Growth</td>
<td><strong>SDG 8 - Decent Work and Economic Growth</strong></td>
<td>Reduce Inequality</td>
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<td></td>
<td>• Increase in the total number of MSMEs we lend to.</td>
<td>• Through our channels, increase the value and volume of transactions facilitated by KCB.</td>
<td>• Reduction in internal resource consumption.</td>
<td>• Increase in the value of loans disbursed under Women Value Proposition.</td>
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<td>• Rise in the total value of loans extended to groups commonly referred to as “chamas”.</td>
<td>• Increase in the registration of mobile banking users.</td>
<td>• Successfully signing up all our suppliers to the code of ethics.</td>
<td>• Grow the number of beneficiaries in the Women In Leadership Network (WILN) programme.</td>
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<td>• Growth in the number of groups / chama accounts.</td>
<td>• Increase in the number of Mobi and KCB M-PESA loans disbursed.</td>
<td>• Transition KCB Branch Network and others to use LED lighting.</td>
<td>• Achieve a balance in the number of male and female staff.</td>
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<td>• Accelerate training on financial literacy.</td>
<td>• Training of youth and Persons with Disabilities under the 2jaijiri programme.</td>
<td>• Increase procurement spend on special interest groups.</td>
<td>• Equal representation of women in the KCB Boards (Group and Country).</td>
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<td>• Increase in the number of beneficiaries and amount disbursed through the Inua Jamii programme.</td>
<td>• Supporting youth in entrepreneurship through incubations.</td>
<td>• Increase spend on local suppliers and subsequently reduce spend on international suppliers.</td>
<td>• Increase the number of scholarships issued under the KCB Foundation Scholarship Programme.</td>
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<td>• Growth in the number of corporate clients with Social and Environmental policies in place.</td>
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<td>Industry, Innovation and Infrastructure</td>
<td><strong>SDG 9 - Industry, Innovation and Infrastructure</strong></td>
<td>Climate Action</td>
<td><strong>SDG 14 - Climate Action</strong></td>
<td>Peace, Justice and Strong Institutions</td>
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<td>• Increase in the number of agri-business loans issued.</td>
<td>• Growth in the number of green loans disbursed.</td>
<td>• Preventing theft and fraud by investing in robust cyber-security systems.</td>
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<td>• Registration of new mobile banking and KCB M-PESA users.</td>
<td>• Increase in the number and value of loans screened through Environment and Social Due Diligence (ESDD).</td>
<td>• Providing anti-fraud training to staff.</td>
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<td>• Capacity building for MSMEs and women customers.</td>
<td>• Measurement, tracking and reduction of Group’s carbon emissions.</td>
<td>• Providing employees with continuous exposure to e-learning courses on ethics.</td>
<td></td>
</tr>
<tr>
<td>Reduced Inequalities</td>
<td><strong>SDG 11 - Sustainable Cities and Communities</strong></td>
<td>Partnerships for the Goals</td>
<td><strong>SDG 17 - Partnership for Goals</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increase in the value of loans disbursed under Women Value Proposition.</td>
<td>• Sign up to partnerships through initiatives such as KCB 2jaijiri programme and Mifugo Ni Mali, among others.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Grow the number of beneficiaries in the Women In Leadership Network (WILN) programme.</td>
<td></td>
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<tr>
<td></td>
<td>• Achieve a balance in the number of male and female staff.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Equal representation of women in the KCB Boards (Group and Country).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increase the number of scholarships issued under the KCB Foundation Scholarship Programme.</td>
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<td></td>
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</tr>
</tbody>
</table>
## Progress in our Adopted SDGs

<table>
<thead>
<tr>
<th>ADOPTED SDG</th>
<th>AGENDA</th>
<th>INITIATIVES</th>
<th>2020 ACHIEVEMENTS (BASELINE)</th>
<th>2021 ACHIEVEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDG 1 No Poverty</td>
<td>To help reduce poverty within the scope of our operations for sustainable livelihoods and economic growth by expanding access to finance for all.</td>
<td>Active MSMEs lending relationships</td>
<td>26,229</td>
<td>47,364</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loans extended to group / chamas</td>
<td>KShs. 95.3 million</td>
<td>KShs. 480.2 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of groups / chama accounts</td>
<td>11,374</td>
<td>59,197</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group trainings on financial literacy</td>
<td>120</td>
<td>143</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value of micro deposit mobilisation</td>
<td>KShs. 416.6 million</td>
<td>KShs. 474.7 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount disbursed for Inua Jamii programme</td>
<td>KShs. 11.4 billion</td>
<td>KShs. 11.2 billion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Beneficiaries served through Inua Jamii programme</td>
<td>599,007</td>
<td>561,321</td>
</tr>
<tr>
<td>SDG 2 Decent Work &amp; Economic Growth</td>
<td>To participate in economic activities that create shared prosperity for current and future generations, ensuring stability, business growth, and operational efficiency by growing product lines aimed at making life easier for our customers through diversification, technological upgrade, and innovation.</td>
<td>Youths trained under KCB 2jiajiri programme</td>
<td>6,370</td>
<td>5,092</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Persons with disability trained under 2jiajiri programme</td>
<td>49</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of transactions done by agents with revenues</td>
<td>8.6 million</td>
<td>16.8 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value of transactions done by agents</td>
<td>KShs. 446.7 billion</td>
<td>KShs. 598.1 billion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of loans processed under mobile banking</td>
<td>KShs. 152.5 million</td>
<td>KShs. 279.8 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of registered KCB M-Pesa users</td>
<td>17.2 million</td>
<td>18.6 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value of KCB M-PESA loans disbursed</td>
<td>KShs. 62.4 billion</td>
<td>KShs. 45.4 billion</td>
</tr>
<tr>
<td>SDG 3 Industry, Innovation and Infrastructure</td>
<td>To re-invent intellectual innovations for digital services and product development that provides the best customer experiences by increasing access to financial services for small-scale industries and other enterprises, including affordable credit and developing new products under the digital future programme.</td>
<td>Number of agribusiness loans</td>
<td>616</td>
<td>1,273</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value of agribusiness loans</td>
<td>KShs. 360.7 million</td>
<td>KShs. 1.35 billion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Products and innovations addressing social issues / challenges e.g., COVID-19</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>SDG 10 Reduced Inequalities</td>
<td>To help reduce inequality in our communities and workplaces by ensuring equal resource distribution in the community and equal gender parity in the workforce by implementing programmes that promote equality.</td>
<td>Loans disbursed under women value proposition</td>
<td>KShs. 24.3 billion</td>
<td>KShs. 44.6 billion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Beneficiaries of Women in Leadership Forum</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of male permanent and pensionable employees</td>
<td>55%</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of female permanent and pensionable employees</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of employees living with a disability</td>
<td>0.37%</td>
<td>0.57%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage composition of women on the KCB Group Boards</td>
<td>18%</td>
<td>27%</td>
</tr>
</tbody>
</table>
### ADOPTED SDG

<table>
<thead>
<tr>
<th>AGENDA</th>
<th>INITIATIVES</th>
<th>2020 ACHIEVEMENTS (BASELINE)</th>
<th>2021 ACHIEVEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable Cities and Communities</strong></td>
<td>Value of life assurance</td>
<td>KShs. 470 million</td>
<td>KShs. 820 million</td>
</tr>
<tr>
<td><strong>Responsibility</strong></td>
<td>Value of healthcare insurance</td>
<td>KShs. 580 million</td>
<td>KShs. 680 million</td>
</tr>
<tr>
<td><strong>Consumption</strong></td>
<td>Value of agribusiness insurance</td>
<td>KShs. 143 million</td>
<td>KShs. 146 million</td>
</tr>
<tr>
<td><strong>and Production</strong></td>
<td>Number of Bancassurance policies</td>
<td>26,881</td>
<td>33,438</td>
</tr>
<tr>
<td><strong>Climate Action</strong></td>
<td>Value of Bancassurance premiums</td>
<td>KShs. 2.6 billion</td>
<td>KShs. 3.2 billion</td>
</tr>
<tr>
<td><strong>Peace, Justice</strong></td>
<td>to develop equitable, inclusive products</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>and Strong Institutions</strong></td>
<td>and services. Additionally, support youth</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>and communities to</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>for the Goals</strong></td>
<td>prosper, and enable us to create shared</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>value for the community by providing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>financing solutions directed at economic</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>losses caused by disasters. These</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>include water-related disasters, with a</td>
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<tr>
<td></td>
<td>focus on protecting the poor and</td>
<td></td>
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<tr>
<td></td>
<td>persons in vulnerable situations, and</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>providing mortgages for affordable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>housing programmes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Responsible Consumption and Production</strong></td>
<td>% reduction on use of electricity, water,</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>fuel &amp; paper</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>LED lighting in KCB branch network</td>
<td>68%</td>
<td>63%</td>
</tr>
<tr>
<td></td>
<td>Percentage spent on procurement - local</td>
<td>32%</td>
<td>37%</td>
</tr>
<tr>
<td></td>
<td>spend %</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Percentage spent on procurement -</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>international spend %</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spend for supplies (in billion): Local</td>
<td>KShs. 6.3 billion</td>
<td>KShs. 6.8 billion</td>
</tr>
<tr>
<td></td>
<td>spend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>International spend</td>
<td>KShs. 3 billion</td>
<td>KShs. 4 billion</td>
</tr>
<tr>
<td></td>
<td>Percentage spent for Special Group</td>
<td>1%</td>
<td>3.8%</td>
</tr>
<tr>
<td></td>
<td>Suppliers of the procurement plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Climate Action</strong></td>
<td>Group’s overall carbon footprint reduction</td>
<td>23%</td>
<td>11.25%</td>
</tr>
<tr>
<td><strong>Peace, Justice</strong></td>
<td>% of green loans</td>
<td>4%</td>
<td>8.4%</td>
</tr>
<tr>
<td><strong>and Strong Institutions</strong></td>
<td>Staff trained on ESG and climate finance</td>
<td>3,358</td>
<td>6,633</td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>Policies aligned to sustainable finance</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td><strong>for the Goals</strong></td>
<td>Number of loans screened through ESDD</td>
<td>87</td>
<td>259 (Kenya)</td>
</tr>
<tr>
<td></td>
<td>(new and refinancing)</td>
<td>KShs. 91.8 billion</td>
<td>KShs. 240 billion</td>
</tr>
<tr>
<td></td>
<td>Value of loans screened through ESDD</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(new and refinancing) bilions</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Responsible</strong></td>
<td>Number of staff undergoing anti-fraud</td>
<td>4,549</td>
<td>8,025</td>
</tr>
<tr>
<td><strong>Consumption and Production</strong></td>
<td>training</td>
<td>6,124</td>
<td>6,819</td>
</tr>
<tr>
<td><strong>Climate Action</strong></td>
<td>Number of employees undergone ethics</td>
<td>94%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Peace, Justice</strong></td>
<td>e-learning courses</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>and Strong Institutions</strong></td>
<td>% of achievement of anti-money laundering</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>awareness across the group</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>for the Goals</strong></td>
<td>Number of employee engagements (leadership,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>mental health awareness, ethical awareness,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>career development) forums, e.g., town</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>halls, feedback surveys etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of suppliers signed up to the code of</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ethics</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Responsible</strong></td>
<td>Number of partnerships in KCB 2jiajiri</td>
<td>21</td>
<td>29</td>
</tr>
<tr>
<td><strong>Consumption and Production</strong></td>
<td>programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Phase Action</strong></td>
<td>Number of partnerships in Mifugo ni Mali</td>
<td>16</td>
<td>31</td>
</tr>
<tr>
<td><strong>Climate Action</strong></td>
<td>Farmer Producer Organisations (FPOs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Peace, Justice</strong></td>
<td>Number of partnerships with KCB</td>
<td>45,123</td>
<td>52,456</td>
</tr>
<tr>
<td><strong>and Strong Institutions</strong></td>
<td>School accounts operated by KCB</td>
<td>81,062</td>
<td>83,987</td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>Active local suppliers</td>
<td>668</td>
<td>715</td>
</tr>
</tbody>
</table>
PROGRESS IN OUR STRATEGY PILLARS
Progress in our Strategy Pillars

As a Group, our strategy is set to position ourselves as a banking conglomerate that drives efficiency, including augmenting digital innovation to ensure financial inclusion accelerates equality in our quest to be a regional leader in sustainable finance. In fulfilment of our Beyond Banking Strategy 2020-2023, the progress made was meaningful and imperative to the communities and markets we serve.

Customer First

During the reporting period, we were able to improve our customer Net Promoter Score from 51 to 53. This was in addition to the Group leveraging on its digital infrastructure to provide self-service systems through mobile phones and Internet Banking, that are consistent and secure, which accelerated financial inclusion by providing access. Our subsidiaries in Kenya, Tanzania and Rwanda partnered with health institutions to enhance emergency medical access of marginalised communities in line with building resilience and leaving no one behind during the pandemic, further cementing our SDG 1 and 9 ambition.

To support our customers to weather the pandemic, while focusing on SDG 1, we prioritised funding to households and small and medium size enterprises to power their recovery from the disruptions of 2020. We rolled out an MSME campaign dubbed #PartnerKwaGround to provide financing to this key segment of the economy to boost MSMEs’ working capital. To implement the campaign, we reviewed the loan appraisal process and enhanced limits to ensure more financing is availed to these customers. We enhanced our MSMEs capacity through training using our Biashara club programme on areas of business recovery and effective financial management. We signed onto a credit guarantee scheme with local and national governments and international development partners to enhance the flow of credit to this segment. As a result, we advanced loans worth over KShs. 89 billion to over 47,364 MSMEs.

