



Partnering with purpose

2019 Sustainability Report

























About this Report

he 2019 Sustainability
Report covers the progress
that KCB Group has
made to promote social,
environmental, economic
and financial sustainability of our
business. This report comes at
the end of our 2015-2019 strategy
as we usher in the new 20202022 strategy that will guide our
business. As market leaders in the
region, KCB Group strives to remain
at the forefront of new market

trends and developments not only in the financial sector but also in achieving non-financial goals. In 2019, we became one of the first banks in East Africa to sign the UNEP FI Principles for Responsible Banking. This report outlines in detail what this landmark agreement entails and how we plan to engage our customers, partners, shareholders and regulators to achieve these ambitious milestones

e end of our 2015-2019 strategy we usher in the new 202022 strategy that will guide our siness. As market leaders in the gion, KCB Group strives to remain the forefront of new market

| Samming This report outlines in detail what this landmark agreement entails and how we plan to engage our customers, partners, shareholders and regulators to achieve these ambitious milestones.

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

To download a copy of this report, or sustainability reports from previous years, please visit the KCB website at www.kcbgroup.com.

CONTACT US

Company Name: KCB Group PLC

Address of headquarters:

KENCOM House, Moi Avenue, Nairobi, Kenya

post Code: 48400-00100 GPO

Tel: 254 (20)327000 | +254 (711) 087000 |

+254 (732) 187000

sms: 22522

Website: www.kcbgroup.com

email: contactcentre@kcbgroup.com

On Twitter: @KCBGroup

Contact Department: Corporate and

Regulatory Affairs Division

We value feedback and welcome any comments or suggestions you may have about the Report to Society or our sustainability performance, which may help us improve our reporting. Please contact us at: sustainability@kcbgroup.com

CONTENT









Chairman's Statement	
CEO's Statement	
Partnering with Purpose	8
UNEP FI, UN Global Compact	(
Sustainability Roadmap	10
UN SDG Goals	1!
Global Reporting Initiative	2
Key Highlights for 2019	22
Impact and Target Setting	21
Clients and Customers	28
Our Stakeholders	41
Governance and Culture	48
KCB Ten Point Action Plan	54
Transparency and Accountability	56



Pioneering in Sustainable Banking

he environment in which we operate today calls for businesses in all sectors of the economy to adopt sustainable models.

Gone are the days when business pursued profits for profits' sake. Today, the planet and people must come before profits; private companies face new accountability standards in ensuring conservation and improvement of the environment to enhance the welfare of the societies we are all part of.

Africa has the largest youth population in the world, which means the need to provide food security and job opportunities among a raft of other social goods for millions remains a concern for both the public and private sectors.



The SDGs provide us with a new way of looking at how our business is contributing to the needs and ambitions of the society. At KCB Group, we are aware of the responsibility that we bear in not only reducing our carbon footprint through the deployment of sustainable processes right across the Group but also the need to use our influence and reach to champion the cause.

We committed to the sustainability journey in 2008 and for a little over a decade now, we have sustained our efforts in making sure that we are consistent in the pursuit of our objectives.

We integrated some the United Nations' Sustainable Development Goals (SDGs) into our operational goals. The SDGs provide us with a new way of looking at how our business is contributing to the needs and ambitions of society.

We are also integrating SDGs into the development of our products and services to ensure sustainable financial practices.

This comes with a commitment right from the Board level to strengthen our partnerships and relationships with our stakeholders including shareholders, employees, customers, suppliers, communities and government to enhance the economic, social and environmental welfare of future generations.

Throughout our subsidiaries, we are aware of the importance of sustainability as reflected in changing customer expectations and emerging national and international legislation.

We are aware that sustainability also secures us a pride of place in global trade which depends more and more on our ability to mitigate social and environmental risks and to capitalise on opportunities for innovation.

Some of the early successes achieved so far on this journey have been driven by the partnerships we have cultivated, allowing us to drive financial inclusion to the more than 22 million customers that we serve today, up from four million just some five years ago.

We are challenging ourselves to see how we can enhance our role in financial inclusion and to protect the environment in which we operate in so that future generations of bankers and customers can find a better place than we found.

We are not alone in this journey. We are grateful for partners like the Central Bank of Kenya (CBK), the Kenya Bankers Association (KBA), and development institutions like the UNEP-FI for working with us to help us run our business sustainably.

Indeed, I take pride in the fact that, in 2019, the KCB Group was the only East African Bank joining another 30 founding banks globally under the auspice of UNEP- FI to develop and launch Principles for Responsible Banking that are guiding tools for global banking industry players aspiring to run sustainable businesses.

Andrew W. Kairu, Chairman KCB Group PLC



sustainability journey in 2008 and for a little over a decade now, we have sustained our efforts in making sure that we are consistent in our pursuit of our objectives.

We committed ourselves to the



Commitment to the sustainability journey

ne of the key tenets of our sustainability journey is to commit to measurable and quantifiable achievements so that we can always hold ourselves accountable to what we said we would do. We truly believe that as society's expectations change, we must be transparent and clear about how our products and services create value for our clients, investors, and the society as a whole.

In the year under review, KCB Group became part of 30 global banks that seek to revolutionise banking by developing and aligning their business models to the UNEP- FI Principles for Responsible Banking.

The six principles provide a framework for the development of a sustainable banking industry and promote responsible banking.

KCB Group has presence in Kenya, Tanzania, South Sudan, Uganda, Rwanda, Burundi and Ethiopia. We are committed to implementing these principles in these markets. Our sustainability model is founded on four pillars of Financial, Economic, Social and Environmental stability.

As part of our public disclosure, we have continued to report annually in line with the Global Reporting Initiative (GRI) and UN Global Compact Principles, on our 10-point action plan status, value creation process, strategic alignment, environmental and social governance priorities.

In 2017, KCB adopted nine of the 17 Sustainable Development Goals. This, we believe, will affirm our purpose and align our business practices with the objectives of the Sustainable Development Goals.

We fully support and are ready to integrate into our business the Principles for Responsible Banking which include Alignment, Impact and Target Setting, Clients and Customers, Stakeholders, Governance and Culture, Transparency and Accountability.

Joshua Oigara,CBS Group CEO & MD KCB Group PLC

As a signatory, we commit to do the following in the period 2020 -2025:

- Create awareness and building capacity for all staff through trainings and e-learning programmes on the six Principles for Responsible Banking;
- Incorporating the Principles into our strategy to form part of oversight and decision making process at the planning and approval cycle;
- Identify four strategic commitments under the financial, economic, social and environmental pillars that have a positive impact on society in line with the target setting principle;
- Develop and adopt carbon accounting standards methodologies associated with our lending to address climate change and transition to low-carbon economy;
- To support our social pillar, we will invest in a 1.5 million youth entrepreneurship programme

to contribute towards addressing unemployment challenges in the market we operate in. In partnership with Mastercard Foundation we are investing USD100 million towards this, in addition to the Bank's other investments.

- We will assess and disclose green gas emissions related to the Bank's lending portfolio worth USD7 billion to address climate change related risks.
- We will continue to track and measure our performance in the integration of the adopted eight SDGs for the period 2020 to 2030.
- We will actively engage our stakeholders to aid the adoption, implementation and execution of the SDGs in the various sectors for increased impact.

We expect to reap numerous benefits from these commitments including peer to peer learning on a global scale, standardised format for aligning all sustainability parameters in the banking sector, an opportunity to address SDGs and Climate change issues that have an impact on society and lastly to incorporate social and environmental risks through a lens of opportunities, challenges and impacts.

2020 marks the first year of our new strategic plan dubbed "Beyond Banking" that seeks to deliver the very best in customer experience, and drive a digital future. This will ensure the customer remains at the heart of all that we do. The six Principles for Responsible Banking will be core for the execution of our new business strategy.

As part of our public disclosure, we have continued to report annually in line with the Global Reporting Initiative (GRI) and UN Global Compact Principles, on our 10-point action plan status, value creation process, strategic alignment, environmental and social governance priorities.







Sustainability Strategy and Impact profile

Principles for Responsible Banking



Relevant Frameworks

Our Approach





Alignment









Portfolio Reimagining
Environmental footprint
Cybersecurity and awareness
Empowering youth and community
development



Communities

- KShs. 50 billion committed to youth entrepreneurship
- Average supplier performance of 88% on all deliverables
- KShs. 15.1B distributed to elderly and disabled
- Reduction of resource usage: water by 24%, fuel by 11% and paper by 3%



Impact and Target setting







Environmental footprint Financial Inclusion Portfolio Reimagining



- KShs.19.5B salaries and benefits paid
- Employee Engagement score: 72%
- 217 promotions in 2019



Client and customers







Product Development and Innovation Responsible Lending Financial Inclusion



- 361.4M Transactions facilitated across all channels.
- KShs. 535.4B net loans advanced as at 2019
- KShs. 686.6B deposits mobilized as at 2019



Stakeholders











Talent Management
Environmental footprint
Empowering youth and community
development



- Return on Average Equity: 20.7%
- Return on Assets: 3.1%
- Earnings per share: KShs. 7.83
- Dividends per share: KShs. 3.50



Governance and Culture







Value Added Partnerships



- Continuous streamlining with all required regulations
- Smooth transition into IFRS 9 reporting
- Corporation tax paid in 2019: KShs. 11.7B



Transparency and Accountability







Ethics and Integrity

- 6 Sustainability Reports
- 4 Integrated Reports
- 1 Social Return on Investment Report
- 2 Foundation Reports

Our promise of the Principles for Responsible Banking



he world is faced with the biggest environmental challenge our generation has ever seen, with the UN warning that greenhouse gas emissions and the destruction of natural resources is reaching a tipping point. This, together with global and regional politics and technological disruption, have prompted a paradigm shift in the ways of doing business. Sustainable businesses are changing the way they engage with clients and governments and how they utilise the resources at their disposal.