As a financial institution, we believe that marginalised communities are fundamental to our growth, and the youth, especially, are a key driving force to this development. Mirroring this belief, KCB Tanzania enrolled 200 youth at Vocational Education and Training Authority (VETA) in the construction fields as part of KCB/GIZ partnership in line with our ambition of partnership goals.

We believe that efficiency and productivity should be at the core of our operations, including transitioning to net zero through training, continuous development and deployment of innovative solutions that enhance our deliverables. Step change is our deliberate action to ensure the Group is focused on innovations that enhance seamless operations in fulfilment of the goal of improving both our internal and external capacities and capabilities.

The Group leveraged on digital technology to ensure that our customers transacted seamlessly and safely from the comfort of their homes and premises. We bolstered system capacity and reliability, and as a financial institution, we believe that marginalised communities are fundamental to our growth, and the youth, especially, are a key driving force to this development. Mirroring this belief, KCB Tanzania enrolled 200 youth at Vocational Education and Training Authority (VETA) in the construction fields as part of KCB/GIZ partnership in line with our ambition of partnership goals.

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As a Group with one of the biggest capital bases in the region, we exploit digital platforms to ensure our operations are in line with the placing of the right digital tools in the hands of our stakeholders. With the right tools, financial inclusion will be a reality as well as accelerating achievement of SDGs 1, 8, 9 and 12.

The year 2021 marked a decade of agency banking for KCB. Over the years, we have grown our network to over 16,400 agents across the region, bringing banking services to the customers’ doorstep. In 2021, we made strides in enhancing the offering across this key network, therefore reducing the need for customers to visit our branches. These efforts have seen us enhance our non-branch platforms to provide round-the-clock service to our customers. Our investments have continued to deliver returns through enhanced customer satisfaction and efficiencies in our touch points. With digital expansion, we believe we will also reduce Green House Gases (GHG) that would have been produced from commute transport emissions, consequently accelerating SDG 12 and 13.

The Group’s efforts to drive the usage of our digital self-serve channels, namely mobile, agency, Internet banking and ATMs, saw 98% of our transactions conducted outside our branch network.

Mobile banking led the pack and has continued to open the banking space. Through this channel, we have efficiently attracted new clients through innovative and customer touch points. With the right tools, financial inclusion will be a reality as well as accelerate achievement of SDGs 1, 8, 9 and 12.

Transactions on the digital channels and saw improved uptime of the core banking system and vital customer-facing channels with 99.8% availability. With the implementation of crucial security updates like the Privileged Access Management system, CISCO, Data Centre Firewall, and full disk encryption, we improved the Group’s security and compliance.

For better customer experience, we also adapted various best practises in service management, including service monitoring and service improvement initiatives, among others.

The year under review. Compared with previous years, we processed more transactions in 2021, crossing the KShs. 2 trillion mark for the first time.

Volumes of mobile transactions Number of mobile banking transactions in 2021 Deposits collected on mobile loans in 2021 Number of mobile loans in 2021 KShs. 2.1 trillion 39% growth 400 million transactions 53% year-on-year growth KShs. 740 billion 57% year-on-year growth 1.6x the value of withdrawals on mobile 280 million 766,000 per day 32,000 per hour 500 per minute 9 per second

For the citizens.

Our growth within the region has been fuelled by the need to enhance the participation of marginalised communities in the financial ecosystem driven by our belief that we need to build a scale to match the meaningful role that we aim to play in the region.

In 2021, our subsidiaries outside of KCB Bank Kenya collectively contributed 14% to the Group’s Profit-Before-Tax (PBT). From these subsidiaries grew by 62%. This gives us the impetus to steer their performance towards the targeted 20% contribution by 2022. We also registered impressive balance sheet growth across all our businesses collectively, leading to a 15% increase in total assets to KShs 1.13 trillion, crossing the trillion shillings mark for the first time in our 125-year history.

We believe that, by scaling, we are accelerating financial inclusion of communities, and contributing to the success of the SDG 1, SDG 10 and 16.

Since NBK acquisition in 2019, the lender has been reporting tremendous growth. The bank posted a 380% growth in PBT in 2021 driven by improved revenues because of increased lending supported by capitalisation by the Group to support its growth. NBK has positioned itself as a leader in SDG 1 and 10 while truly fortifying its place as a go-to financier for the citizens.

We have fully amalgamated BPR Bank with our KCB Bank Rwanda subsidiary. Processes were set up to ensure a smooth transition during the launch of the new bank in 2022. This acquisition catapulted our size in Rwanda to the second largest bank in the country with a market share of 17%. We are optimistic about what the future holds in this market, and we look forward to contributing to the country’s growth.

KCB Bank Burundi is marking 10 years since it was established in 2012. The milestone gives the subsidiary an opportunity to look back and build on lessons learnt to increase the Group’s play in providing for our customers.
We are scaling, not only for regional relevance, but also so that our ethos and philosophy show how institutions can be a force for good, consequently making the world a better place by leveraging peace, justice and fairness (SDG 16).

We believe that we need to build a scale to match the meaningful role that we aim to play in the region. Our region is home to three — Kenya, Ethiopia, and Tanzania — of the top 10 largest economies in Africa, and some of the fastest growing economies, such as Rwanda and South Sudan. To outpace this fast growth and meet the demands of the markets we operate in, we constantly seek ways to scale our operations both in our local market in Kenya and across the region. Guided by our Beyond Banking Strategy, we are actively leveraging on both organic and inorganic growth strategies to increase our existing subsidiaries’ market share to entrench our position as a top-tier lender. In 2021, all our subsidiaries were profitable. We are scaling, not only for regional relevance, but also so that our ethos and philosophy show how institutions can be a force for good consequently making the world a better place by leveraging peace, justice and fairness (SDG 16).

With the development of the Group Brand Strategy Framework, we will better position our values in all our markets of operation, including Ethiopia where we currently have a representative office, and our maiden entry into the Democratic Republic of Congo. In line with these pillars, we have coherently mainstreamed SDG 17, including developing a foundation for growing sustainable banks in Africa.

Step Change in Efficiency and Productivity

The need to keep improving on service delivery by ensuring efficiency in Group services and processes propels KCB towards becoming a reliable sustainable bank in the region. Increased digital migration worldwide and the need to meet customer demands have seen KCB Group leap towards digital transformation. This is set to strengthen the socio-economic wellbeing of our customers and foster our offerings in the achievement of SDG 9 and 11.

KCB Group's manufactured capital consisting of cutting-edge digital systems, tools (procedures and rules), and our operational philosophy, all help to speed the flow of knowledge and information within the Group and to external parties, such as suppliers and distribution channels.

These capitals are in the form of leased or totally-owned systems whose value is earned through the delivery of products and services. Our strong distribution network, which includes the region’s largest branch network and cutting-edge digital platforms, is a key source of our competitive edge. KCB Group was able to continue providing services to our clients despite the challenges posed by the COVID-19 pandemic by leveraging on its digital platforms, which include mobile, Internet, agents and merchants.

Our clients are aware of and appreciate our organisational efficiency. Hence, efficient operational processes are as important as innovative products and contact channels. We remained a top-tier financial institution in the area because of our continued investment in the digital space, providing new solutions, improving ease of access to banking services, and ensuring system availability and reliability. To manage results generated by manufactured capitals, we keep optimising our structures, systems, processes, and tools. Every year, the Group’s research arm conducts a brand health assessment, identifying top brand drivers and stress spots, and specific remedial steps.

Intellectual capital, on the other hand, is a collection of factors, such as how the brand is regarded, intellectual property, technical know-how, and the ability to be creative and innovative in the delivery of products and technology deployment. As a forward-thinking business, we place a high value on intellectual capital to gain a competitive advantage. We consciously integrate SDG 19 and 11 into our operations. For the firm to remain adaptable and sustainable, products and services must be reflective of ever-evolving industry practises (technology or otherwise).
## KCB Group

- Customer migration of self-service systems through mobile phones and internet banking, consistent, and secure
- Enhancement of green transition by using tools, including E&S tool to reduce negative environmental and social impact
- Enhancing of ESG due diligence through automation of the ESGD platform to increase risk identification and mitigation
- In the process of advancing the net zero ambitions and SDGs
- Increasing the proportion of green lending book to 8.4%
- Develop a climate risk road map that will make climate risk a principle risk
- 6,633 staff trained on ESGs, green lending, and climate financing
- In the process of advancing the net zero ambitions and SDGs
- Increasing the proportion of green lending book to 8.4%
- Enhancing of ESG due diligence through automation of the ESGD platform to increase risk identification and mitigation
- Shifted to digital channels with 98% of our transactions taking place outside our banking halls
- Automated critical processes that led to a 131% decrease in fraud and increased operation transactions in reconciliation and compliance by 93%
- Enhancement of internet banking across the regional market
- In the process of establishing a Brand Strategy Framework, which will better position KCB as a leader in all the markets of operation
- KCB Group acquired Banque Populaire du Rwanda (BPR)
- KCB Group is anticipating entry into Democratic Republic of Congo (DRC)
- Supporting regional growth through funding and capital
- Support Group wide policies, technology and innovation
- Develop a shared service centre to drive best in class corporate practises that are effective, efficient, timely and responsive
- Manufactured capital consists of cutting-edge digital systems, tools (procedures and rules), and operational philosophy, to speed up the flow of knowledge and information both within the Group and to external parties, such as suppliers and distribution channels

## KCB Bank Kenya

- Rolled out MSME-targeted campaign to provide more financing to boost working capital 'Partner Kwa Ground'. This campaign was formed to support MSMEs and enable them to recover and build back better from the COVID-19 pandemic by providing partial guarantees for security, including enhancing financial literacy and linking them to the economic value chain for sustainability
- Through the campaign, customised financial products and services were offered to boost customers’ businesses
- Supported learning institutions’ transition from the use of wood fuel to clean energy and liquefied petroleum gas (LPG) solutions
- During the year, we continued to integrate some of the bank’s back-office services, resulting in improved efficiencies and cost containment. We have also harmonised IT systems to adopt the best software solutions for payroll and loan origination among others
- Bolstered system capacity, reliability and enhanced sensitisation of customers on cybersecurity
- Rolled out digital lending products: Vooma and I-banking app

## National Bank of Kenya

- Signed a partnership with AMREF Flying Doctors to provide air evacuation and ground ambulance services for its customers, in case of a medical emergency
- Entered into partnership with Davis & Shirtliff to offer financing to customers to enhance quality water access dubbed ‘Maji Konnect Project’
- Joined the United Nations Global Compact network, committing to collaborate on projects that advance the broader development goals of the UN
- Upgraded Credit Quest Integration and Corona Reconciliation System to enhance operational efficiency
- Upgraded business management process system to enhance efficiency and improve turnaround time in the account opening process through the automation of customer screening and data capture
<table>
<thead>
<tr>
<th><strong>KCB Bank Tanzania</strong></th>
<th><strong>KCB Bank Uganda</strong></th>
<th><strong>BPR Bank Rwanda</strong></th>
<th><strong>KCB Bank Burundi</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Enrolled 200 youth at Tanzania Vocational Training Authority (VETA) in the construction fields as part of KCB/GIZ partnership</td>
<td>• KCB Foundation partnered with GIZ Uganda to skill 2,000 Ugandans in the construction sector</td>
<td>• Partnered with GLOBL East Africa - Providing financial services to coffee value chain actors</td>
<td>• To ensure financial inclusion in retail, they have a cub and students accounts to enable students to save</td>
</tr>
<tr>
<td>• Rolled out an instant feedback system across all branches to improve customer experience</td>
<td>• To drive the Bancassurance agenda, the bank went for Insurance Premium Financing</td>
<td>• Implemented POS converged solution to enhance efficiency by utilizing one POS for agency banking and merchant business.</td>
<td>• To ensure a step change in efficiency and productivity, the bank has focused on employee welfare by providing gym and aerobics twice a week open for all staff in Bujumbura</td>
</tr>
<tr>
<td>• Upgraded system for TACH payments</td>
<td>• To mainstream energy efficiency, the bank installed a hybrid inverter system that uses solar energy and national grid electricity - Inverter capacity 48V/4KW</td>
<td>• Included EUCL Post Paid Payment to scale up payment collection across different sectors</td>
<td>• Plans for inclusion of annual medical check-ups to be included in staff insurance are under way</td>
</tr>
</tbody>
</table>

**BPR Bank Rwanda**

- Partnered with Grace Room ministries to pay community health-based insurance (Mutuelle de santé) to 300 people; paid tuition for nine youths to undergo vocational training for six months; donated food and sanitary items to vulnerable members of community residing in different parts of Kigali
- Partnered with GLOBL East Africa - Providing financial services to coffee value chain actors
- Implemented POS converged solution to enhance efficiency by utilizing one POS for agency banking and merchant business.
- Included EUCL Post Paid Payment to scale up payment collection across different sectors
- Joined the Connect Rwanda challenge in partnership with MTN and the Ministry of ICT and Innovation, and provided 1,000 smartphones to unconnected Rwandans
- Revamped and launched enhanced MBanki account opening solution by extending this service to agent platform

**KCB Bank Burundi**

- To ensure financial inclusion in retail, they have a cub and students accounts to enable students to save
- To ensure a step change in efficiency and productivity, the bank has focused on employee welfare by providing gym and aerobics twice a week open for all staff in Bujumbura
- Plans for inclusion of annual medical check-ups to be included in staff insurance are under way
- Continuous assessment of cybersecurity threats to ensure cyber-resilience infrastructure and data for the customer
KCB Foundation

COVID-19 Recovery

KCB Group, through the KCB Foundation, has been a strong pillar in advancing social programmes to communities. The Foundation has been critical in offering hope before and during the COVID-19 pandemic. While the global pandemic had a disproportionate impact on the poor and vulnerable in 2021, KCB was able to make positive progress in executing its mandate to champion socio-economic progress of the communities in which the Group operates.