As a leading financial solutions provider with a significant influence on the socio-economic prospects of the region, KCB Group is committed to running a sustainable business. This is why we evaluate the impact our operations have, not only on profitability, but also on the society and the environment we operate in.

We have committed to working with our clients, stakeholders, governments and communities across all the markets, to develop new strategies that address the collective challenges we face.

In September 2019 KCB Group became one of the first banks in East Africa to sign the UN Principles that are also expressed in the Sustainable Development Goals and the Paris Climate Agreement. These Principles are: To achieve this, we hereby affirm our commitment to:



TRANSPARENCY AND ACCOUNTABILITY

Commit to transparency and accountability for our positive and negative impacts, and our contribution to society's goals



ALIGNMENT

Align our business strategy with society's goals as expressed in the SDGs, Paris Climate Agreement and other frameworks



Consult, engage and partner with relevant stakeholders to achieve society's goals



PRINCIPLES FOR RESPONSIBLE BANKING

IMPACT AND TARGET SETTING

Continuously increase our positive impacts while reducing our negative impacts, managing risks and setting significant targets



GOVERNANCE AND CULTURE

Implement commitments through effective governance and a culture of responsible banking



Work responsibly with our clients and customers to create shared prosperity for current and future generations





KCB Group Sustainability roadmap 2014-2019



KCB launched its sustainability framework anchored on four key pillars-financial, economic. social and environmental sustainability. The four pillars outline ways in which our corporate strategy can help the Group grow revenue, reduce costs, risks and build on its brand and reputation.





- KCB signed the UN global compact
- -KCB M-benki was rolled out
- KCB Foundation launched Mifugo Ni Mali programme
- Launched Biashara Smart in partnership with Safaricom
- KShs.850 million availed to SMEs in the health sector.



- KCB Group approved its social and environmental management system (SEMS).
- Conducted first KCB Suppliers' Conference.
- Launched KCB M-PESA
- Kenya Bankers Association launches the Sustainable Finance Initiative Principles.



- KCB launched 2jiajiri and Inua Jamii programmes.



- KCB adopted eight of the 17 Sustainable Development Goals
- Started application for **GFC** accreditation
- Was overall sustainability winner in the inaugural KBA SFI awards.



2018

-KCB Bank Kenya signed its commitment to the Kenya Mortgage Refinance Company, a government initiative, to facilitate affordable mortgages.



- KCB Group signed the **UNEP Principles for** Responsible Banking
- KCB joined the board of the KMRC and is the largest shareholder committing KShs.2 billion to the Fund















Regional Outlook

Uganda – The economic growth strategy for Uganda in 2020 will be premised on accelerating the pace of industrialisation for viable agricultural and mineral commodities for exports, import substitution and jobs; investment in productive infrastructure; and speeding up the pace of demographic transition through continued investment in human capital development, key of which being skilling the youthful population.

Key Country KPIs - GDP Growth 6.1%, No. of Employees Engaged 330

Rwanda - Rwanda continued to enjoy the political stability that has seen the economy undergone rapid infrastructural development and industrialisation. The 2018 parliamentary election also saw 64% of the seats being filled by women. Furthermore, the country is scheduled to host the 2020 Commonwealth Heads of Government Meeting (CHoGM). As a country with no British colonial heritage, hosting this meeting is not only a diplomatic triumph for Rwanda but will also accord her an opportunity to showcase her development progress and market the business opportunities available in the country.

Key Country KPIs – GDP Growth 8.7%, 200, No. of Employees Engaged 253

South Sudan - The country relies heavily on crude oil exports which account for over 95% of exports. This exposes her to economic shocks in case of slight deterioration in global oil prices. To mitigate against this, the government expects to increase non-oil revenue collection by undertaking reforms to enhance transparency and accountably in public finance as well a proposed increase in personal and business income taxes. The country also seeks to catalyse the creation of more business and investment opportunities with the introduction of large infrastructural projects. **Key Country KPIs -** GDP Growth: 5.8%, No. of Employees Engaged 117

• **Kenya** – The country's economic transformation is expected to be bolstered by the prevailing stability in the political and macroeconomic conditions and the implementation of the Big Four projects. These projects touching on food security, health care, housing and manufacturing envisages enhanced structural transformation aimed at accelerating economic growth to at least 7% a year, job creation and alleviation of poverty.

Key Country KPIs- GDP Growth 5.6%, 8,565 2jiajiri beneficiaries, No. of Employees Engaged 6,469, 80,000 farmers impacted through Mifugo Ni Mali.

succession of adverse events, including suspension of financial aid by major donors, imports price fluctuation and declining investment continues to pose a challenge on the economy.

Burundi - Beside shortage of

foreign exchange reserves. a

Key Country KPIs – GDP Growth: 3.3%, No. of Employees Engaged 127

Tanzania heads to the polls in October 2020 for presidential, parliamentary and local elections which are largely expected to be peaceful. However, of concern is the usual political temperatures that normally characterises an election year with the hope that it will have muted effects on the economy. **Key Country KPIs** – GDP Growth 6.8%, 210 2jiajiri youth beneficiaries, No. of Employees Engaged 287

Aligning finance and sustainability

he UNEP FI Principles for Responsible Banking provide a clear and actionable guide to make the financial system more transparent and efficient.

In response to this, KCB Group has committed to embed environmental sustainability at the strategic, portfolio and transactional levels across all business areas.

We target to, among others, achieve a carbon-neutral portfolio by 2030 by ensuring that we do not engage in projects that are detrimental to the environment.

Today, we require developers to conduct and submit environmental and social impact assessment (ESIA) reports and the requisite approvals from the National Environmental Management Authority (NEMA) before we commit to funding.

We are also working with consultants including surveyors and lawyers to assist in conducting due diligence on projects to ensure the development is not taking place on protected zones such as wetlands and road reserves.



KCB Group has in the past declined to fund projects that have fallen short of meeting the standards for environmental sustainability and we aim to work with developers to ensure compliance.

Consumers today are asking more of businesses in terms of reversing the effects of global warming and climate change.

This is why KCB signed the UNEP-FI principles to indicate our commitment in playing our part in mitigating effects of climate change.

The Principles provide a framework for a sustainable

The Principles provide the banking industry with a single framework that embeds sustainability at the strategic, portfolio and transactional levels and across all business areas.



KCB Foundation beneficiaries during their graduation from the KCB Igire Programme in 2019 in Rwanda.

Products like 2jiajiri and Mifugo Ni Mali are engineered to deliver more than just the bottom line but to create a structure that takes into account the barriers to finances faced by youth and people living in rural areas.

banking system and help the banking industry demonstrate how it makes a positive contribution to society.

Target setting in the most material areas is a key feature of the Principles. Banks are required to set and publish targets in line with society's goals, as expressed in the SDGs, the Paris Climate Agreement and relevant national frameworks, in the areas where they have the most significant positive and negative impact.

The Principles require banks to be transparent and accountable, and to report publicly on their positive and negative impact, their contribution to society's goals and their progress in implementing the Principles.

Banks are also required to engage with key stakeholders on their impact.

The Principles are supported by an Implementation Guidance that details the rationale for each Principle and practical guidance on how banks can approach the implementation of the Principles.

Signing into the Principles means we commit to using our products, services and relationships to support and accelerate the fundamental changes in our economies and lifestyles necessary to achieve shared prosperity for both current and future generations.

According to the UN, the Principles for Responsible Banking are a guide for the global banking industry to respond to, drive and benefit from a sustainable development model.

By creating a common framework that guides banks in growing their business and reducing risks through supporting the economic and social transformation required for a sustainable future, the Principles pave way for a sustainable banking industry.

Products like 2jiajiri and Mifugo Ni Mali are engineered to deliver more than just the bottom line but to create a structure that takes into account the barriers to finance faced by youth and people living in rural areas.



Alignment



recent financial industry survey indicates that Kenya needs USD40 billion in investments to deliver infrastructure-focused Sustainable Development Goals (SDGs). Providing clean water and sanitation, affordable and clean energy and developing infrastructure for industrial production and innovation will require active participation of both the public and private sectors. Together with partners, KCB Group has invested in and launched programmes that are creating solutions to societal challenges.

In 2017, we went through a rigorous consultation and assessment exercise which resulted in the adoption of nine SDGs namely: SDG1 No Poverty, SDG 8 Decent Work and economic growth, SDG 9 Industry Innovation and Infrastructure, SDG10 Reduced Inequalities, SDG 11 Sustainable Cities and communities, SDG 12 Responsible Consumption and Production, SDG 13 Climate action, SDG 16 Peace, Justice and Strong Institutions and SDG 17 Partnerships for the Goals.

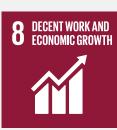
In the same year, we underscored the SDG Vision Statement by reaffirming that: "Through sound systems and partnerships, KCB Group is re-imagining societal values, this vision includes a world free from poverty and inequality, resulting from employment and growth opportunities, which arise from enhanced innovation and infrastructure. We see a future with cities that are thriving sustainably and adhering to the principles of responsible consumption and production".

During the year under review, we made progress through creating awareness and building capacity across the business units to effectively identify our contribution to the achievement of societal goals. With 40 staff engagement forums across the Group, we created a SDG Dashboard which is tracked quarterly. The Group also undertook a climate neutrality exercise by mapping most of the greenhouse gases emitting sources. From the exercise, we came up with a technical report that is guiding the leadership in areas of focus operationally.

In 2020, we will assess the carbon emissions from our lending activities and investments and align appropriately towards a low carbon development agenda.

























cing Liquid Jordable Housing KMRC DERS SHA NERS STR WORL RC

From left: KCB Group Chief Operating Officer, Samuel Makome, KMRC interim CEO, Johnstone Oltetia, KCB Group CEO & MD, Joshua Oigara and KCB Director, Mortgage, Sam Muturi at the launch of the Kenya Mortgage Refinance Company (KMRC) in 2019.

State partnerships to deliver sustainable development responses

Affordable Housing; Kenya Mortgage Refinance Company, KMRC.

In 2019, KCB Group joined the government in setting up the Kenya Mortgage Refinancing company (KMRC) that will work to deliver on the government's affordable housing pillar, which is part of the Big Four Agenda.

Kenya's demographic is largely made up of low income earners and a small percentage of high-income earners, making the demand for housing heaviest in the lower tier of the market.

However, low-income earners lose out on mortgage financing and most developers are not motivated to venture into affordable housing.

As a result, KCB Group is currently engaging the government on ways to overhaul the country's land management policies to bring down the cost of land, a big factor for the prohibitive cost of home ownership for many low income earners.

Reviewing of land policies through measures such as digitising the land registry, fast tracking the title verification process and updating the urban and rural zoning codes will go a long way in setting the stage for affordable housing.







Global Reporting Initiative

- GRI 103: Management Approach
- GRI 201: Economic Performance
- GRI 202: Market Presence
- GRI 203: Indirect economic impact
- GRI 205: Anti-corruption
- GRI 206: Anti-Competitive behavior

Driving sustainability through Innovation

Innovation is the differentiating factor for KCB Group in meeting changing consumer demands and projecting market trends. This is in line with the SDG 9 on building investment capacity for industry, innovation and infrastructure as drivers of economic growth. Technological progress is also key to finding lasting solutions to both economic and environmental challenges.

According to a recent financial sector report, providing full mobile and Internet access to the Kenyan population alone would require up to US\$13 billion. An additional US\$9.1 billion in investments is needed to upgrade the country's transport infrastructure.

Promoting sustainable industries, and investing in scientific research and innovation, are all important ways to facilitate sustainable development.

Customers today are flooded with numerous

options for financial products and services with the growth and expansion of fintech service providers.
Since KCB Group is a regional bank, we are continuously researching and developing different



products and services that cater to all market segments. This is critical not only in delivering relevant services to consumers, but also in driving financial inclusion.

Aligning sustainability business agenda to our strategy

KCB Group 2020-2022 Strategy

2019 marks the end of KCB Group's five-year plan (2015-2019) that focused on growing the business through transformative partnerships. The Group is now embarking on a new, three-year strategy (2020-2022) to adapt to the rapidly evolving marketplace. The new strategy will focus on customers.

We hope to achieve this by anticipating the needs and aspirations of our consumers and developing relevant products and services. With consumers today adopting more digital platforms such as mobile and Internet banking for their daily transactions, convenience, security and reliability are key to guaranteeing exceptional customer experience.

Our strategy focuses on ensuring consumers have more touch points to engage with the bank while ensuring that the user experience remains seamless. We are investing in tools that allow us to pinpoint and address the friction points for our consumers. This involves continual engagement

between staff and management and customers. Understanding consumer needs and improving our service offering will ensure that we not only retain but grow our customer base.

This will be achieved through four strategic pillars;

- a. Putting the customer first;
- b. Driving a step change in efficiency and productivity;
- c. Being the digital leader and digital to the core and;
- d. Building scale to achieve regional relevance.

These pillars will be instrumental in driving the business agenda for KCB Group over the next three years and will help realise the following key outcomes:

- i. Grow our Net Promoter Score (NPS) to 45 per cent:
- ii. Reduce our Customer Effort Score to below 15 per cent;
- iii. Grow our total assets;
- iv. Reduce our cost income ratio to 40 per cent;
- v. Grow our non-funded income to 40 per cent;
- vi. Grow the PBT contribution from our businesses outside of KCB Bank Kenya to 20 per cent.



2019 marks the end of KCB Group's five-year plan (2015-2019) that focused on growing the business through transformative partnerships. The Group is now embarking on a new, three-year strategy (2020-2022) to adapt to the rapidly evolving marketplace. The new strategy will focus on customers.



How steel company is driving the sustainability agenda

ith growing concerns arising from climate change, companies are today expected to be more committed than ever in order to establish businesses that don't compromise future generations.

An increasing number of organisations are becoming aware that running a business entails more than just generating profits: it's about creating companies that are safe for the staff, community and the environment at large.

This is why companies like M.M Integrated (MMI) Steel Mills in Tanzania are actively implementing sustainable practices in their businesses operations. right from sourcing of raw materials to their management processes.

"Stopping or minimising the generation of waste at source ultimately leads to a positive effect on a company's bottom line," says Lawrence Manyama, Head of the Health and Environmental Safety Department at MMI Integrated Steel Mills. The company is a leading manufacturer of cold rolling sheets, structural steel

products and galvanised /aluzinc roofing sheets in eastern and southern Africa

The manufacturer is keen on boosting regional economy through sustainable business practices. To achieve this, MMI adopted SDG 12 which encourages responsible consumption and production and SDG 3 which promotes good health and well-being at the workplace.

"We educate and train our employees on safety procedures at the work place. which has led to a significant reduction in the number of accidents that occur at the factory," says the company's CEO Prasenjeet Rao.

MMI has also made noteworthy strides in mitigating the effects the company has on the environment. For example, they have set up two water recycling plants and reduced their greenhouse gas emissions.

The company has also improved its acid generation plant to avoid polluting the environment from untreated waste acid.

"The company follows both local and international sustainability principles and guidelines, one of which is the ISO

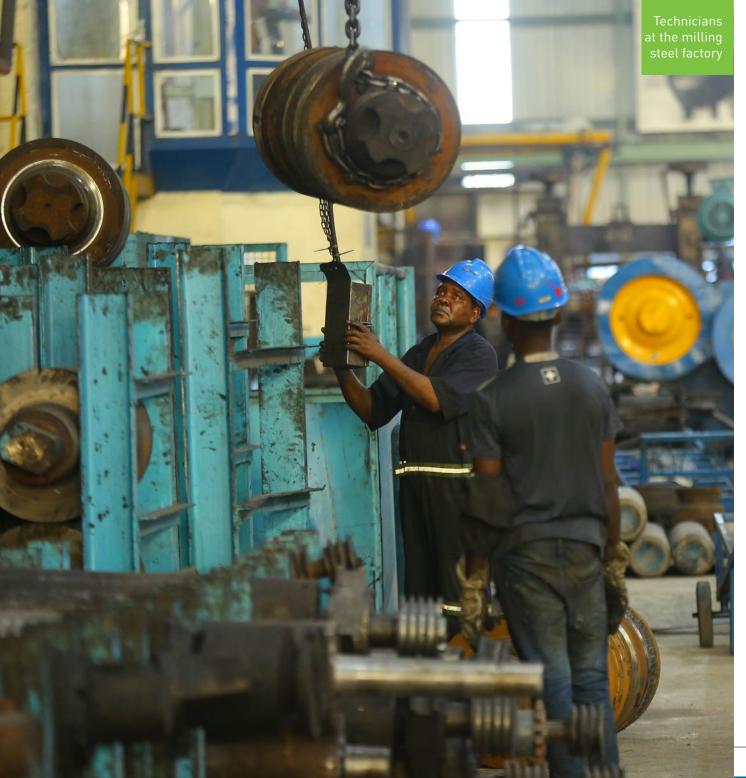


They have taken it upon themselves to encourage their industry peers in the Iron and Steel Manufacturers
Association to also play their part in order to safeguard the environment.

14001, an Environmental Management System (EMS) that provides a system for measuring and improving an organisation's environmental impact," says Manyama.

Mr Prasenjeet believes that in order to make a difference, every industry must actively be involved in safeguarding the future of the world

. Because of this, they have taken it upon themselves to encourage their industry peers in the Iron and Steel Manufacturers Association to also play their part in order to safeguard the environment.





Impact and Target Setting

Responsible Lending

The Sustainable Finance Initiative (SFI) led by the Kenya Bankers Association (KBA) in 2015 called for financial institutions to prioritize five guiding principles in line with global best practices, namely: Financial Returns vs Economic Viability, Growth through Industry and Innovation, Managing and Mitigating Associated Risks, Resource Scarcity and Choice and Business Ethics and Values. KCB Group works with the KBA to ensure responsible lending particularly with increased uptake of digital lending products.