Through its social investment arm, which exists to champion the creation of shared value to communities in times of crisis, the Foundation disbursed over KShs. 12 million to support 113 community programmes that cut across shelter, health, food and nutrition, social protection, water, sanitation, and hygiene.

The KCB Foundation revamped its scholarship programme model in 2021 to incorporate university scholarships in its portfolio. This is in addition to the existing high school scholarship programme worth over KShs. 131 million to be spread out over the next 10 years. The best 50 performers from the high school programme will receive a university scholarship that caters for their tuition costs in any public university in Kenya, commencing with the 2021 high school graduating class. Just like most sectors of the economy, our communities were adversely affected by COVID-19, with many people losing their livelihoods, fueling a significant rise in unemployment rates and dwindling standards of living. To help secure livelihoods, through our Foundation’s 2Japii programme, we trained over 2,500 young people across the country on technical and financial skills, and supported over 275 beneficiaries to establish new enterprises. The support extended to these beneficiaries included provision of 137 toolkits and disbursement of over KShs. 38 million in start-up capital. We also trained over 2,000 young people on business development concepts, leading to the establishment of 485 youth-led MSMEs in agriculture and manufacturing.

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Education

A total of 320 high school and 49 university scholarships were handed out during the year, enabling bright, underprivileged students to continue their education and have a chance at a better future. In total, the KCB Foundation has spent KShs. 838 million to support the scholarships programmes since inception.

The Scholars programme beneficiaries being awarded university scholarships.

KCB Foundation introduced an annual apprenticeship programme that will see the top 50 performers from the high school scholarship cohort get a three-month apprenticeship at their local KCB Bank branch, enabling them to earn an income and learn the banking system as they wait to join the university.

Youth Employment

Through a partnership with Mastercard Foundation, under the Young Africa Works (YAW) programme, KCB Foundation completed the construction of 100 greenhouses that will support smart agricultural practises of young people involved in green investments. These greenhouses will be handed over to beneficiaries who are being trained on agribusiness and ways to grow their produce to kick off their enterprises. Under this partnership, the Foundation created a total of 9,634 jobs with beneficiaries at the Ngong Farm exploring a value addition initiative by converting Grade 3 tomatoes into tomato sauce.

Under the programme, the Foundation recruited 1,201 beneficiaries, a further 549 under the creative pillar, and onboarded 2,228 youth into business development services where they will be taught how to set up and run their enterprises successfully. The Foundation spent over KShs. 25 million as stipend for the beneficiaries of the 2Japii and Young Africa Works (YAW) programme to enable them to attend the training. The youth’s skills training and job creation programme enrolled 2,581 youths and trained a total of 5,092 beneficiaries in 2021 compared to 6,370 in 2020. The drop in the number was as a result of the programme review conducted during the year. Over KShs. 56 million was spent to train the youth across the country.

The Scholars programme beneficiaries being awarded university scholarships.

To the left, YAW beneficiaries at their grocery shop.
Sustainable Agriculture

The Mifugo ni Mali livestock enterprise development programme made key strides in 2021 with 45 Farmer Producer Organisations (FPOs) getting trained in various leadership and financial management courses for capacity building and exposure to various livestock value chains. A total of 412 livestock farmers were trained on productivity, access to finance. A total of 1,673 livestock were tagged to enable traceability, thus improving export marketability. Tracking also plays a significant role in reducing insecurity and cattle rustling activities.

Following engagements with farmers, 31 FPOs were linked to new markets increasing their profitability. The FPOs were also equipped with leadership and financial management skills enabling them to be more competitive. In the subsidiaries with an active KCB Foundation, Rwanda, Uganda, and Tanzania, focus was on the recruitment of beneficiaries to ensure we improve the livelihoods of farmers in these regions. This effort was boosted by KCB Foundation’s partnership with the German Agency for International Cooperation (GIZ), Employment and Skills for Eastern Africa. Initiative in Kenya, E4D/SOGA aims to provide technical and vocational skills training for the next three years to young people in Kenya, Uganda, and Tanzania.

We have provided access to finance for livestock producer organisations and their members in ASAL counties by providing Business Development Services, conducting financial clinics for livestock groups on credit preparedness and livestock insurance, training pasture groups, beef traders and processors on business planning. Additionally, 1,673 livestock were tagged to enable traceability, improving their export marketability.

We have supported market access to 10 co-operatives and ranches through linkages to markets, held livestock trade fairs targeting livestock actors in ASAL counties and supported two livestock umbrella organisations to establish business models that will support efficient service delivery to their members.

During the period, we strengthened productivity, record-keeping and access to finance by training 412 livestock farmers and setting up two demo farms. We have also fostered partnerships with other KCB departments, two levels of governments, Kenya Veterinary Association (KVA), and other stakeholders by rolling out livestock traceability that will tag 5,000 cattle, participate and support county livestock stakeholders’ forums.

We have also improved the value of livestock produce for livestock groups by supporting value addition of milk, meat, honey, and fish products through training of 15 livestock officials in livestock plans for 15 livestock groups.
Partnering for Progress

In 2021, the Group prioritised funding to households and MSMEs to power economic recovery from the disruptions of 2020 caused by the global COVID-19 pandemic. To support our customers to build back better through the pandemic, we rolled out an MSME campaign and online training programmes to provide them with targeted financial capacity and dedicated technical support to boost their working capital. To achieve this, we revised the loan appraisal process and improved the thresholds to ensure more financing is availed to these customers.

We also trained MSMEs through our Biashara Club programme and onboarded them onto credit guarantee schemes. The scheme enhances access to quality and affordable credit for growth and operations by MSMEs, who would otherwise be unable to raise the required collateral for such loans, and also face an uncertain and risky business environment. MSMEs are the backbone of small and middle-income economies in East Africa.

The Group harnessed digital platforms to enhance the experience of our customers’ transactions by mainstreaming digital transactions from the comfort of their homes and premises during the COVID-19 lockdown. We strengthened the capacity and reliability of our cybersecurity systems to boost our cyber-resilience. Also, within the reporting period, we provided relief through loan moratoriums for some customers in sectors that were still strained because of the pandemic such as the hospitality, education and healthcare sectors. MSMEs, who would otherwise be unable to raise the required collateral for such loans, and also face an uncertain and risky business environment.

The Group also supported COVID-19 lockdown. We strengthened the capacity and reliability of our cybersecurity systems to boost our cyber-resilience. Also, within the reporting period, we provided relief through loan moratoriums for some customers in sectors that were still strained because of the pandemic such as the hospitality, education and manufacturing sectors.

In 2021, we continued to support staff working from home, including but not limited to, provision of internet connectivity, and establishing support groups, and organising town hall sessions to establish virtual social communities. For our employees whose roles required them to work from their primary sites, we provided personal protective equipment (PPE) including face masks and hand sanitisers. We also rolled out flexible working policies to facilitate the deployment of teams to work in shifts at the head office and across branches. Health talks and trainings were also held to raise awareness and break the stigma surrounding the pandemic.

Through our healthcare partners, we leveraged on advocacy platforms and gained additional access to specialised therapy, ambulance services, and counsellors to provide psychological support. The Group also tented medical expenses for affected staff. When the region rolled out vaccines in mid-2021, the Group facilitated the provision of these vaccines to staff and their family members in partnership with health authorities. Through town hall sessions and employee working groups, we sensitised our staff on the benefits of taking the jab and even without a vaccine mandate in place, we achieved a vaccination rate of 98%. This facilitated a full return of all employees to their primary working sites by December 2021.

The Group also supported COVID-19 awareness drives that were anchored on sensitisation campaigns that targeted communities. They raised awareness about preventive measures and encouraged uptake of vaccines through targeted media campaigns on TV and radio as well as sponsorship programmes. We facilitated the disbursement of over KShs.11.2 billion to more than half a million beneficiaries of the Government of Kenya’s Inua Jamii social protection safety net programme for vulnerable groups. To support local supply chains, we held a supplier conference that enhanced alignment and coherence with suppliers on our sustainability agenda. It also served as a stakeholder engagement tool for the training on suppliers code of conduct. The engagement demonstrated our commitment to the sustainability agenda by increasing the value of procurement contracts awarded to MSMEs and special interest groups, including youth and women-owned enterprises and those owned by persons living with disabilities by 38%.

We used our digital platforms to hold our second virtual Annual General Meeting. The Group leveraged on these platforms to enhance the frequency of investor engagements through regular online meetings and virtual conferences to provide comprehensive communication and awareness about preventive measures and the market about the Group’s performance. In addition, despite the pandemic-induced hit on businesses, which necessitated the bolstering of reserves and capital preservation, we paid out KShs. 3.2 billion in dividends for the 2020 period and KShs. 9.6 billion for the 2021 period, totaling KShs. 12.8 billion over the COVID-19 period.

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<th>Stakeholder</th>
<th>Why we Communicate</th>
<th>How we Engage</th>
<th>Outcome</th>
</tr>
</thead>
</table>
| Customers            | • To nurture open relationships with our customers, to listen, understand them and get feedback  
• To provide information about the available KCB products and services  
• To get feedback to improve on our products and service proposition (via various touchpoints)  
• To facilitate access to available financial facilities  
• To ensure all our business processes are constantly improved to serve the customer better  
• To work with them in ensuring we assist in improvement of sustainable business practices | • Email  
• In-branch interaction  
• Video conferencing  
• Surveys  
• Feedback platforms  
• Phone calls  
• SMS  
• In-person engagement  
• Surveys  
• Reports | • Net Promoter Score (NPS) Score 53  
• Customer Effort Score (CES) 26%  
• Rate My Support (RMS) Improvement 69%  
• Best ESG solution by Middle East & Africa Innovations Awards  
• Most Socially Responsible Bank in Kenya by Finance Derivative Awards  
• Best Bank in Kenya for Customer Experience, Digital and Innovation by Global Brands Magazine Awards |
| Suppliers             | • To cascade and communicate on key Group alignment, including Group policies on various issues i.e., sustainability, procurement, ethics etc.  
• To get feedback on the working environment and productive dialogue with suppliers  
• To ensure business processes are constantly improved to ensure the pending bills are paid on time  
• To assist suppliers, incorporate environmental and social governance into operation to ensure our interaction leads to positive impact across the value chain  
• To get feedback on how to better execute our engagement and processes | • Correspondences (invoices, LPOs, Memos), topical forums  
• Senior management meetings  
• Participation in conferences  
• Information / notices  
• Conferences  
• Rates  
• Newsletters  
• Surveys  
• Surveys  
• Organised conferences  
• E-mail  
• Face-to-face interactions  
• Video conferencing  
• Surveys  
• Phone calls  
• Messages  
• Newsletters  
• Feedback platforms | • Established and rolled out the Suppliers Code of Conduct  
• Supplier conference held  
• Service level agreements with suppliers  
• Improved performance in the Organisational Health Index to 79%  
• Favourable rating from rating agencies  
• Favourable rates from debt investors  
• Improved liquidity of KCB shares at the NSE  
• Enhanced rating scores |
| Business partners     | • To serve our customers better with other financial industry participants to provide shared solutions for the benefits of society at large  
• To participate in dialogue to develop international best practices and implement them in our region of operation  
• To build partnerships and coalitions to improve the effectiveness of the financial sector  
• To identify opportunities to further boost our positive impact  
• To share our business ethos and encourage our partners to integrate sustainability in their own working processes | • In-person meetings  
• Reports  
• Organised conferences  
• Video conferencing  
• Surveys  
• E-mails | • Memorandum of Understanding (MoU) with Mastercard Foundation  
• Statement of commitment with GFANZ |
| Employees             | • To create a conducive working environment, where each employee is valued and can express their full potential  
• To nurture collaboration among our teams  
• To inform employees of career opportunities available  
• To get feedback on the working environment and productive dialogue with employees and their representatives  
• To ensure all Group policies are available to employees for their reference whenever required | • E-mail  
• Face-to-face interactions  
• Video conferencing  
• Surveys  
• Phone calls  
• Messages  
• Newsletters  
• Internal platforms | • Understanding of our employees’ needs  
• Development of talent management strategy  
• Ethics case reports for investigation  
• Establishment of the Group’s learning strategy  
• Establishment of safety workplace environment guidelines  
• Development of a Diversity, Equity and Inclusion Policy  
• Improved performance in the Organisational Health Index to 79%  
• Favourable rating from rating agencies  
• Favourable rates from debt investors  
• Enhanced rating scores |
| Investors             | • To ensure an open and transparent conversation with our investors  
• To communicate our overall financial and non-financial performance  
• To provide context and insights into our corporate results, business strategies, sustainability initiatives  
• To attract new investors to support and achieve a stable and diversified investor base | • Newsletters  
• Investor briefings  
• Email  
• Reports, presentations and letters  
• Conference  
• Information / notices  
• Senior management meetings and calls  
• Participation in conferences  
• Roadshows | • Fair market valuation of KCB share at the Nairobi Securities Exchange (NSE)  
• Enhanced liquidity of KCB shares at the NSE  
• Favourable rating from rating agencies  
• Favourable rates from debt investors  
• Enhanced rating scores |
## Stakeholder Engagement Matrix