We have tightened the lending rules to introduce caps for multiple borrowers who take loans from several mobile lending apps. This is based on the risk inherent in mobile lending. As a result, we work with all the fintech service providers to share information and promote responsible lending. The Group recorded loans of up to KShs.14 billion monthly through mobile channels.

Out of a total loan portfolio of KShs.535.4 billion, the non-performing portion is about 10.90 percent, which is below the industry average of 12 percent.

We have also embedded environmental and social due diligence assessments in our lending, where loans are subjected to checks on whether they conform to the threshold for environmental and social risks besides the typical credit risk that lenders consider.

To achieve this, we work with regulators such as the National Environmental Management Authority (NEMA). This is one of the ways KCB Group is moving towards fulfilling the goals of the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs) on poverty alleviation, responsible consumption and production and reducing inequalities.

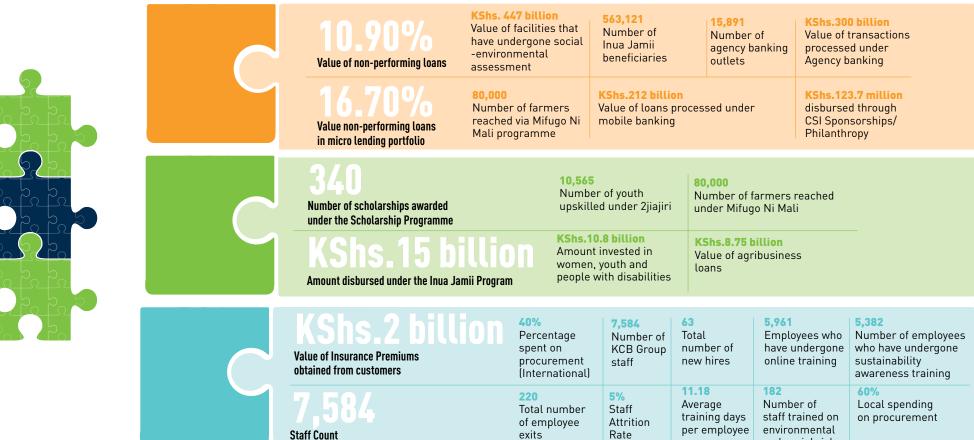
Our commitment in embedding these principles in our strategy remains paramount and the message is cascaded to all staff to make them our ambassadors.

We invested more than KShs.10.8 billion in 2019 most of which went towards financing women, youth and people with disabilities. In 2019, the Group engaged in sensitisation and capacity building on environmental and social risk assessment for our lending portfolio translating to 182 duly trained business bankers, relationship managers, branch managers and credit analysts across the Group resulting to cumulative loans value of KShs. 447 billion duly reviewed for environmental and social risks through the ESDD tool adopted by the bank in 2015.





2019 Performance Highlights



and social risk

2019 Performance Highlights

	Composition of women on the KCB Boar (Group Board and Country boards)	1,218 Number of fraud cases reported	Employees trained in Num			per of staff undergoing raud training	
	Number of women trained under the Women in Leadership Programme	25% Composition of women at senior management	5,761 Staff that have gone through annual mandatory Ethics e-learning courses 13 Number of em dismissals related to fraud		sals relating	38 Number of successful fraud attempts (incidences)	
	Number of unsuccessful fraud attempts (incidences)	50 Number of external partners with whom KCE engages on institution- wide initiatives	5,303 Number of state trained on cyber security				
	Number of suppliers signed up to the Code of Ethics	81,571 Number of schools operating accounts through KCB	1,210 Number of active local suppliers				
22% Percentage of LED light	22% Percentage of LED lighting adoption	40% Percentage of beneficiaries for persons with disability under the scholarship programme		57 Special groups (PLWDs, youth and women) suppliers		KShs.148 million Value spent on special groups (PLWDs, youth and women) suppliers	
	Number of in-person meetings replaced with video-conferencing	11% Percentage of beneficiaries for persons with disability under the 2jiajiri programme		KShs.868.35 million Value of loans extended to groups/ Chamas		21,657 Number of new groups/Chama accounts	



Clean energy and climate change action plan

KCB Group is working to overhaul its technology infrastructure in order to reduce green-house gas emissions and adopt more renewable energy. This is in line with achievement of SDG Goals 12 and 13 on responsible production and consumption and climate action.

We are currently working to integrate our technology infrastructure, and reduce reliance on third-party vendors and service providers. To this end, the company is currently building a data centre in Tanzania that will incorporate the latest in energy saving technology. This year, the company installed power-saving LED lighting solutions in 22 per cent of the network. This has helped reduce electricity consumption by three percent with plans to replicate the same across the subsidiaries.

This year, KCB Group launched its first fully solar powered branch at Maasai Mara.

The company is also renovating its KenCom Branch that include replacing the lighting solutions with LED energy saving lights and installing air filtration systems to reduce air pollution experienced by staff from the major bus terminus adjacent to the building.









Global Reporting Initiative

- GRI 102: General Disclosures
- GRI 204: Procurement Practices
- GRI 302: Energy
- · GRI 305: Emissions
- · GRI 306: Effluents and waste
- GRI 307 Environmental Compliance
- GRI 308: Supplier Environmental Assessment







Deaf without limits

Unique city restaurant hires waiters with hearing impairment

allet Cafe, located in Nairobi's Lavington estate is special in many ways; the food is exceptional, and the ambiance spectacular. But what sets it apart is its novel approach to inclusivity.

Founded in January 2019 by Feisal Hussein, Pallet Cafe is arguably the first restaurant in Kenya to hire waiters who are hearing impaired.

All of Pallet Café's 15 employees except the manager, are young people who have struggled to find jobs in Kenya due to lack of experience; more than half of them are hearing impaired.

The waiters with hearing impairment communicate with customers through signs. The menu is friendly to both the customer and the waiters. If sign language fails, the customer can write their order on a piece on paper to ensure they get what they order for

"I hire them based on the passion and attitude they exhibit as well as a willingness to offer exceptional services to our clients," he says.

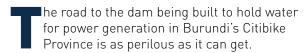
"Making the deliberate decision to hire people living with disabilities improves the welfare of both the staff and the business. The employees are empowered to debunk the myths and stigma that comes with disability. They can not take care of their families as well as become part of a daily working community," says Feisal.

Besides it being the home to equal opportunities, furniture at Pallet Café has been meticulously crafted from upcycling. This initiative, Feisal says, is part of the organisation's efforts to build an environment friendly ecosystem as well as create jobs for youth.



BURUNDI

Hydro-power project heralds opportunities for community



Cars are forced to slowly snake around a narrow road carved out of the sheer cliff face of this mountainous region, giving way every so often to the heavy equipment and trucks being used for civil works

The people here are still engaged in simple farming activities on the steep sides of the mountains, barely making enough to feed their families. Yet, today, they are better off than they were a year ago.

Before the power generating project was initiated, the area was completely inaccessible by car. Although people are still carrying out their farming activities, there is a sense of hope following the opening of the area by the civil works being carried by Angelique International, an India-based company that won the contract to build the 20 megawatt power project.

"We had to build the road from scratch to allow us access the dam site," says the Dr. Hermant Singh, an environmentalist who is charged with the responsibility of ensuring that the project has as small footprint as possible on the environment, in addition to educating the local community on the benefits of environmental protection.

"It was extremely difficult because of the risks involved in surveying and actually cutting the road through a mountain," adds Dr. Singh.

The hills here have been stripped bare of trees, and only cassava and occasional shrubs cover the land. River Kabu – the source of water for the power project – is brown in colour and very muddy.

"This is a result of gold mining upstream as well as severe erosion due to deforestation and unregulated farming on the steep mountain slopes," says Dr. Singh.

The project itself is an engineering marvel. If building the road wasn't difficult enough, the next phase of the project was even more challenging. From where the river has been dammed, the contractor is building a huge tunnel right through the hills to the power generating site more than three kilometres away.

Trucks drive the length of the tunnel carrying out material that has been blasted to power through the hard rock formation.

The US\$83 million green energy project – financed by KCB – is expected to reduce the electricity shortfall in the country which currently has an installed capacity of about 41 megawatts. The project is expected to be completed by next year.

Initially, some locals opposed the project, demanding jobs and huge land compensation claims. However, they have come to embrace the project following an education campaign carried out by the company.





economy has directly and indirectly received a boost. There are more good tidings on the way.

"We are going to provide free electricity for those in the catchment area of approximately 43 square kilometres," says Dr. Singh. Additionally, the company will provide free drinking water to the community as well as maintain the road network.

The company has been providing seedlings to the local people in an effort to rehabilitate the areas affected by soil erosion.

"We have been educating them about environmental conservation, advising them

"Later, we will embark on re-afforestation and reclaiming of affected land either by biological or mechanical means in order to rejuvenate the land and improve agricultural practices," says Dr. Singh.

Building of gabions and structures that stem erosion is a mechanical means of restoring the environment

"The community has come to embrace us as a partner of development. We are both looking forward to the completion of the project and the attendant benefits it will bring to the community and the country at large," says Dr. Singh.













Global Reporting Initiative

- GRI 102: General Disclosures
- GRI 401: Employment
- GRI 403: Occupational Health and Safety
- GRI 404: Training and education
- GRI 405: Diversity and Equal Opportunity
- GRI 406: Non-Discrimination
- GRI 408: Child Labour
- GRI 409: Forced or compulsory labour
- GRI 412: Human rights assessments
- GRI 413: Local communities
- GRI 414: Supplier Social

Assessment

- GRI 417: Marketing and Labelling
- GRI 418: Customer Privacy
- GRI 418: Socioeconomic compliance
- Financial Sector Supplement: FS6, FS7, FS8, FS13, FS14

hrough this Principle, we aim to work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Financial Inclusion

The 2019 FinAccess report released by the Central Bank of Kenya (CBK), Kenya National Bureau of Statistics (KNBS), and FSD Kenya indicated that financial inclusion has grown considerably in the last three years largely on the back of the Fintech explosion. According to the study, formal financial inclusion has risen to 82.9 per cent, up from 26.7 per cent in 2006, while complete exclusion has narrowed to 11 percent down from 41.3 percent in 2006.

Gaps in formal financial access between the genders and rural and urban dwellers have also declined to six and 14 per cent, from 11 and 12 per cent respectively. KCB is committed to driving digital finance through partnerships with other sector players including mobile network operators under its innovative Digital Financial Services (DFS) division. Investments in DFS has seen KCB Group grow its consumer base from four million to 22 million in the last four years surpassing the 10 million target.

However, the 2019 FinAccess study found that the cost of digital finance services is having a negative effect in that it is pushing more low-income earners in the country to borrow and save in informal channels such as investment groups (chamas).

Banking on tech to drive consumer engagement



Upgrade on the core banking platform

Last year, KCB Group completed a multimillion shilling upgrade of its core mobile banking platform, introducing new lending and savings product offerings for our customers

The new platform is equipped with the latest Fintech software and hardware that allows the bank to offer relevant products and services. The upgrade also allows for increased transaction speeds resulting to near real-time processing of loans. This, for example, has seen users get the chance to restructure their loans even as they continue to service the current ones.

The new system has also improved our lending proposition; customers now have a choice of two savings options; a Fixed Deposit Account that locks their money for up to 12 months or a Target Savings Account, that allows customers to set a target and make deposits towards achieving them. Both instances give customers up to 6.3% interest per annum on their savings.

To improve our responsible lending offering, the upgraded KCB-M-PESA platform provides top-up loans, allowing customers to borrow multiple times in the same month without being required to clear their outstanding balance up to their assigned limit

The upgrades will also improve our ability to track and regulate customers who often

borrow from multiple lending apps putting themselves in credit distress.

Data Analytics

Using AI and data analytics for example we develop a way of learning consumers' needs and ensure we are first in line to provide them with all their financial services needs.

Technology has also altered our consumer engagement strategy.

We have become more adept and responsive to shifting consumer demands. At the same time, the bulk of customers accessing services and transactions through their smart phones, has meant investing a lot in new technologies.

We have therefore upgraded our customer relationship management system (CRMS). This will assist by having real time monitoring of the Net Promoter Scores.

Today, our customers can reach us on WhatsApp after KCB Group joined the Early Access WhatsApp Business Pilot programme. The bank worked with tech solutions provider Sparkcentral headquartered in San Francisco to deploy a WhatsApp business solution.

The platform has a centralised communications hub for KCB digital customer care interactions, allowing the Bank to effectively leverage the most-used messaging systems.





WhatsApp is key not only to management of external communications but also internally where teams use the messaging platform to share key updates and cut decision-making times.

KCB also uses other social media channels like Facebook, where we have more than 1.2 million followers, and Twitter with 358,000 followers which makes it easier to engage with our customers. This has also meant fewer calls coming through the call centres because there are more engagement channels available to customers.

In December 2019, KCB Group won the Best Digital Strategy award at the International Customer Experience Awards.

The Bank also took home the top award for the Best Customer Experience Team globally with our Director for Customer Experience taking the top award for Best Leader in Customer Experience.

Artificial Intelligence and Robotics

KCB Group is investing in artificial intelligence and robotics to improve business processes and customer experience and reduce operating expenses. We are currently working on a project on robotics with an initial plan to deploy 200 robots to assist in conducting some repetitive tasks conducted daily.

This will allow the company to re-skill and assign employees to other duties, improving overall efficiency. It also helps reduce human errors inherent in manual systems and fits into the company's plan to significantly reduce paper consumption.

KCB Group is already using artificial intelligence in the upgraded T24 system. This has allowed the company to improve its service offering in digital financial services.

Using artificial intelligence and machine learning algorithms, we can accurately develop lending products for consumers on platforms such as KCB-M-PESA, Vooma and Stawi. More details on the improved value proposition through data analytics and artificial intelligence is covered later in this report.

Biometrics

KCB Group is working on a biometrics project to create a digital database to help in consumer verification, archiving and retrieval of records and fraud reduction.

The information will be reconciled with other information such as mobile phone numbers and email addresses. This will improve our communication channels and make dissemination



KShs. 400,000 Cost of installing one robot



KShs.200 million

Cost of business and document management system



KShs.120 million

Cost of rolling out biometrics

of information more seamless. At the same time, the Group has embarked on a project to digitise customer records and create an online archive. This will help in retrieving customer information much faster and reduce costs associated with obtaining the services from third parties.

KCB Insurance

KCB Group continues to invest in the growth of subsidiaries across the region with KCB Insurance, one of our recent subsidiaries that has rolled out products across health, motor vehicle, property and life insurance among others.

Products such as KCB Elimisha, and Simba Health have enabled the new insurance division underwrite KShs.2 billion in insurance so far.

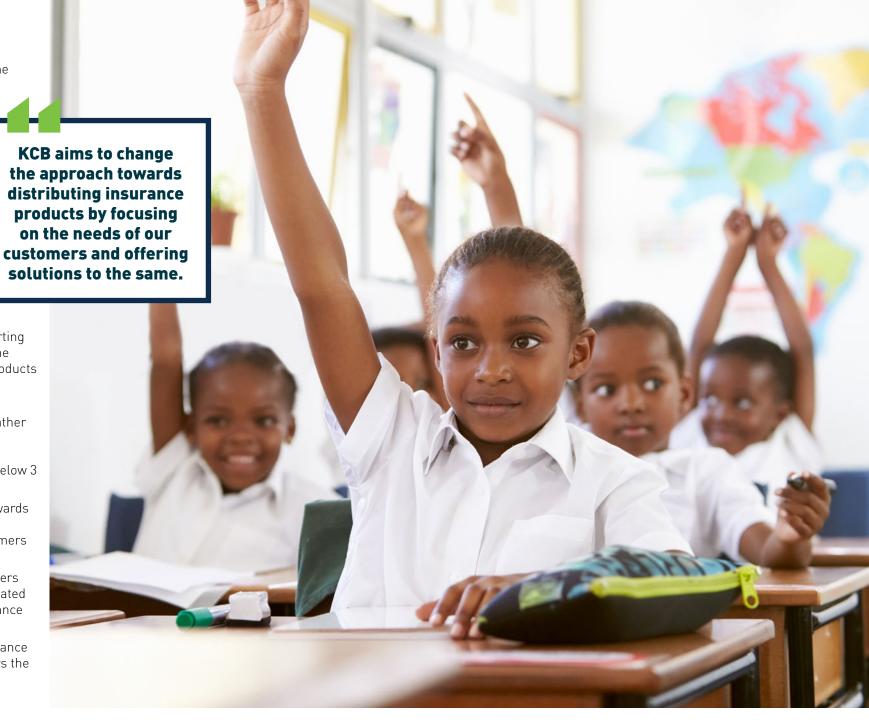
KCB Group is looking to double its contribution to the Group's profits in the next reporting period, by adopting technology in the development and roll out of new products and services.

The Kenyan insurance sector has traditionally been product-driven rather than relying on value-proposition to consumers. This has depressed penetration of insurance which is below 3 per cent.

We aim to change the approach towards distributing insurance products by focusing on the needs of our customers and offering solutions to the same.

To achieve this, we engage consumers across all channels including dedicated relationship managers, bancassurance officers and digital channels.

To this end, we will launch an insurance app in 2020 that will give consumers the ability to access our services 24/7.



KCB Group Property Centre

We launched the KCB Group Property Centre after we realised demand from our clients for advisory services was growing. The Property Centre has come in handy as a means of linking developers and buyers. KCB has expertise drawn from professions such as engineering and quantity surveying that can be consulted by clients across the region as part of our advisory role.

Each year, we organise benchmarking trips to other parts of the world for developers. Every quarter, we provide bus tours for our clients to help them get first-hand information about the various prices in the market before they make a decision. We strive to give our clients peace of mind when they come to the Property Centre because they are assured that we have done the due diligence on their behalf

KCB is currently working with the government to provide single-digit lending rates to civil servants. We have also taken on board other companies to set up cash-backed funds that can be lent to employees at below market rates, reducing the cost of home ownership.