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| **General public** | • To be transparent and accessible.  
• To ensure compliance with relevant laws and regulations  
• To raise awareness about the contributions made to society by KCB Group as a responsible corporate citizen  
• To share our views, hopes and concerns on the evolution of the financial sector and instill public confidence  
• Ensure all public-related publications are available online for easy access as well as an email for any query that needs to be addressed  
• Utilise various communication channels to share KCB Group’s story, its products, and services as part of brand positioning  
• To support the roll out of social projects and disbursement of state aid to beneficiaries | • Media briefings  
• Information notices  
• Meetings  
• Social media handles  
• Email queries and website enquiries | • Enhanced brand positioning  
• Good media coverage  
• Improved business goodwill  
• Awards and recognition |

| **Media** | • To share our corporate quarterly financial results, business strategies and sustainability progress  
• To promptly answer queries about KCB Group newsworthy information  
• To update the media with KCB Group information that is of relevance to stakeholders  
• Enhance top of mind awareness of the brand  
• Build credibility in our brand and creating awareness about our events  
• Product position of new financial products ie Vooma | • Interviews  
• Media / press briefings  
• KCB Group Financial and Sustainability reports  
• Sponsorships, corporate events and launches  
• Strategic partnerships  
• One on one engagements sessions | • Improved media ratings  
• Enhanced PRVs  
• Increased media impressions  
• Seamless native advertising  
• Accurate positioning of the KCB story, strategy and performance  
• Objective reporting about our brand  
• Reaching new customers  
• Enhanced competitiveness |

| **Regulators and Authorities** | • To ensure compliance with all relevant laws and regulations  
• To ensure KCB expertise and views are integrated in the development and implementation of various relevant regulation and policies  
• To support the development of business policies beneficial to the economy, the society and the environment  
• To foster constructive dialogue around innovation  
• To undertake joint programmes with relevant regulators and authorities  
• To partner with governments to support the economic growth of the region and our countries in a sustainable and ethical manner  
• To undertake joint programmes with county and local governments | • Correspondences (letters, memos), topical forums (e.g., changes in tax)  
• Reports  
• Face-to-face meetings  
• Phone calls  
• Organised meetings/conferences | • Alignments with the regulatory landscape  
• Enhanced thought leadership  
• Increased conversation leadership on topical regulatory issues i.e., green finance, climate change etc. |

| **Partners (GFANZ, NZBA, KBA, Mastercard Foundation, GCF)** | • To share best practices on banking and credit control, including not listed to green lending and sustainable finance  
• To exchange knowledge on emerging issues on banking and create alignment and coherence on industry matters  
• To develop a common position to tackle key issues affecting the financial sector in the region through developing a common approach and mainstream collective bargaining  
• To foster joint projects that enhance banking initiatives and innovative solutions that can be scaled  
• To align with global commitments that seek to accelerate global ambition and action i.e. climate change, green finance etc. | • Face-to-face meetings  
• Webinars  
• Organised conferences  
• Quarterly Calls  
• Surveys | • Enhanced international relationships  
• Increased brand reputation  
• Enhanced knowledge management by leveraging peer-to-peer learning and capacity building opportunities  
• Alignment with international frameworks |
KCB Group began publishing its sustainability reports in 2013, covering a broad range of issues related to financial, economic, social, and environmental issues. The reports aim to give a holistic understanding of the financial and non-financial key performance indicators that the company uses to manage its business.

Our sustainability framework outlines ways in which the corporate strategy could help the Group drive revenue, reduce costs and risks, and build on its brand and reputation. The scope of the report covered KCB Group, including its subsidiaries from January to December 2021. The report utilised GRI and Principles of Responsible Banking (PRB) for key disclosures and accountability transparency.

The Group’s materiality assessment aims to bring out key elements from both a financial and non-financial point of view that matter the most to our business and stakeholders. The assessment is aligned to the GRI’s framework and materiality principles in the environmental, social and governance areas. In 2021, 15 relevant topics were identified to be important based on our industry evaluations, engagement with stakeholders, internal discussions within the Group and researched economic, environmental and major social trends and challenges.

The relevant topics were benchmarked with the banking sector-specific standards as well as best practices for commercial banks as a way of validating the relevant topics. The identified topics were later prioritised based on the weight of their impact on the business and stakeholders. From this analysis, five material topics were picked using the framework below. The selected material topics represent the Group’s most significant impact on the economy, environment and people. The topics are key to supporting the Group’s goal of accelerating sustainable financial performance by reducing risks, opening new business opportunities, and strengthening our brand as well as positioning the business as a sustainable financial leader in the region.

**RATIONALITY**

Materiality analysis is done as a way of prioritising the sustainable issues that are most important to the organisation and its stakeholders. As a Group, we have been conducting the assessment as a best practice and as a way of identifying current and emerging social and environmental risks and opportunities by engaging in a meaningful way with various stakeholders. KCB Group’s materiality analysis sets the framework for its sustainability strategy, which is hinged on the nine adopted SDGs. It also helps focus our efforts on substantial ESG topics that affect our current organisational strategy and longevity.

**SUSTAINABILITY ROAD MAPPING**

As part of developing this report, a road map was charted, and prioritised on activities that would make the most impact in terms of mitigating business risks and maximising opportunities of the Group in line with the current organisation business strategy.

**STAKEHOLDER ENGAGEMENT**

Using interviews, alignment meetings and other forms of communication, we were able to discern key material issues that provided an avenue for the Group to improve relations and engage with a broad range of stakeholders such as investors, customers, suppliers and employees.

**REPUTATION**

As part of our commitment to sustainability, we have aligned our initiatives with our mapped corporate risks from all the stakeholders, demonstrating that a proactive approach to risk management, climate action, social and governance issues, and long-term strategy is vital for growing a reputable banking business.
Digital Banking: Scaling Sustainable Technology

Mobile Banking
The demand for personalised financial management tools and services that focus on sustainability and wellbeing has never been more prominent. Through our digital banking efforts, we have been able to create rapport with our customers, supporting them in their financial endeavours and allowing them to feel empowered enough to achieve their short and long-term financial goals.

Our consistent digitisation efforts enabled us to disburse a total of 280 million Mobi loans valued at KShs. 157.6 billion. The number of mobile banking customers increased to 3.2 million as the transactions processed through the platform hit KShs. 400 million, helping to process KShs. 96 billion worth of Fuliza loans. On the other hand, the number of KCB M-PESA users, who took loans valued at KShs. 45 billion, reached 18.5 million. All these efforts are a commitment to the fulfilment of SDGs 8 and 10 — decent work and economic growth, and reduced inequalities.

Due to our network uptime security and bandwidth, we have realised growth in our mobile ecosystem resulting in customer value and appreciation. To build on this, we have been modernising our systems by adopting mobile-based platform integrations. This is geared towards reducing the time used in marketing for partner integrations and having sufficient capacity to handle the growth in customer transactions on digital channels. With a registered mobile users’ community of over three million, we are continuously leveraging technology to include the excluded, consequently affirming our call to action on SDG 9.

Mobile Banking has continued to open the banking space, and through this channel, we are able to efficiently serve our existing customers and attract new clients through innovative and affordable products. To ensure a balanced recovery, we enhanced limits for qualifying customers, valued at KCB M-Pesa base, and introduced top-ups, rollovers, and consequently, transacting KShs. 2.1 trillion within the reporting period. This affirmed our commitment to leveraging SDG 9 — industry, innovation, and infrastructure to accelerate the success of SDG 1 and 10, no poverty and reduced inequalities.

Agency Banking
Since the launch of Vooma in March 2020, we are inching closer to recording a million customers on the platform, with 760,000 mobile wallets having been activated by the end of 2021. Enhancing user experience has seen the platform sign up over 44,000 agents and 393,000 merchants. In 2021, we also doubled our efforts to give our customers pleasant and seamless services by leveraging on key transformative partnerships with telecommunication companies. The reporting period marked a decade of agency banking for KCB. Over the years, we have grown our network to over 16,400 agents across the region bringing banking services closer to the customers’ doorstep.

During the year, we made strides in enhancing the offering across this key network. To reduce the need for customers to visit our physical branches, we rolled out International Money Transfer (IMT) services, government statutory payments, and global utility collections to bank agents. This, coupled with continued growth in usage of the services available via the agents, led to a 23% growth in the number of transactions processed in 2021 to 57 million with a value of KShs. 598 billion. During the year, we also witnessed an increase in the number of accounts opened through agencies strategically focused on institutions, disciplined forces, and schools.

Internet Banking
To drive innovation and usage of our internet banking (iBank) solution, KCB became the first bank in the Kenyan market to launch a mobile application for internet banking to complement web access. Through this, the Bank expects to meet our customers’ demand for extra levels of convenience and expand client reach, improve customer retention, achieve operational efficiency increase market share, and product usage. The solution is accessible to customers across the retail and corporate segments. Internet banking has grown tremendously in the past few years. In 2021, the number of transactions conducted on the iBank grew by 85% to 5.5 million. The value of these transactions grew by 58% to KShs. 847 billion, netting a 63% growth in revenue to KShs. 336 million.

Throughout the Group, we have been able to synchronise our IT systems to adopt best-in-class software solutions. Cyber Security
For KCB, technology has helped us manage cyber security issues aided by the adoption and implementation of key capabilities such as privileged access to the management system, upgrade of the network access management system Cisco ISE to manage access to KCB Group networks, 24/7 monitoring of the bank’s systems and infrastructure through a CISCO, SIEM, and e-mail monitoring. Also, security awareness and training and sensitisation of KCB employees, and regular security reviews for vulnerabilities, followed by timely resolution of any identified vulnerabilities, have been spearheaded all through the year. We are optimistic that going forward, we will be able to adopt sustainable technological enhancements that will help us best manage the various scenarios and still deliver on our expectations.

Vooma Ecosystem
VOOMA is an easy-to-use mobile wallet service that enables customers to send money to other VOOMA users, mobile wallets (M-PESA and T-Kash), bank accounts and access instant loans. Vooma allows customers to take out the quickest mobile loans in Kenya and top up funds to complete a purchase or sort out an emergency. With Vooma Loan, customers can access loan amounts between KShs.1,001 and KShs.300,000 instantly. VOOMA is our robust, exciting, and dynamic mobile wallet that allows customers to pay for goods and services, get loans and save money via their mobile phones on any network. The platform has a capacity of over 2,000 transactions per second and houses all of KCB Bank’s mobile lending and payment products.
SUSTAINABLE FINANCE & CLIMATE ACTION
Climate Action

This is the decade of delivering on climate targets and on the UN SDGs. Increasing climate financing is a key factor for achieving the goal of limiting temperature rises to below 1.5°C. As a Group, we are committed to the net zero goal by 2050. The Group is spearheading this agenda by forging synergies with other global financial institutions, including being part of the founding members of NZBA, established in April 2021, and later the GFANZ pre-COP 26. The Group welcomed the first of its kind Guidelines on Climate Related Risk Management by CBK, which will set a precedence on how the regional regulators approach climate change as a principal risk.

During the reporting period, the Group further doubled its efforts in being a responsible lender by factoring Environmental and Social (E&S) risk and opportunities in its lending process by assessing KShs. 245 billion worth of facilities from KShs. 91.8 billion in 2020 as part of its Kenyan book. The number of facilities being assessed also increased from 87 in 2020 to 259 in 2021, with all requests above KShs. 50 million being required to go through the assessment prior to funding.

During the reporting period, we also developed an automated SDG tracker that helped us collect progress from the different divisions of the business. Also, internally, we had sustainability champions who acted as ambassadors and thought leaders on sustainability matters and driving our sustainability agenda and best practices at the Group level.

In managing our internal operations, the Group was able to reduce its overall carbon footprint and resource consumption by 11.25% in 2021 from 23% in 2020, and by 17% in 2021 from 18.8% in 2020, respectively. The resource reduction was driven mainly by a reduced use of fuel for transport and backup generators, water, paper, and electricity in our offices.

At KCB Group, we fully recognise the need for mobilising the financial sector’s climate action as we sit centrally when it comes to financing either carbon positive or carbon negative projects in our economy. If applied well, the power of financial institutions will be key to enabling customers transit to a low-carbon development. As part of this focus, the Group’s green lending portfolio increased to 8.4% of the total portfolio. This was mainly driven by real estate, renewable energy, energy efficiency and transport and agriculture initiatives.

Additionally, we will continue to utilise our expertise, our regional coverage and size – alone and in partnership with others – to create volume and transition finance by encouraging and inspiring our customers to adopt climate positive processes and develop more robust internal policies to support climate finance.

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11.25% carbon footprint reduction in 2021 from 23% in 2020.

17% resource consumption reduction in 2021 from 18.8% in 2020.

Our Commitment

As the global momentum on climate action continues, international commitments demand that private sector business leaders urgently address the threat of climate change and achieve the goals of the Paris Agreement by 2050. The financial sector stands to play an instrumental role in driving that change. A growing community of financial institutions is beginning to recognise that they need to act and demonstrate leadership on climate action by addressing climate risks, and financing shifts in market demand and supply by directing financial flows towards climate positive projects in developing nations and emerging markets. Impacts and risks generated by climate hazards, exposure and vulnerability are being observed more widely and projected in many ecosystems and human systems worldwide. Measures that reduce emissions must be implemented if we are to preserve a live-able and sustainable future for all. Given this scope, it is imperative to take urgent action to combat climate change and its impacts. This is the baseline for SDG 13: Climate Action.

KCB Group has been contributing to this goal by:

01 Strengthening resilience and adaptive capacity to climate related events through financing, through the implementation of the Green Climate Fund.

02 Adjusting policies and frameworks to integrate climate change mitigation and adaptation measures.

03 Building knowledge and capacity to tackle climate change, green lending, and other related products.

04 Responsible lending by adopting actions that clearly monitor the Group’s financed projects to ensure they do not pose any environmental and social risks.

05 Continuous monitoring and introduction of initiatives to reduce the Group’s resource consumption and carbon footprint in our daily operations.

06 As a Group, we are committed to the net zero goal by 2050. The Group is spearheading this agenda by forging synergies with other global financial institutions, including being part of the founding members of NZBA, established in April 2021, and later the GFANZ pre-COP 26. The Group welcomed the first of its kind Guidelines on Climate Related Risk Management by CBK, which will set a precedence on how the regional regulators approach climate change as a principal risk.

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Resource Consumption

As a business that is fully aligned to principles espoused under SDG 12, we are fully aware of our duty to ensure resources are used responsibly by pivoting education and creating an enabling environment for the organisation to become net positive in climate and environmental action through efficient resource consumption initiatives.

Water, Paper, Electricity, Fuel

The Group’s sustainability agenda lies in ensuring our operational carbon footprint reduction through resource efficiency. In line with this, we have been monitoring key resources over the year including paper, fuel, electricity, and water and encouraging each one to take a step in reducing wastage of these resources.

The Group’s resource consumption reduction in 2021 stood at -17% against a target of -10% for electricity, paper, water, and fuel.

The increase in electricity consumption in 2021 was as a result of our staff resuming to the office after working from home.

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We, however, made an effort to retrofit our lighting systems to have 40% of our branch network move from fluorescent bulbs to LED lighting. In addition, we are looking into solarising some of the high-energy intensive branches to have them run in part, or fully, on solar energy.

The reduction in paper consumption resulted from a variety of practices implemented by staff, including careful screening of errors before printing, photocopying, increased use of phone/e-mail communication and teleconferencing/online/virtual meetings.

The decrease in fuel consumption attributed to constant monitoring of leakages and retrofitting of fixtures to utilise pressure over quantity in our taps. The decrease in fuel consumption resulted from adoption of teleconferencing over physical meetings, thanks to reduced contact because of the COVID-19 pandemic. To still maintain a reduced transport fuel consumption and carbon footprint, the Group seeks to shift from using petrol-powered taxis to electric taxis, consequently reducing fuel consumption and carbon footprint.

Managing and Mitigating Emissions

Climate action implemented by KCB entails tracking and monitoring of indicators that are tied to carbon footprint such as greenhouse gas (GHG) emissions; energy consumption, renewable energy generation and emission reduction. Some of the tools and actions that have been deployed to establish both negative and positive impacts as well as implementation of mitigation measures include, but are not limited to, environmental impact assessments and audits, and greenhouse gas protocol assessments.

By better understanding, managing, and disclosing KCB’s climate impacts, the Group enhances its strategic decision making, reduces risks, identifies business opportunities, and strengthens stakeholder relationships. KCB Group is committed to sustainability and ESG strategies for improved performance by mainstreaming and systematically integrating climate change and social considerations throughout KCB Group’s strategies, programmes, operations, and lending activities. The Group ensures that the institutional commitments it makes are demonstrated by staff, explicit as strategic priorities with policy commitments and targets.

KCB Platinum Riverside Branch constructed with large windows to minimize internal lighting and maximize natural light use.

<table>
<thead>
<tr>
<th>Material</th>
<th>Power: Electricity consumption (KWH)</th>
<th>Paper (Reams)</th>
<th>Fuel: Genset+mileage and taxis</th>
<th>Water: Piped+bottled water (litres)</th>
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<td>-21.96%</td>
<td>-8.62%</td>
<td>-23.49%</td>
<td>-10.67%</td>
</tr>
<tr>
<td>2021</td>
<td>-8.78%</td>
<td>-26.04%</td>
<td>-16.38%</td>
<td>-31.76%</td>
</tr>
</tbody>
</table>
Sustainable Financing

KCB Group believes that finance can be leveraged to be a tool for good in accelerating low carbon climate resilient economies. Being part of NZBA, we affirm and open ourselves to scrutiny and accountability to ensure that we not only speak, but also walk the net zero talk. We believe that being accredited by GCF also shows that we are an ecosystem accelerator of climate resilient economies, and we are ready to pivot sustainable finance to be a force for good in the markets that we serve.

Development of New Sustainability Related Products

The Group aims to introduce products such as green loans and services to the market that will enable customers to reduce environmental and other indirect impacts and/or provide environmental benefits. The development and deployment of green financial products that will promote the utilization of renewable energy, trade finance, smart agriculture, sustainable transport and green buildings.

Low Carbon Emissions Portfolio

The Group is pushing for increased green lending by introducing indirect, but potentially powerful new mechanisms and techniques to reduce the carbon emissions from our loan book. In addition, and in line with declarations on financing sustainable projects, the Bank continues with its exclusion of projects such as coal activities and upstream exploration and mining of oil and gas as part of its broader E&S policy.

Low Carbon Finance

There is growing recognition that the world needs to shift capital and investment from high to low carbon activities if we are to avoid dangerous climate change outcomes. At KCB we are aligning our green loan portfolio to be at least 25% of the total loan portfolio by 2025, including going beyond by allocating capital and steering financial flows towards more investments and assets that are necessary for transitioning low carbon, climate resilient activities.

Climate Adaptation Finance

There is a growing need to support the financing of adaptation initiatives as community resilience to climate change is needed, especially in developing nations where the physical risks are high and the capacity to respond insufficient. The Group is embracing this by considering the opportunities provided by adaptation especially on the nexus between development aid and adaptation financing such as assessment of community vulnerability to natural disasters, developing tools and products to manage adaptation risks as well as seeking exposure to lending in climate-smart agriculture among other sectors.

Engagement with Customers and Suppliers

KCB has been engaging customers who are integral to activities and carbon footprint of financial institutions. In addition to working with customers, the Group has been working closely with its suppliers and other value chain players to sensitize them on matters climate change. The Group has developed a code of conduct that ensures suppliers are compliant with ESG guidelines and they are reducing negative impacts on the environment and society while contributing positively to climate change.

Capacity Building and Policy development on Sustainable Finance

During the year, we enhanced our internal capacities on sustainable finance by training our staff on key subjects including integrating ESG, GCF and climate finance. We trained 3,358 staff in 2021, up from 3,005 in 2020. This ensures staff are aligned with the sustainability agenda and able to work towards set targets.

On policy alignment, we revised our risk appetites to recognize credit risks that may result from our lending as a key area for consideration while making decisions on risk approach. We plan to adjust more policies to further align with our climate action agenda.
Highlands Creamers and Foods (HCF) Ltd

KCB has been at the forefront supporting MSMEs’ transition to sustainable business practices. The Bank has supported Highlands Creamers and Foods (HCF) Ltd in this transition. Commissioned in July 2017, HCF is a family-owned, but independently run dairy and food processing firm based in Nyansiongo, Nyamira County. “The purpose of the establishment of HCF was to give back to the community by creating employment opportunities in manufacturing. The company has employed a total of 350 people, of which 60% are women,” said Zipporah Ondari, HCF Human Resource Officer.

Not only has the company created jobs, but also enhanced the infrastructure development through road construction (SDG 9). The road is crucial for the transportation of their milk and used by local farmers to transport their farm produce to the market.

HCF started by processing fresh and fermented milk and has grown to produce ultra-high temperature (UHT) milk by adopting more efficient processing equipment. There are plans to scale up production to make fermented milk and yoghurt, water processing and juice. To enhance production, the company installed advanced equipment: a steriliser processing 13,200 litres per hour, increasing production efficiency by 2.4%, thus helping the company save on costs and maximise profits.

The company took it upon itself to ensure waste is managed correctly through the construction of the wastewater treatment plant to ensure the environment is conserved, achieving SDG 12 on Responsible Consumption and Production and SDG 13 on Climate Action. All the wastewater generated is treated and released into their farm, where they have planted eucalyptus trees used for steam generation in their boilers. “We ensure that all the waste we dispose into our farm is properly treated to meet NEMA requirements,” said Thomas Mutuku, who is in charge of maintenance at HCF.

To improve efficiency on the plant’s construction, HCF leveraged a design that allowed the use of natural lighting. To achieve this, big windows and polycarbonate sheets were installed to enhance natural lighting. Solar panels were also installed to aid the transition to clean energy and reduce electricity consumption in line with SDG 12.

“Since we are continuously growing and expanding, KCB has been our longest supporter since we started operations. To date, the bank has provided financial support to facilitate our transition towards efficiency and sustainable growth,” said Nelson Bichanga, the chairman and owner of HCF.

Additionally, the Bank has provided financial advice to the company to enable it to manage its resources better.

On growth and expansion, the company is looking to buy milk directly from about 1,000 dairy farmers in the region and growing to be the largest milk processor in Nyamira and Kisii counties in the next five years. The company looks forward to working with KCB to train local farmers on how to transition to zero-grazing.

On waste generated by the factory, the company took it upon themselves to ensure waste is managed correctly through the implementation of the wastewater treatment plant to ensure the environment is conserved, achieving SDG 12 on Responsible Consumption and Production and SDG 13 on Climate Action.
KCB Supports Korara Highlands Tea Factory’s Green Transition

Korara Highlands tea factory is located in the highlands of Rift Valley in Kenya and comprises acres of tea plantations and outgrowers’ farmers and manufacturers of top quality Kenyan tea. The tea factory, which roared to life in 2017, was founded by Titus Kigen. The company has worked towards transforming the livelihoods of the surrounding community and maintains quality production.

The company produces black tea for sale at the Mombasa auction, for direct export to markets and for sale locally under the Cyrus Tea brand name.

Tea is Kenya’s leading agricultural foreign exchange earner, and in 2017, the country exported over 415 million kilograms of tea, which fetched $1.25 million, while in 2018, 474.86 million kilograms were exported, bringing in $1.37 million for Kenyan tea farmers, according to the Agriculture and Food Authority Report, 2018.

For the longest time, tea factories have been using firewood to dry their leaves. Due to climate change, which is increasingly becoming a menace, there’s been a need to phase out the use of firewood and shift to cleaner and more affordable renewable energy sources.

Korara Highlands has been using firewood to cure tea leaves, which has been unsustainable. The factory has had to compensate for the firewood used by donating tree seedlings to the community and participating in tree planting exercises. As a result, the company has incurred high costs from the use of firewood, which is not cheap, due it’s limited access.

Korara Highlands Tea Factory resolved to cut down this cost by turning to responsible production and consumption (SDG 12) by introducing solar panels to generate electricity used for lighting.

Due to climate change, which is increasingly becoming a menace, there’s been a need to phase out the use of firewood and shift to cleaner and more affordable renewable energy sources. The use of renewable and sustainable energy solutions helps bring the cost of production down in many factories. Most factories use 90% thermal heat generated from firewood, while 10% is for the electricity used to light up the factories.

Korara Highlands Tea Factory is located in the highlands of Rift Valley. (Left) A factory worker sorts through tea leaves. The company has worked towards transforming the livelihoods of the surrounding community and maintains quality production.

“To enhance gender equity and equality (SDG 10) in the manufacturing industry, the factory has hired female truck drivers, plant operators and packers. About 40% of employees working in the field are women, while out of the total factory employees, 40% are women.

Because of the efforts being made by the factory to conserve the environment and improve the welfare of the society through job creation and community empowerment, KCB gave them two loan moratoriums to weather the effects of the COVID-19 pandemic.

The company hopes to have a solution that will replace firewood with solar and is currently researching on the use of solar to generate steam.

As a Bank, we are looking forward to supporting this venture, which will ultimately eliminate firewood use in the process. We believe that boiling water with solar will cut down on the use of firewood and conserve our forests. This will help in the fight against climate change and achieve SDG 13.

Through the app, the farmers get to enjoy their full KShs. 25. This has helped improve their welfare, hence achieving SDG 8 – decent work and economic growth.

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CUSTOMER EXPERIENCE
Customer Experience

Customer needs are rapidly changing and to meet them, KCB Group through its Beyond Banking Strategy has made delivering the best in customer experience a focal point. We understand that our operations are closely linked to the daily lives of our customers. To give them the financial solutions they need, we are committed to providing reliable and quality customer experience by building relationships, understanding and adapting to customer needs, accelerating innovation and enhancing gender parity.

By aligning the SDGs with our strategy, we believe that our products and services will create more value for our customers and clients by enhancing financial inclusion consequently enhancing standards of living.