Sustainable growth in Subsidiaries

Our regional business is growing at above 11 per cent per annum, a good recovery from past years. South Sudan posted good results, at 35 per cent annual growth, placing it among the best performing subsidiaries in the region. This is a reflection of increased confidence the market has in our bank and a reflection of the strategic role KCB Group plays in rebuilding the country.

In the 2020-2023 strategy period, KCB Group aims to grow the profit before tax contributed from our regional business to 20 per cent of overall earnings and from the performance recorded in the subsidiaries over the past strategy period, we are on track to achieve this.



East African Community

There has also been healthy performance in our subsidiaries in Uganda, Burundi and Rwanda. The regional business used to contribute 6 percent to the overall revenue of the Group but we closed the year at above 10 per cent. The subsidiaries have also seen new talent acquisitions at both the management and board levels bringing in personnel with skills and knowledge that are unique to specific markets. We have also formed partnerships to drive business growth.

In Tanzania, for instance, we are currently running a campaign with Azam Industries that will connect the firm's distributors and retailers in the value chain. This will ease transactions and deliveries along the value chain, reducing operational costs and easing consumers' access to fast moving goods. Similar partnerships have been signed with mobile network operators in Uganda, Rwanda and South Sudan to roll out mobile money solutions that are advancing our financial inclusion commitment to under-served areas.

South Sudan

South Sudan continues to emerge as a resilient country despite the headwinds experienced over the last few years. There are, however, signs of stability and during the year, we re-opened two branches that had earlier been closed due to the prevailing civil war, signaling the faith we have in the resilience and stability coming out of the market. The growth in the subsidiaries has also been largely on the back of cultivating a strategy that recognises that each market exhibits unique characteristics. This also means engaging the different regulators in these markets to ensure the business maintains compliance with regulations and policies specific to these countries.

2019 Environmental Performance

POWER (KWH)

KCB Tanzania

Dec 2018

Dec 2019 1,366,984.00 1,355,488.00

% Change -1%

KCB Uganda

Dec 2018 932,680.76 Dec 2019 1,693,543.24

% Change -7%

KCB Rwanda

Dec 2018

Dec 2019

1,450,319.15 1,693,543.24

% Change 17%

KCB Burundi

Dec 2018

Dec 2019

382,925.00 339,446.20

% Change 13%

KCB South Sudan

Dec 2018

Dec 2019

% Change 0%

KCB Kenya

Dec 2018 13,684,810.75 13,042,513.95

Dec 2019

% Change -5%



KCB Tanzania

Dec 2018 374,289.33

Dec 2019 153,978.88

% Change -59%

KCB Uganda

Dec 2018 Dec 2019 94,337.45 102,185.47

% Change -8%

Dec 2018

KCB South Sudan

Dec 2018

Dec 2019

1,204,943.47 2,379,142.67

% Change 97%

KCB Kenya

Dec 2018 192,447,782.12 128,560,938.59

Dec 2019

% Change -33%

KCB Burundi

Dec 2018 **Dec 2019** 2,272,000.00 2,760,046.79

% Change 21%

Dec 2019 34,846,000.00 7,685,866.75

% Change -78%





2019 Environmental Performance

PAPER (REAMS)

KCB Tanzania

Dec 2018

Dec 2019

3,729.33 3,870.67

% Change 4%

KCB Uganda

Dec 2018

Dec 2019

2,620.00 2,842.99

% Change 9%

KCB Rwanda

Dec 2018

Dec 2019

2.177.67 2,709.59

% Change 24%

KCB Burundi

Dec 2018

Dec 2019

763.75 978.00

% Change 28%

KCB South Sudan

Dec 2018

Dec 2019

4,324.00 1,506.88

% Change -65%

KCB Kenya

Dec 2018

Dec 2019

38,125.33 46,703.27

% Change 22%



KCB Tanzania

Dec 2018 118.090.67 Dec 2019 124,687.34

% Change 6%

KCB Uganda

Dec 2018 51,662.93 Dec 2019 49,762.75

% Change -4%

KCB Rwanda

Dec 2018 58.222.08 Dec 2019

65,381.22

% Change 12%

KCB Burundi

Dec 2018 26,116.17 29,805.15

Dec 2019

% Change 14%

KCB South Sudan

Dec 2018

Dec 2019

387,937.94

295,900.00

% Change -24%

KCB Kenya

Dec 2018

Dec 2019

677,173.76 606,552.12

% Change -10%





Insuring farmers to cut risk

isha began banking with KCB Bank in 1991. Then in her 20s, she was preoccupied with occasional construction jobs. In 1997, she decided to venture into farming and bought her first half an acre of land with a loan from KCB. This marked the start of a lucrative agribusiness journey.

Using the funds, Aisha also bought four cows. Through hard work and diligence, she was able to increase her produce.

In 2000, having successfully completed repaying her loan, Aisha secured another loan that enabled her purchase six more cows and a bigger piece of land to start rearing chicken, pigs, and ducks.

As her business flourished, Aisha's credit worthiness began to improve and she remains grateful to KCB for walking with her.

The next facility she obtained enabled her to venture into bee keeping. By this time her livestock had grown to accommodate both beef and dairy cows.

In 2014, Aisha joined the KCB Biashara Club as a means of networking with fellow entrepreneurs in Kenya and abroad. The platform expanded her world-view and through it, she expanded her agribusiness knowledge and customer pool for agricultural products.

While on a trip to Israel, she was introduced to a drought resistant fodder crop that needed very little water to grow. She tried it out when she came back and vowed never to look back after she witnessed its benefits. The crop is a favorite meal for her cattle and needs only to be fed in small quantities for maximum milk production.

It was through Biashara Club that her dream of expanding her business became a reality, and secured another loan to finance it. In 2018, she secured a loan facility worth KShs.1 million that enabled her to open Ganda Dairy Farm, a company that produces and sells milk and yogurt.

KCB Malindi Branch Manager, Nelson Wanyonyi advised her to sign up for livestock insurance to protect her cows and secure her business.

Without need for much convincing, Aisha took a facility to insure her livestock. Regrettably, in January 2019, one of her bee hives fell from a tree and landed in the middle of the field where her cattle were grazing.

She lost four of her 26 cattle and upon obtaining clearance for the veterinary department, she lodged her claim with KCB Insurance Agency. She was over the moon when she received her claim reimbursement within two months of the incident.

"I am happy I took the insurance. Now I have proof that I did not spend my money in vain. From the experience, I am in the process of insuring all my agricultural produce," she says.

She has also become an ambassador and wherever she can, she advises fellow farmers to sign up for the insurance facility in order to safeguard their produce and livestock from the uncertainties.





After years of political and economic upheavals, Juba is rising from the ashes like a phoenix. Today, the city is bustling, with investors, and skyscrapers are sprouting around the city and over all, business is thriving.

This once quiet town is humming with a sense of urgency. The number of investors, humanitarian aid workers, small traders, and returning refugees are setting base in Juba.

With electricity supply limited, nearly all businesses in South Sudan including restaurants, supermarkets, banks, and other commercial offices have been depending on diesel-powered generators to operate, while most families rely on kerosene to light up their homes.

Generators emit carbon monoxide fumes which are poisonous. Since the generators are used continuously, they are a leading cause of air and noise pollution.

But one company in South Sudan has an ambitious plan to set up a power plant, increase production of electricity and thereby reduce air and noise pollution in Juba.

Ezra Group, a family-owned business with roots in Ethiopia, has tentacles in the construction industry, power industry, transport, general trading, and supplies.

It was started by two brothers over three decades ago. It has since grown, and today it has a presence across the Horn of Africa, with its headquarters in Africa's youngest nation. It is now the largest independent power producer (IPP) in South Sudan.

"Since the city is growing, we saw an opportunity to light up Juba," says Ezra Group Chairman Tekei Ezra



"Through the project, we are confident that we are laying the foundation for sustainable and inclusive development in South Sudanese,

Mr Ghebrengus, Ezra Group Managing Director

"We approached the Government of South Sudan with a proposal to independently build a power supply facility," the company's Managing Director Ghebrengus Ezra said in an interview.

"Based on our many years of working with the Government of South Sudan in other projects, they trusted us to deliver on our promise," Mr. Ghebrengus added.

Under this public-private partnership, Ezra Group is to put up a 100MW power plant then transfer the facility to the Government of South Sudan after a defined period.

The project will be implemented in four phases; 30MW for phase 1, 30MW phase 2, 20MW phase 3, and 20MW in phase 4 under the build, own and operate model.

"Through this project, we are laying the foundation for sustainable and inclusive development for the people of South Sudan," Mr. Ghebrengus said.

The project is hybrid in that it will produce both solar and hydro power.

"We are trying to minimie the negative impact on the environment as much as possible," Mr. Ghebrengus adds.

Upon completion in 2021, the power plant is projected to reduce fuel consumption from six million litres to four million litres of fuel daily.

According to the leadership of Ezra Group, KCB Bank Uganda has been a trusted partner during construction, by supporting the company to import equipment from Europe, acting as a guarantor and providing forex services at a time when the South Sudan pound has been drastically devalued.

In line with the global best practice on local content, Ezra Power Plant reserved most jobs for the locals with few expatriates taking on positions whose skills are not available locally.

"When we started the project, we had over 1,000 people working at the site. As the project nears completion we now have slightly over 300 employees," Mr. Ghebrengus says.