Net Promoter Score (NPS)

In the year under review, the Group achieved a remarkable Net Promoter Score (NPS), of 53 from 51 achieved the previous year, which simplified the customer journey by improving branch service and reliability of the alternative channels. KCB Group prides itself in being there for its customers even in the toughest times and by listening to them, earning their trust, and exceeding their expectations. We believe that we make it easier for them to bank and do business with us. The drivers that fueled the jump in our NPS score were as a result of strong and consistent customer loyalty via the mobile (57) and branch (55) channels attributed to supportive, proactive, and friendly staff.

In 2021, the Group saw noteworthy improvement in the overall customer advocacy thanks to responsive and friendly staff, fast service delivery and dependable alternative channels, reliable Internet banking, mobile banking platform and transactions from customers’ accounts to M-PESA and VODA, which strengthened our offering to SDG 10 and 16.

Customer Effort Score (CES)

During the year, we embarked on measuring our customer satisfaction by assessing the time, extent and resources needed to resolve customer enquiries. The assessment was critical to understand the efforts the Group put forth to handle customers.

The Group achieved an overall CES of 26% against a set target of 20%. The drivers behind the slump can be traced back to the delays to resolve customer mobile banking queries and inconsistent/user experiences with mobile banking transactions as well as the Vooma migration, which resulted in heavy customer friction. Going forward the group is embarking on a branding refresh that will focus on customer obsession as well as pivoting digital tools for customer experience.

At KCB, our goal is to give our customers the best experience.
Inclusivity

As a Group that is continuously scaling financial inclusion, we have deliberately been accelerating initiatives that ensure that we leave no one behind by leveraging both digital and non-digital products.

People with Disability

KCB Group has long been dedicated to advancing and empowering People with Disabilities (PWDs). We are keenly supporting PWDs while meeting their needs by developing solutions that integrate them to the financial ecosystem. As a player in the financial sector, we have a role to play in reducing inequality. The Group has therefore expanded the provision of financial services to PWDs including mainstreaming inclusion of PWDs in at least 10% of KCB Foundation programmes, 2jiajiri, Scholars and Mifugo ni Mali.

Specifically, the Scholars programme where 40 of the 260 annual beneficiaries are persons with a disability and the best two of them receive a comprehensive package with the know-how to access, participate in and grow their enterprises through public procurement opportunities as well as providing them with capital.

Women Proposition

Women entrepreneurs running MSMEs and MSMEs play a meaningful and significant role in contributing to economic development by creating jobs, promoting greater economic growth, and harnessing the productive capacity of women. Kenya’s MSMEs contribute approximately 40% of the GDP with the majority falling in the informal sector. While there are about 7.41 million MSMEs in Kenya, only 1.56 million are licensed with 5.85 million being unlicensed. According to the World Bank, 58% of all African MSMEs are women-owned. However, these businesses continue to lag behind compared with their male counterparts due to lack of access to capital. Women-led/owned businesses face a host of obstacles, such as limited access to finance, labour and skill gaps, exclusion from key networks; as well as social and legal constraints and due to social norms, women entrepreneurs face the unique burden of dealing with crisis in their businesses such as COVID-19, while also juggling increased household responsibilities.

We realised the importance of establishing a support system for women who aspire to start businesses as well as for those who are currently running their businesses. It is in this regard that the Bank launched an agenda for women dubbed Women Proposition – a credit-lending facility that targets women-led and women-owned businesses. This proposition is in line with the Group’s agenda of being a #PartnerKeepGround to support entrepreneurship and job creation, and strengthen our outreach towards unique market segments like businesses owned or run by women. This initiative not only improves financial literacy among women, but also makes financial services more accessible to them and helps in their economic advancement and works to improve gender diversity. The programme saw the Group disburse loans worth KShs. 44.9 billion in the year 2021, a huge jump from KShs. 24.3 billion in 2020 affirming our commitment to SDG 8 - Economic Growth.

According to the World Bank, 58% of all African MSMEs are women-owned. However, these businesses continue to lag behind compared with their male counterparts.

Sustained Growth for Metal Fabricator

At KCB, our goal is to empower the youth and women to take charge of their lives, and this is a mandate we are working to achieve through the 2jiajiri programme.

Through the programme, Eunice Ndunge Kativo, who runs a fabricating business at Kamukunji Jua Kali Yard, was granted a scholarship to train at Gearbox in 2018. During her three months of training, Ndunge’s skills in metallic works were sharpened, enabling her to open a fabrication shop for metallic products such as school boxes, pans, jikos, buckets, and other metallic ware for sale.

From the skills she acquired, she has been able to run her business effectively, as well as create employment for the artisans she hires to convert the flat iron sheets into various products for sale, contributing to SDG 8 - Economic Growth. This has also created an opportunity for her to earn an income and improve the welfare of her household thus eliminating poverty - SDG 1.

The contribution of Eunice’s business to the community and the economy was made possible by KCB after financing her to the tune of KShs. 575,000 for business growth and expansion. The loan fueled her capacity to access the raw materials she needed to make her business a success.

“I never used to satisfy my customers because I would run out of the products they needed. The loan helped expand my capacity,” says Eunice. Apart from the loan, she also benefited from business mentorship by the KCB Business Development Support team. The team also went further to help her navigate through various challenges including paying off her KCB Loan.

As a result of the expansion and growth of her business, she’s been able to realise an upward trajectory of returns of up to KShs. 100,000 per month during peak seasons, which has enabled her to save something to tide her over during the low seasons.

As a single mother, the business has enabled Eunice to provide for her two sons and daughter. Additionally, she has expansion plans that include buying a lorry that can transport her products.
This is a group of 20 women located in Mosoriot Town, one of the fastest growing towns in Nandi County. Formed in 2009, the group started as a self-help group, with each member contributing KShs. 2,000. This amount was aggregated, and members were able to acquire loans at an affordable rate to buy cereals (maize and beans) from farmers at farm gate prices and sell at retail price to make a profit. The main aim of forming this group was to empower women to take a leading role in the community, by enabling them to earn an income and be able to contribute to their household income.

Under the leadership of Josephine Mbungei as their secretary, the group’s business grew to become one of the best-selling cereal shops in the town. In 2014, they were able to set up a small cereal shop where they stored their cereals and made sales. “Since every one of us used to have individual cereal shops, the East Africa Grain Council (EAGC) advised us to form one store to be able to attract traders from within and outside the county,” said Josephine.

They aggregated and in 2015, they supplied cereals to 5 schools in the county. They also went out to look for tenders in other institutions. As the tenders increased, there was a need for rapid expansion, an increase in the number of stores, and transportation costs, which required huge financial requirements that constrained them. They had limited access to credit as most financial institutions demanded that they provide security as a requirement for loan applications and in most cases, they had to rely on shylocks who frustrated them.

“We attended a Biashara Club meeting organised in 2017 by our branch where we were able to voice our challenges and they gave us a listening ear. They were willing to give us credit based on our cashflows as opposed to security,” said Josephine.

In 2019, KCB Bank fronted them a loan, which enabled them to set up more stores, buy more cereals and acquire transportation means. The business has grown to supply over 400 schools within and outside the county (SDG 8).

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Through our adopted SDG 10, KCB is reducing inequalities by empowering women to take charge of their life through the financial inclusion agenda. Our mandate is to empower our female customers to run impactful businesses by giving them access to finance based on cash flow as opposed to security.
Micro Small and Medium Enterprises (MSMEs)

At KCB, we recognize the role MSMEs have played in the economy for decades and we therefore strive to support this sector with every necessary tool. The Group has invested in MSMEs and we would like to remind our customers that they can rely on us to deliver top notch solutions in a timely manner, especially at this critical time when businesses are facing challenges in accessing financial services while trying to recover from the repercussions of COVID-19.

In line with the Beyond Banking strategy, the Group is positioning itself as an institution which puts customers first, with leading value propositions. Towards this, we identified the MSMEs as a key area of focus which should significantly contribute to the achievement of the Group’s overall asset growth.

In 2021, KCB launched a campaign dubbed #PartnerKwaGround that demonstrated our commitment to support MSMEs. Through bespoke trainings via webinars and business clinics, we equipped MSME customers with proper skills and tools to grow their businesses, including advancing tailor-made loans and overdraft facilities that meet their specific needs. During the reporting period, we advanced loans to 47,364 MSMEs, resulting in an 81% jump from the previous year’s record.

Beyond the campaign, a lot has happened in our effort to support this approach. We have ensured that all customer facing teams are trained on our MSME proposition, covering areas such as credit scoring, sustainability, women proposition and relaxed MSME lending.

There was also an increase in branch manager limits on loans approval to improve turnaround times on loans and ultimately improve customer experience.

KCB will continue to develop transformative solutions that will help support our MSME customers especially in accessing affordable credit.

Customer Security

Safeguarding our customers’ data and privacy and the Group’s systems continues to remain a top priority. We have done this by investing in robust cybersecurity systems, upgrading the network access management system and regular security reviews for vulnerabilities, which if identified, are immediately resolved. About 5,000 staff signed wealth declaration forms as a sign of commitment to transparency and affirming a just, peace and strong institution as espoused by SDG 16.

At the same time, about 8,025 employees took up an anti-money laundering course in line with the Group’s strategy of enhancing our governance pillar. The course has achieved 100% mark over the reporting period, and also seen the deployment of other e-courses to the staff. As a result of the courses, the Group has been able to abate over 474 fraud incidents, as compared with 2020 where they were 663 cases. To help our customers stop being victims of fraud, we concurrently ran the “PIN yako siri yako” campaign (Your PIN is your secret) to ensure that they do not share their account information with third parties.

As part of our sustainability journey, we are committed to providing training and capacity strengthening programmes for our staff to continually create awareness on sustainable practises that are core to our business. Going forward we will strengthen customer data privacy by implementing the Data and Protection Act 2021. At the time of publishing this report, the Group had appointed a Data Protection Officer who will oversee data compliance across the business.

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When Samuel Mwangi, an accountant, realised that the fabric industry was ripe with opportunities, he immediately swung into action and established Mantoz Enterprises. Mantoz is a top-notch branding company that was formed in 2004 and mainly focuses on corporate clients and offers a one-stop-shop for branding solutions. The company started small in his house with one employee and each year it has grown.

To contribute to the sustainability agenda, the company has been involved in acquiring the latest technology to produce more fabric that is sustainable and branding that is faster, clean and neat.

The fabric industry employs 30% of the labour force in the national manufacturing sector and supports the livelihoods of over 200,000 small-scale farmers by providing a market for cotton. In line with SDG 9, our mandate is to support industries through financing to help accelerate growth, create more job opportunities, and contribute to economic growth (SDG 8).

Along the growth journey, Mantoz Enterprises has faced several challenges including the high cost of power and unreliable power supply leading to the use of power generators, which are costly, forcing the company to spend KShs. 6,000 a day.

The KCB Biashara Club members received financial support, literacy training and business growth opportunities. With our agenda being customer first, we offered financial training to Samuel to help him effectively calculate budgets and reduce expenses to enable him to run a profitable business.

By banking with KCB and being a member of the KCB Biashara Club, Mantoz has grown and acquired 10 embroidery machines, 120 stitching machines, 40 embroidery heads, and branding equipment, such as the screen-printing machine, which has enabled the business to improve on branding and delivery timelines.

"In a day, we can print about 5,000 t-shirts and with the embroidery machine, we can produce about 2,000 – 3,000 pieces a day," he says. The business has created jobs by employing 200 people. This has helped improve the living standards of the people hence reducing poverty (SDG 1), through generation of income because of employment (SDG 8) and sustainable communities due to the ability to provide for their families (SDG 11.)

Online banking by KCB has been instrumental to the enterprise, especially at the height of the COVID-19 pandemic, as it has enabled the business to easily access cash and transact effectively.
staff are our single most important resource, and at KCB Group, we are passionate about their holistic well-being. Provision of a good working environment and making available the tools necessary for the best possible performance is imperative to delivering on our mandate. KCB Group has a team of 8,538 employees serving over 28 million customers across the business, drawn from diverse backgrounds and nationalities. We continually invest in human resource development focusing on but not limited to training, staff wellness, staff recognition, competitive remuneration, and career growth.

A strong performance-driven culture is critical for the Group to deliver its ambition of sustained performance and growth strategy. We continue to tap into in-house and external industry experts to train and develop our employees on relevant courses.

On the diversity and inclusion agenda, KCB Group aims to reduce inequalities by implementing programmes that promote equality. We are committed to attaining gender parity in our staff composition and through the Women in Leadership Network (WILN) programme. We continue to mentor high-performing females in the organisation to enable them to climb the corporate ladder.

As a Group we believe that the female quotient is critical to the achievement of the objectives across the business. In line with scaling the Women Proposition agenda within the group leadership structure, we launched various leadership programmes including Aspire and Women in Leadership Network to facilitate female growth to leadership positions. We have a total of 250 beneficiaries of the objectives across the business.

The Group’s ability to attract and retain talent is premised on our reputation in the industry and anchored on excellent performance. We continually benchmark our compensations and benefits plans for our employees to ensure that we remain competitive in the market.

As of December 2021, the total number of staff who had undergone ethics, anti-money laundering, and sustainable finance e-learning realized a jump of 14%, 17% and 1% respectively from the previous year. The Group also invested in training of the leadership across the region to ensure they are well equipped with skills both soft and technical to enable them carry out their duties as expected. We have implemented robust talent management programs dubbed “Power Her” and “Aspire” which allows for the identification of specific individual development interventions to accelerate readiness of leaders across various levels. This resulted in improved performance that saw an increase in the number of people being promoted to 399 from 164 within the same period in 2020.
**COVID-19 Initiatives**

Due to the lockdown that was still in place in the beginning of the year, a deliberate balance had to be struck between staff safety and business continuity, amid resource constraints. Focus quickly shifted to the safety and well-being of our staff, customers, shareholders, families, and other stakeholders. We achieved this while maintaining a grip on the business goals. We continued facilitating staff to work from home and offered support towards improving home offices, provision of Internet connectivity and a closed user group for voice calls.

We also continued to deploy teams to work in shifts at the branches and ensured the provision of reusable face masks, hand sanitisers and infrared thermometers in all workplaces. Because of the restrictions on physical gatherings, which were part of the norm when the year started, the Group invested in virtual platforms to facilitate staff engagements. This included virtual meetings and online trainings to enhance staff skill sets to ensure they become resilient despite the global pandemic. We also offered health talks and trainings to enhance awareness, which were led by professionals, through our healthcare partners, to specialised treatment, ambulance services and counsellors to offer psychological support. We developed tools to track individuals’ work, maintain contact and minimise exposure to the virus consequently strengthening the adoptive capacity of our staff.

It is this dedication by our staff that kept our doors open throughout to ensure our customers continue accessing our products and services almost seamlessly despite the modified working conditions.

**Implementation of Employee Development Initiatives**

Employee development initiatives are intended to help staff grow both professionally as well as personally, and it’s vital for employees to enhance their skills and upgrade their existing knowledge with time to survive the changes in the workplace.

At KCB, we believe that having a developed employee is the only way to survive in the current competitive market. Therefore, we have taken up the responsibility to invest in our employees. To achieve this, we have been working with our employees to develop, improve, and hone existing skills and train them on new skills to help build a talent pool that supports our mission while creating highly engaged employees.

The Bank has implemented a talent management framework to help staff identify and understand opportunities for career development. The talent management framework has helped staff acquire clarity on the various competences required for the different levels of leadership to be able to grow their skills alongside their careers,” says Sam Ayiro, Head of HR Learning Development and Talent.

To reduce inequalities, KCB has programmes like Aspire Programme for Women, Men in Leadership Network, and the Emerging Leaders Mentorship Programme as part of the talent management framework, to allow for the identification of specific individual development interventions to accelerate readiness of leaders across various levels.

The programmes have granted me a window to learn, build the abilities within me and become a more impactful leader as well as impact colleagues through mentorship and sharing my experience. Additionally, I have enjoyed the satisfaction that comes with seeing my fellow colleagues who have gone through the programme get a promotion with higher levels of responsibility,” adds Mr. Sam Ayiro, Head of HR Learning Development and Talent.

Through this programme, the Bank has been able to give both genders an opportunity to scale their careers and achieve the adopted SDG 10 - Reduced Inequality. During the pandemic, the Bank implemented several initiatives to support staff. They included being given allowance to work from home, access to webinars on mental health, relationships, and financial management. Additionally, through the Human Resources Department, staff and their families were able to access swift medical providers during the pandemic, which helped in creating peace of mind for better performance.

"Knowing the bank had our back during the pandemic gave me great peace of mind. Great concern was given towards improving our welfare, which made my family feel appreciated by the organisation causing them to have a greater emotional connection to the bank,” says Mr. Sam Ayiro.

**Succession Planning**

The Group has implemented and instituted a succession planning process that streamlines identification of top talent in the across the business. Critical roles are identified through an annual process. These roles then form the focus of succession planning, to ensure that the Group is future-proofed.

We have a talent pool which is a microcosm of the leadership cadre of the Group, that provides insights on developmental interventions that need to be addressed at all leadership levels. Through the talent pool 454 staff were promoted internally, out of this 85% were female. In addition over 40 senior managers volunteered and were trained as coaches to coach colleagues.

Also in 2021, an 8-month development programme was designed to close the developmental gaps identified, to ensure that members of the talent pool are ready for succession as and when required. The programme includes practicums and other interventions to hone their leadership capability.

The Group regularly commissions surveys that help identify employees’ key concerns, many of which will give an indication of the organisational culture aspects that need to be managed. Following the 2020/2021 Organisational Health Index (OHI) surveys conducted, areas of concern that would impact succession planning have been identified and are being addressed both in the branches as well as from the head office.

The aim is to ensure that the changing expectations of employees are matched by well-regulated and updated employee life cycle management processes i.e., performance management, talent development, employee relations, and the Employee Benefits Scheme (EBS). The DHI Pulse done in July 2021 had an impressive response rate of 86% and Organisational Health Index of 79%. Key areas of focus identified from the results are on leadership, work environment and motivation.

The aforementioned also ensures that the Group remains not only competitive as an employer, but achieves and maintains an employer of choice status.

**Employee Efficiency and Productivity**

Efficiency and productivity of the employee is a key tenet in the Beyond Banking strategy and in 2021, the Bank ensured optimal efficiency and productivity from the workforce through the following measures:

i. Aligned and standardised all our BSC to the beyond Banking strategy.
ii. Embedded performance dashboards for reporting considering the following areas and reviewed on a weekly, monthly, and quarterly basis.
   a. Customer complaints
   b. SLA management
   c. Type of customer queries and requests
   d. Social media top triggers
   e. Front end/branch triggers
   f. Clarity on escalation matrix
   g. TAT on vendor /supplier management
   h. Reduced delay and exception matching on failed transactions
   i. Automated processes to improve efficiencies and shortened TAT. For example, we integrated BPM workflow with quick pay to enable straight processing of salaries.
   j. Integrated Cisco with IVR to enable customers access our services through a digital platform. Today a customer does not need to speak to a contact centre representative to check their account balances.
   k. Extended quick pay to some of customers such TSC for salary processing self-serve.
   l. Provided staff with tools to enable them work remotely. For example, implementation of common user Group (CUGi) and VPN approvals for remote banking systems access.
   m. Regular staff engagements via Town Halls and virtual departmental meetings. Including several webinars on health matters in collaboration with HR.
   n. Streamlined holistic organisation process to ensure a well-blended structure with seven centres of excellence.
**Meaningful Partnerships**

As a business with a regional presence and deep community ties, KCB Group is often approached to forge meaningful partnerships. Like many businesses, what we look for in a partnership has evolved over time, but it has always been anchored on our purpose and citizenship opportunities.

Our stakeholder engagement model typifies this, showing the profound connection between business success and community wellbeing. When investing in partnerships, we look to extend the concept of shared value beyond the mere transactional benefits and ask how by working together, we and our partners can create something greater than the sum of our parts.

In the decade of action partnerships are essential in achieving sustainable development.

**In line with the United Nations SDG17, we leverage on the power of partnerships to achieve the desired development goals, forging alliances in the citizenship space for the creation of better livelihoods in the society.**

For the next decade, our ambition is to continue growing and unlocking the Bank’s potential to establish meaningful partnerships that augment financial inclusion. We intend to grow our branch footprint and profitability, partner with government and corporations to drive business; increase product offerings with mortgage and insurance premium financing, and enhance digital services through technology partnerships.

Our partnerships with county governments were squarely pegged on jumpstarting MSMEs after the economic downturn of COVID-19. We advanced working capital loans, where interest rates were capped at 7%, which was way below the Central Bank of Kenya lending threshold. Also, we established a KShs. 2 billion MSME fund to help them weather the COVID-19 crisis.

In 2021, KCB Foundation and the German Development Co-operation (GIZ) joined forces to increase the employability and income generation for 3,500 Kenyan youth in the construction sector, consequently strengthening our input to the SDG 1, 8 and 10. The partnership created a KShs. 388 million fund to provide technical and vocational skills for the next three years. The funds will go towards supporting the provision of construction toolkits to 700 youth every financial year, to enable them to establish enterprises in the construction sector.

The above partnership has also been extended under the Employment and Skills for Development in Africa (E4D) programme, commissioned by the German Federal Ministry for Economic Co-operation and Development (BMZ), and implemented by GIZ and KCB Foundation’s 2Jiajiri Programme. The programme seeks to create self-employment and establish enterprises among unskilled and semi-skilled youth in Kenya. In a bid to nurture young entrepreneurs, KCB Foundation through 2Jiajiri, seeks to provide financial support to pilot and scale business models that allow beneficiaries to have a stake in the ownership of the established businesses, in conjunction with industry leaders. This is achieved through joint-ventures or franchise agreements with some of the largest and well-established brands in the region.

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In line with the United Nations SDG17, we leverage on the power of partnerships to achieve the desired development goals, forging alliances in the citizenship space for the creation of better livelihoods in the society. We believe that the realisation of one goal, consequently results in the achievement of two or more goals that are interlinked. Through establishment of meaningful partnerships, we will be accelerating the achievement of our 9 SDGs.

**Job Creation under the Citizenship Pillar through Partnerships**

In 2021, KCB Foundation and the German Development Co-operation (GIZ) joined forces to increase the employability and income generation for 3,500 Kenyan youth in the construction sector, consequently strengthening our input to the SDG 1, 8 and 10. The partnership created a KShs. 388 million fund to provide technical and vocational skills for the next three years. The funds will go towards supporting the provision of construction toolkits to 700 youth every financial year, to enable them to establish enterprises in the construction sector.

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**Partnerships to Support Scholars Programme**

Partnerships are key strategic drivers of economic development. They are a key foundation element of every strong institution whose mandate is to drive a positive change. That’s why Partnership for the Goals, SDG 17, is imperative in realising sustainable development.

At KCB, we believe that achieving sustainable development, is not a one-man job. We have therefore, adopted this strategic goal to provide quality education for learners because we are certain that quality education is the key to achieving the global goals set. This way we will empower individuals and societies with the capacity to take charge of their lives and together work towards realizing a future that leaves no one behind.

This is a mandate the Group has realised through the KCB Foundation Scholars programme, which was launched in 2007 with a pilot class of 50 beneficiaries. The scholarship programme provides an opportunity for scholars from needy backgrounds to access quality education, sharpen their skills and improve their employability and hence achieve...
Through meaningful partnerships we have strengthened our commitment to achieving SDG 13, 16, and 17. Through our strategic meaningful partnerships we have been able to realise tangible visible results with an increment of local suppliers at over KShs. 4.3 billion, as well as an increase in special interest groups, People with Disabilities (PWDs) suppliers.

Partnering with Suppliers

At KCB, our objective is to ensure that our supply chain is sustainable to help create, protect and grow long-term environmental, social, and economic value for all our stakeholders involved in bringing products and services to market by building sustainable businesses and aligning with our net-zero commitment.

The supply chain has become increasingly integral to how we view corporate responsibility and sustainability practises of an organisation. By sourcing from sustainable suppliers, KCB Group has not only protected the long-term viability of its business and secured a social licence to operate, but also assisted suppliers to accrue the benefits associated with sustainability. Similarly, the role of procurement as a key enabler for environmental and economic sustainability is becoming increasingly illustrated, global, and interconnected where feasible. This is because supply chains are becoming increasingly complicated, global, and interconnected and one cannot approach supply as a separate business operation.

Suppliers Conference The Group continues to mainstream sustainability among its suppliers to conduct business in an ethical manner by organizing suppliers’ conference to serve as a platform for capacity building. This included enhancing their capacities to mainstream sustainable practices within their operations and maximising, onboarding them to the online procurement system. The new procurement platform guarantees equal opportunities for all suppliers, prioritises suppliers categorised as special interest groups and provides transparency in the procurement process.

This is further supported and enforced by over 313 suppliers who have signed up to our code of ethics. We have developed and deployed a supplier’s code of conduct and rolled out sensitisation and capacity building sessions. During the Supplier Conference, we shared best practices in sustainable supply chains as well as challenges and opportunities expectations rather than a new set of requirements.

The code will create a shared foundation for sustainability, from which the supply management team at KCB, suppliers and other actors can make informed decisions. The code of Conduct is another natural extension of corporate sustainability strategy of the Group and has gone a long way in affirming existing expectations rather than a new set of requirements.

Through GCF accreditation, that was obtained in 2020, KCB Bank Kenya can front projects between $50 million and $250 million. We have been assessing the impact of resilient infrastructure as well as aligning with the mandate of the fund.

As a leader in scaling sustainability, during the year, we focused on sustainable partnerships. IFCA member of the World Bank Group, in partnership with other syndicated lenders advanced a loan of $150 million to KCB Bank Kenya Ltd to help the lender increase credit to climate-friendly projects and MSMEs. During the reporting period we advanced green loans worth KShs. 97 billion.

Additionally, we accelerated our ambition to action by joining the NZBA, part of GFANZ, established during the COP26 in Glasgow, which is an alliance of over 450 firms spread across 45 countries and with over $130 trillion of private capital committed to transforming the global economy towards net zero.

Through the accreditation, we can front projects of between $50 million and $250 million. We have been assessing the impact of resilient infrastructure as well as aligning with the mandate of the fund. In line with the developed tools (ESDD and EMS), the Bank can assess and appraise green projects that would be used to strengthen climate adaptation and mitigation among businesses in Kenya, consequently accelerating climate action under SDG 13.
PRINCIPLES OF RESPONSIBLE BANKING (PRB) SELF-ASSESSMENT
1. Describe (high-level) your bank’s business model, including the main customer segments, 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 Corporates, MSMEs and personal consumers. We support customers across key sectors in Transport & Communication, Trade, Agriculture, Building & Construction, Real Estate, Manufacturing, Energy & Water, Financial Services, and hospitality. Our main services entail financial services in the form of personal and corporate loans. The four strategic pillars of Beyond Banking Strategy include putting the customer first, driving a change in efficiency and productivity, being a digital leader, and building scale to achieve regional relevance.