The company is also a responsible corporate citizen with a well laid out CSR strategy that involves building a clinic and a school for the community, constructing a road near the plant and also offering scholarships to two students to study abroad annually until the end of the project in 2021. Additionally, it has partnered with the University of Juba to offer internships to students.

As the company is set for the launch of the first phase of the project, they are confident that the power plant will not only make it easy to do business in South Sudan but will also reduce noise and air pollution thereby improving the quality of life for those who call Juba home.



Sustainability is now mainstream

sustainability is now mainstream. Gone are the days when customers, investors and shareholders only looked at financial indicators to assess business performance. They are now looking at social and environmental indicators to assess a company's performance.

Sustainability is becoming more important for companies to create long term value, and no one knows this better than Peter Bitature, Chairman of the Simba Group of Companies, an East African conglomerate with interests in energy, real estate and telecommunications. He also owns Protea Hotels Fast Africa

When Peter got into the electricity business (he is the chairman of Umeme Limited, the main electricity utility firm in Uganda) his awareness on reducing carbon footprint was heightened. Twelve years ago, he embarked on a tree planting mission. The trees sit on one square mile (640 acres) piece of land and he has no intention of harvesting them any time soon. Not until they are mature and ready for harvesting.

"We are not interested in the short term, it will be years before we can look at engaging in value addition for the trees. We have to teach the next generation to become aware of the effects of climate change, because if we don't, they will have a very miserable livelihood," he says.

Protea Hotel by Marriott Kampala in Kololo has been running for 14 years. The hotel's water heating system is solar powered. A newer hotel under the same stable - Naguru Skyz - also uses solar power. In many hotels such as Protea, washing guests' laundry at their request has become standard practice as one of the ways to economise water and electricity.

"Our costs have come down. We have become aware of what the rest of the world is doing; we are embracing global best practice. We have to learn what others have done well and replicate. We are a fast growing population and we have to be cautious not to get trapped by some of the benefits of a fast growing economic and suffer environmentally," Patrick says.

He says that the effect of pollution is evident in such countries as India and China, spurred by a rapid rate of development.

"We have to find a balance and develop our country; industrialise in a sustainable way," he adds.

But his biggest worry is that there are few alternatives for the Ugandan people for cooking. Almost 95 percent of Uganda's population, he says, depend on firewood, and until they are given an alternative they will continue to cut down trees.

According to the Uganda National Household Survey 2106/2017 report, firewood and charcoal are the main source of fuel for cooking for 94 percent of households. The report says "use of firewood for cooking has a negative impact on the environment as tree cover is destroyed to provide firewood."

On the other hand, only one in five households in the rural areas (21%) used solar energy for lighting while a third (34%) used 'tadooba' for









lighting.

"The first world is talking about solar but we can't use solar to cook at night, it's not economical. We need to make interventions to change the way the masses at the bottom of the pyramid live. We have moved many of them from solar to friendly cooking stoves," he says.

For 25 years, KCB Bank has been the company's banking partner and has played a significant role in promoting economic, social and environmental sustainable activities.

Environmental, social and governance (ESG) issues are important to the Bank and therefore Patrick ensured they are top of Simba Group's agenda which they have been addressing ever since.

Patrick is also keen on working with the youth.

"I'm passionate about helping the youth because it's a huge demographic, the youth dividend is huge. We have to tap that resource. Developed countries in the first world are successful not so much because of natural resources like oil, gas and gold but because of the people. They use their people to transform their societies. Here we have natural resources like oil and gold, but we have to invest and train our youth, which is a priceless resource," he says.



Our Stakeholders

Through a vigorous stakeholder mapping exercise, we aim to proactively and responsibly consult, engage and partner with them in order to achieve society's goals.











Global Reporting Initiative

- GRI 102: General Disclosures
- · GRI 401: Employment
- GRI 403: Occupational Health and Safety
- GRI 404: Training and education
- GRI 405: Diversity and Equal Opportunity
- GRI 406: Non-Discrimination
- GRI 408: Child Lahou
- GRI 409: Forced or compulsory labour
- GRI 412: Human rights assessments
- GRI 413: Local communities
- GRI 414: Supplier Social Assessment
- GRI 417: Marketing and Labelling
- GRI 418: Customer Privacy
- GRI 418: Socioeconomic compliance
- Financial Sector Supplement: FS6, FS7, FS8, FS13, FS14

Stakeholder Engagement

KCB Group works with a diverse pool of partners who include customers, employees, suppliers, government, regulators, corporates and development financial institutions (DFIs) to implement our strategy.

Employee Engagement

KCB Group works to attract and retain a highly skilled workforce that is adaptable to today's changing labour market. Our employee engagement has improved the way we communicate and receive feedback from staff. This has helped improve operations, enhancing clarity and definition of roles as well as management of employee welfare. In 2019, the staff headcount stood at 7,584 with 63 new hires and 220 exits representing a staff attrition rate of 5%, within the target of five per cent. At the same time, 120 business bankers, relationship managers and credit analysts were trained on environmental, social risk screening and assessment. Our mission remains to foster the best talent in the market to lead teams into executing the company's policies within a dynamic operating environment.



Youth and Community engagement

KCB Group is committed to impacting special interest demographics including the youth, women and persons with disability. In 2019, the Group awarded 340 scholarships through the KCB Foundation Scholarship Programme. The Group also conducts training programmes under 2jiajiri to impart young people with skills and knowledge to start and run their own businesses. In 2019 the company trained 4,314 youth under the 2jiajiri programme.



In 2016, KCB Group launched Lion's Den, a reality TV show that invites youthful entrepreneurs with business ideas to pitch their proposals to a team of investor judges. The show is now in Season Four and in the past four years, KShs.372 million has gone to funding entrepreneurs. The Group is setting up similar shows in other markets in the region.





Banking on the Youth

In the last three years, Bankika, a youth proposition, has been the highest growth area in Retail in terms of deposits and numbers. The country graduates over 600,000 Form Four students every year. We need to get to them when they are still in high school and introduce to them the culture of saving.

We have piloted an e-Wallet scheme with five schools. This will help give parents peace of mind because the e-Wallet is designed to send text messages to parents and also track how and on what the students spend their money on in order to guide them financially.

2jiajiri transforming lives in Tanzania



n Tanzania, women make up more than half of the total population. This means the class of 245 women in 2018.

contribution of women to socio-economic development cannot be ignored.

development cannot be ignored.

enterprises in the country statical class of 245 women in 2018.

Dubbed "Malkia wa Nguvu", aims to nurture Tanzania's w

A study by the International Labour Organisation further found that women constitute 43% of all entrepreneurs in Tanzania

Given the resourceful and crucial role women play in the household setting, women-owned enterprises are a strategic growth catalyst if given adequate support.

Economists have argued that the current unemployment crisis is the result of an

education and economic system heavily reliant on labour supply instead of fostering entrepreneurship and skills development.

For Tanzania to grow economically, the World Economic Forum 2018 report recommends for women's holistic involvement in activities that will generate income.

KCB Foundation, through its flagship empowerment programme, 2jiajiri, embarked on a programme to upskill women-owned enterprises in the country starting with a class of 245 women in 2018.

Dubbed "Malkia wa Nguvu", the programme aims to nurture Tanzania's women-owned entrepreneurs across the country. This is by providing much needed financial training and extensive business development services that will see small businesses achieve their full potential and grow into fully established enterprises.

These women will become part of the over 25,000 youth beneficiaries that have so far received training under 2jiajiri since it was launched in Kenya three years ago.



KCB Foundation and GIZ partnership

In the third guarter of 2019, KCB Foundation handed over construction equipment to hundreds of beneficiaries. Beneficiaries were selected after undergoing vocational training, attending workshops, developing business plans, registering their companies and attaining work experience. With the training and toolkits, the beneficiaries can now access contracts from the private sector, national and county governments since they have fully registered their businesses. Our target was to equip 580 youth with these toolkits. The hand-overs form the last leg of a programme we have been running in partnership with the German Agency for International Cooperation (GIZ) E4D/SOGA (Employment and Skills for Eastern Africa) programme. Eventually, through the partnership, we aim to increase employability and income generation for 4,000 youth in the informal construction and agribusiness sectors in Kenya.

Banking on Women in Business

KCB Group recognises the value of empowering women and the benefits that accrue to communities if more women are included in formal financial systems. This is why the Group launched the Women in Business proposition that has grown the loan book to KShs.10.8 billion in the last two years. The funds have benefited more than 52,000 women, with non-performing loans (NPLs) standing at 0.5 per cent, a significantly lower rate than average market rates.

Case Study;

Corporate partnership benefits community

or a long time, AIC Girls Primary Boarding School in Kajiado lacked enough facilities to cater to its growing student population, who included girls running away from early marriage, FGM, and also orphans.

This is until 2019 when KCB Group partnered with Intex Group, a corporate client, to build sanitation facilities at the school.

"The school has 720 girls which is a big population," said Ms. Esther Parkimain, the deputy head teacher. "As such, we needed to expand our facilities."

"Thanks to the two institutions, we now have more facilities which has improved hygiene and reduced queuing," she says.

KCB Group and Intex Group also worked together to build a 9-kilometre road between Ngong Town and Kiserian. The project will have a two-year construction period and an eightyear maintenance period.