1.1 Describe how your bank’s SDG strategy is 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 is under four key pillars—Financial, Economic, Social, and Environmental sustainability. The Group went through a rigorous consultation and assessment exercise. It adopted none of the 17 SDGs – growth, SDI 9 Industry, Innovation and Infrastructure, SDG 10 Reduced inequalities, SDG 11 Sustainable Cities and Communities, SDG 12 Responsible Consumption and Production, SDG 16 Peace, Justice, and Strong Institutions and SDG 17 Partnerships for the Goals, and SDG 13 Climate Action. The Bank has set KPIS under each adopted SDG, which are reported annually.

KCB Group operates in seven geographies: Kenya, Tanzania, South Sudan, Uganda, Rwanda, Burundi, and Ethiopia (representative office). In 2021, the Bank served 28.6 million customers through the largest branch network in the region. The Group went through a rigorous materiality assessment for its activities, products, and services. The Group went through a rigorous materiality assessment for its activities, products, and services. The material issues were analysed further and drilled down to identify five topics: digital banking, sustainable finance and climate action, customer experience, employee welfare and meaningful partnerships.

Scope: Our core areas of impact that have exposure are Infrastructure and Energy. We have analysed the effect of our loan portfolio in relation to green investments. We stand at 8.4% and are set to accelerate the ambition to scale green investments to 12.4% of our total loan portfolio in 2022 and achieve 25% in 2025.

We are enhancing ESG due diligence through automation of the ESD platform to increase risk identification and mitigation.

In April, we joined the Net Zero Banking Alliance (NZBA), which is part of the Glasgow Financial Alliance on the Net Zero process of advancing the Net Zero ambitions and Sustainable Development Goals (SDGs). To accelerate our commitment to climate action, we pledged to a net zero target by 2050.

Context & Relevance: We trained more than 800 staff on anti-money laundering and ethics shifted to digital channels, with 98% of our transactions happening outside our banking halls. In establishing a Brand Strategy Framework (BSF), KCB will be positioned as a leader in all the markets of operation. Also, we completed the acquisition of Banque Populaire du Rwanda (BPR) and merged it with KCB Rwanda to establish the largest commercial bank in Rwanda, BPR Bank PLC.

Scale and intensity/salience of impact

We assess the strategic relevance of ESG factors based on two criteria: their relative importance to external stakeholders (as defined in the ‘Engaging our stakeholders’ section of the KCB Annual Integrated Report 2021) and their influence on our business success. This helps us to prioritize and govern our activity, ensuring that we are closely aligned with our stakeholders’ expectations. We have also examined the COVID-19 pandemic’s impact on our business and used this as a factor across multiple material topics.

Based on the nature of our business, we are focusing our analysis on the following areas:

- Social and environmental impacts of financing, including climate change, biodiversity and human rights.
- Accessibility and transparency of our financial products.

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 SDGs targets by 2030. The introduction of the SDG Tracker as a self-assessment tool is an excellent mechanism which will help the Bank to actualize its ambitions.

2021 Integrated Annual Report, pages 13, 15, 18, 19, 20, 21, 26, 76, and 77


KCB Bank has been reporting annually on its sustainability progress since 2011. The Sustainability framework has been redefined following the Global Reporting Initiative (GRI) standards. Core Option. The GRI standards require all reporting entities to conduct a comprehensive materiality assessment. So does the Integrated Reporting framework, which KCB Bank also adheres to, including other international ESG frameworks such as GRI, Social, Environmental and Performance Standards and Equator Principles.

KCB Group conducts annual materiality assessments to identify the Bank’s impact on a range of Environmental and Social Governance (ESG) issues. The topics identified were few, as highlighted below:

- Digital Banking
- Sustainable Finance and Climate Action
- Customer Experience
- Employee Welfare
- Meaningful Partnerships

The material issues were analysed further and drilled down to identify five topics: digital banking, sustainable finance and climate action, customer experience, employee welfare and meaningful partnerships.

KCB Bank has its main branches in major cities, and it has its most significant exposure in the countries/regions in which it operates. Scale and intensity/salience of impact

Material topics were identified and disclosed, identified by the bank has its most significant exposure in the countries/regions in which it operates. Material issues were identified and disclosed through a comprehensive materiality assessment.

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3. Target Setting

The Bank has set and reported on many KPIs in a SMART manner:
1. Adopted a net zero carbon emission target by 2050
2. Increasing the proportion of green lending to 25% by 2025
3. Reduce our resource consumption by 10% annually
4. Ensure we screened facilities worth KShs. 100 billion annually

These initiatives are linked to the Bank’s adopted SDG 13 Climate Action.

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

Since 2017, the Bank has engaged in portfolio reimagining to assess the negative impact of its lending portfolio. This has created a focus on environmental and social impact to maximise positive impact.

<table>
<thead>
<tr>
<th>Reporting and Self-Assessment Requirements</th>
<th>High-level summary of bank’s response limited assurance required for responses to highlighted items</th>
<th>Reference(s)/Link(s) to bank’s full response/relevant information</th>
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</table>

3.2 Progress on Implementing Targets

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.
Or explain why actions could not be implemented (needed to be changed and how your bank is adapting its plan to meet its set target.
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)

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

The Bank has fulfilled the requirements of Plans for Target Implementation and Monitoring. The Group has started reporting on the nine SDGs with greater contribution.

Please provide your Bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.

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 including being part of accountability mechanisms such as NZBA to achieve the Net zero target.

KCB Bank reported progress under the nine adopted SDGs from the Ten Point Action Plan. Over 70 KPIs were collected under the nine adopted SDGs every quarter by the SDG tracker (data collection tool). The tracker 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.

On the social side, we managed to reduce our resource consumption by 17 bases points, including enhancing our green lending portfolio to 8.4% of our total loan portfolio from 4% in 2020. During the same period, we reduced our carbon footprint by 11.25%, including conducting social-environmental assessments of facilities worth KShs. 244.8 billion in 2021. On Governance, over 600 staff were trained on sustainability, and 313 suppliers signed into the Suppliers Code of Conduct and aligned six policies on sustainable finance.

KCB Group has defined targets and almost 70 indicators aligned with the SDGs and work will improve linkage with global targets and indicators. The Bank piloted an internal data collection tool for progress on indicators for its nine adopted SDGs. The tool is currently being improved to embed a multifactor authentication and enhance user experience, including expanding utility to more than three users. We are also leveraging other devices to track the progress of the above targets, as highlighted below:

<table>
<thead>
<tr>
<th>Targets</th>
<th>Measuring</th>
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<tbody>
<tr>
<td>Adopt a net zero carbon emission target by 2050</td>
<td>Science-Based Targets Initiatives (SBTi)</td>
</tr>
<tr>
<td>Increase the proportion of green lending book to 25% of the total loan portfolio by 2025</td>
<td>Environmental and Social Due Diligence (ESDD)</td>
</tr>
<tr>
<td>Reduce our resource consumption by 10% annually</td>
<td>Green House Gas (GHG) protocol</td>
</tr>
<tr>
<td>Ensure we screened facilities worth KShs. 100 billion annually</td>
<td>Environmental and Management Systems (EMS) Assessments</td>
</tr>
</tbody>
</table>

Please provide your Bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

The Bank has fulfilled the requirements of Plans for Target Implementation and Monitoring. The Group has started reporting on the nine SDGs as its framework going forward.
PRB INDEX

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

Principle 3: Clients and Customers
We will collaborate responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

We believe that information transparency in our products and services is key to empowering consumers to make sound financial decisions. Our aim at KCB Group is to offer an accessible and inclusive service for our customers, including those who may typically face barriers to accessing banking services, such as customers with disabilities, complex needs or experiencing difficult life events. We have made significant strides, but there is more to do. The Sustainability Policy provides a strong foundation for the Bank’s sustainability promise, including initiatives and impact. Mainstreaming sustainability on significant key policies has underpinned our efforts to promote responsible banking, accelerate sustainable finance, and augment our customer relationships. Our revised credit policy has extended guarantee schemes to MSMEs to enable them to recover from the COVID-19 pandemic, including enhancing our social protection via our mobile money platform KCB M-PESA. In line with our target to enhance 25% of our total loan portfolio to the green investment, we deployed a Social Environmental and Management Policy to accelerate this commitment and to improve our investment initiatives to strengthen resilience via adaptation and mitigation.

The Bank’s 2020-23 strategy firmly puts the customer first, serving them through an upgraded IT architecture and digital services. We enhanced our digital infrastructure, translating to over 476 million transactions across all channels, including advanced over KShs. 2.1 trillion on mobile phones.

The Bank is a member of the UN Global Compact and upholds the 10 Principles of the UNGC. The Bank has been conducting annual supplier conferences for five years, themed around sustainability. In 2021 this was an entirely virtual conference with over 200 participants.

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

Through the Beyond Banking 2020-2023 strategy, the Bank focuses on enhancing capacity building and sensitisation and enhancing financial inclusion for our customers via digital banking channels.

KShs. 481 million loans were advanced to MSMEs from KShs. 95 million the previous year. Mobile loans increased to KShs. 137 billion from KShs. 81 billion in 2020. Over the last five years, the cumulative disbursement totalled KShs. 607 million shillings via mobile. This represents numerous individuals and MSMEs that were at risk as a result of the economic downturn.

Additionally, the customers are supported by thousands of agent and merchant outlets across the region. During COVID-19, mobile banking charges for transactions up to KShs. 1,000 were waived by the Central Bank of Kenya (CBK) in 2020. The charges were reinstated in April 2021, with the reopening of the economy that had slowed down due to COVID-19.

Also, as a result of the Supplier Conference, we enhanced the capacities and skills of our suppliers. We got over 300 suppliers on the sustainability track, aligning with the Group’s sustainability objective of becoming net zero by 2050. The Milgopa Ni Mafu program made vital strides in 2021. Sixty five Farmer Producer Organisations (FPO) were trained in various leadership and financial management courses for capacity building and exposure to different livestock value chains. To maximise the value of their investment, 612 farmers were trained, and to enable traceability and improve export marketability, 1,673 livestock were tagged. Tracking reduces insecurity and cattle rustling activities.

2021 Integrated Annual Report, pages 76, 77, 78, 79
Sustainability Report pages 108, 109, 110, 111 and 113

Principle 4: Stakeholders
We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society’s goals.

The Bank engages with customers, employees, shareholders, and suppliers as part of its annual materiality assessment. It works on the identified issues through actions authorised by the Board per Group strategy. The Bank also works with various local and international partners to improve its sustainability impact.

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/otherwise), their scale and, where possible, the results thereof.

Tracking reduces insecurity and cattle rustling activities. To maximise the value of their investment, 412 farmers were trained, and to ensure transparency in our products and services is key to empowering consumers to make sound financial decisions. We have made significant strides, but there is more to do. The Sustainability Policy provides a strong foundation for the Bank’s sustainability promise, including initiatives and impact. Mainstreaming sustainability on significant key policies has underpinned our efforts to promote responsible banking, accelerate sustainable finance, and augment our customer relationships. Our revised credit policy has extended guarantee schemes to MSMEs to enable them to recover from the COVID-19 pandemic, including enhancing our social protection via our mobile money platform KCB M-PESA.

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Describe which 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.

2021 Integrated Annual Report, pages 76, 77, 78, 79
Sustainability Report pages 80, 81, 82, 83, 124, 125, 126 and 127

Link(s) to bank’s full response/relevant information

PRB INDEX
The Bank has fulfilled the requirements of Progress on Implementing the Principles for Responsible Banking. The Group has sustained its positive and negative impacts and our contribution to society’s goals.

The Bank is continuously working to improve its standing on the six principles of the PRB. This includes mainstreaming the principles across the business for action. In our scale to regional relevance, we are streamlining operations across the subsidiaries to ensure the principles are aligned with the regulatory landscape of the countries in which we operate. We are mainstreaming training, capacity building, and developing a cohort of sustainability champions among employees.

The Group is working in report according to the updated GRI standards, the Principles for Responsible Banking, the IFC Performance Standards, and the Companies Act 2015.

KCB Group sustainability policies monitor and ensure compliance with national laws and priorities such as the Climate Change Act of 2016, Energy Act of 2019, National Climate Change Action Plan (2018–2025), and revised NOS 21. Other relevant plans are put into consideration as we conduct our businesses. The Group piloted its SDD tracking tool and enhanced its functionalities to collect and analyse sustainability KPIs to ensure we report periodically and track our tarts across the adopted SDGs.

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. The Group has sustained its efforts to give comprehensive reporting on its sustainability efforts, through annual integrated and sustainability reports.
## Significance of GRI to KCB and its stakeholders

As part of streamlining our sustainability, we leverage on the Global Reporting Initiative (GRI) framework as a standard of measure to inform our activities. In line with this framework, we ensure that we report our environmental, social and governance impact against set objectives as well as disclosing key material issues that pose significant risk to the growth of the Bank.

Below is an Index that highlights our impact within the reporting period.

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**Material Topics - Guidelines (2016)**

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