"Through the government's road annuity programme, we proposed a formula to build infrastructure projects and at the same time make it affordable for the government in terms of how to make payments," said Mr. Miten Shah, Head of Business Development at Intex Group.

"It is structured like a mortgage, the government gets the project in two years but pays within 10 years for the same. KCB Group was the financier," he said.



KCB Bank Kenya Corporate Banking Relationship managers with AIC Girls Primary Boarding School Deputy Head Teacher, Esther Parkimain and Intex Group Head of Business Development, Miten Shah.

Changing lives, one stitch at a time

eris Njeri is serving a life sentence at the Shimo La Tewa Prison. Despite her circumstances, she is a vibrant woman full of hope.

She was not always this way. Like with any other inmate, prison life had broken her down. She says she did not have joy, or a reason for living and was battling depression.

This changed four years ago after she learnt a new skill from Cross Stitch International, an organisation that works with the vulnerable in the society, teaching them skills to help them earn a living. The organisation borrows its name from cross stitch, a unique form of embroidery.

Peris got to interact with them in 2016 when they visited Langata Women's Prison, where she was first incarcerated. With nothing else to do, she says she decided to learn stitching.

"I am glad I joined the programme because it changed my life and gave me a reason to live," she said.

Since then, Peris has stitched four pieces which she sold and earned KShs.20,000. Since moving to Shimo La Tewa, Peris has been teaching inmates there how to cross stitch.

"Cross stitching is therapeutic; not only





does it keep me occupied, I am now a productive member of the society. This sewing technique also inspires creativity, improves concentration and hand-eye coordination," she says.

KCB Group committed millions of shillings towards enabling financial inclusion for women as part of its sustainability agenda. The Bank partnered with Cross Stitch International to increase the number of women reached and helped, stitch by stitch.

Charity Chahasi is another beneficiary of the Cross Stitch International programme. Charity

is the Director of Tunaweza, a community based organisation that works to transform the lives of women with disabilities.

Established in 2000, Tunaweza, which means 'we are able', started when a group of 10 women with disabilities came together to find sustainable ways to earn an income.

"We decided to start selling vegetables from our homes but later opened a shop so as to have a central point to sell vegetables and hold meetings," says Charity, who is also living with a disability. Gradually, they bought sewing machines and started tailoring clothes for sale. Over time, their numbers grew because more women wanted to join the group. The founding members registered Tunaweza as a CBO.

Apart from sewing clothes, they also make shopping bags, laptop bags, traveling bags and beaded bags.

Additionally, the group engages in other income generating activities such as making peanut butter, jewelery from recycled papers, coconut oil and Moringa oil.

Their biggest project at the moment is making reusable sanitary towels. This project was informed by the fact that most girls, especially those in public schools and slums, skip school every time they are on their menses.

One day, the group was invited by KCB to attend the 5th annual suppliers in Nairobi. That is where Charity learnt about Cross Stitch International. Cross Stitch International was interested in the work Tunaweza did and they forged a partnership.

Cross Stitch presented a great opportunity for the group. Not only were they trained, they were also given toolkits consisting of needles, thread and patterned fabric to create tapestries.

"Tunaweza constantly needs to innovate to grow their income and I am really grateful to KCB for organising such forums through which we can meet likeminded organisations and work together to transform the lives of the vulnerable in the society," says Charity.

Scaling youth opportunity

Case Study:

KCB and Mastercard partner to offer solution for youth employment

uring the year, KCB Foundation and the Mastercard Foundation entered into a US\$100 million (KShs.10 billion) partnership to scale 2jiajiri. The 5-year partnership is targeted at creating one million direct jobs and 500,000 indirect jobs.

The funding was extended under the Mastercard Foundation's Young Africa Works programme, a public-private partnership between Mastercard Foundation, the government and the private sector to enable five million young people to access work through expanding technical, vocational and work readiness skills critical to economic growth.

KCB Foundation is one among seven beneficiaries in Kenya of the ambitious KShs.30 billion (US\$300 million) commitment by the Mastercard Foundation in 10 African countries.

This programme will be implemented in the phases of 2jiajiri which are technical training, incubation where enterprises access capital and Business Development Services and formal linkages to markets.



KCB Foundation 2jiajiri beneficiaries assemble greenhouse parts manufactured by Gearbox at a farm in Ngong. The project is under the Mastercard Young Africa Works programme.





Mastercard Head of East Africa Region, Adam Jones during the official launch of *Jaza Duka*.

Enabling shop owners grow their businesses

Jaza Duka, a joint initiative by KCB Group, Mastercard and Unilever meant to empower retailers (duka) owners with working capital was successful in fostering engagement with our SME customers.

Jaza Duka offers credit in a cashless system that enables retailers restock their shops by easing liquidity challenges experienced by many retailers.

The programme enables retailers' quick access to credit within simple and efficient repayment schemes. The partnership has proved successful signing up almost 18,000 stores in Kenya in the first few months of launch.

Jaza Duka addresses retailers' key concerns that hinder the ease of doing business, ensuring they serve all the needs of their customers. Thanks to *Jaza Duka*, stock levels for retailers have increased by 30 per cent boosting their financial position and sustainability in the sector.

Stawi

KCB Group partnered with three other banks to develop a mobile loan product targeting micro, small and medium scale enterprises (MSMEs). The mobile-based credit scheme has been developed especially for entrepreneurs who have for long being locked out of the formal credit market owing to the informal nature of their business operations and limited assets to allow for collateralised loans. Together with NCBA, the Cooperative Bank of Kenya Limited, and Diamond Trust Bank Kenya Limited (DTB), Stawi offers customers unsecured mobile loan products ranging from KShs.30,000 up to KShs.250,000 with repayment periods of between one and 12 months at nine percent interest.



KCB Group Chief Executive Officer Joshua Oigara interacts with a Stawi beneficiary during the launch of the programme in 2019.

Electric taxis come to a road near you

In future, electric vehicles (EVs) are tipped to disrupt urban transportation around the world. Both large corporations and startups are investing billions of dollars in research and development of EVs.

This is a virgin market that is expected to grow rapidly, and form the bedrock of tomorrow's transportation.

"The future of mobility is electric which is economical and environment-friendly," said Juha Suojanen, CEO and founder of EkoRent.

EkoRent is a transport company that Juha first established in 2014 as an electric car rental app in Helsinki, Finland.

In August 2018, Juha launched Nopia Ride, the firm's new all-electric cab-hailing company in Nairobi.

"We realised that there was rising demand for clean transportation services in other markets and in Kenya too, which is why we chose the Nairobi to launch our first cab hailing transport services that operates on 100 percent battery powered electric vehicles," he says.

The transport sector is one of the highest sources of urban air pollution contributing nearly one quarter of all energy related carbon dioxide [Co2] emissions.



"Electric taxis are cheaper, cleaner and quieter. They are also more efficient because an electric car takes 40 minutes to charge and can travel for up to 150 kilometers before it needs recharging," says Juha.

Nopia Ride has so far set up five charging stations in popular shopping malls - the Hub Karen, Thika Road Mall and Two Rivers.

"We partnered with these malls specifically because they offer solar powered energy which is in line with our sustainable initiatives of heading towards being 100 per cent green," says Juha. "We have on boarded 500 to 600 drivers since we began. Nopia Ride offers them 30 to 50 per cent more income per day compared to other cabhailing platforms. This is attributed to the fact that they do not spend money on gasoline and the charging vehicles is free of charge at any of the stations," he says.







We are committed to implementing the UNEP-FI Principles for Responsible Banking through effective governance and a culture of responsible banking, demonstrating ambition and accountability by setting public targets relating to our most significant impacts.

The following changes were recorded in the financial sector in 2019:

2019 Budget Policy Statement for the MTEF FY 2019/20 - 2021/22 budget

The National Treasury used this to prepare the National Fiscal Budget for the Financial Year 2019/2020. This document was submitted in Parliament by the Cabinet Secretary for Treasury and Planning.

The Draft Kenya Sovereign Wealth Fund Policy and Draft Kenya Sovereign Fund Bill 2019

The National Treasury developed a draft Kenya Sovereign Wealth Fund Bill, 2019 and draft Kenya Sovereign Wealth Fund Policy, which will provide a framework for management of revenue from natural resources.

Draft Comprehensive Policy on Unclaimed Financial Assets

The policy is intended to strengthen the unclaimed financial assets regime in Kenya and guide further review and amendments to the relevant existing laws and regulations.

The Government hopes to use it to enable proper and effective management of unclaimed financial assets and contribute to a more robust consumer protection in the financial services sector.

Debt Policy and Borrowing Framework

This policy will guide and coordinate decisions on debt management, contracting of debt and providing guarantees. The Policy is aligned with the Constitution, Public Finance Management Act (PFMA) and Regulations.

The Budget Review and Outlook Paper (BROP) for the MTEF FY 2020/21 - 2022/23 Budget

The Budget Review and Outlook Paper (BROP) is prepared in accordance with Section 26 of the Public Finance Management (PFM) Act, 2012 that requires its submission to Cabinet for approval by 30th September in each financial year. The approved BROP will subsequently be submitted to Parliament.

The National Fiscal Budget for the Financial Year 2020/2021

The amendment of the Public Finance
Management Act through the Statute Law
(Miscellaneous Amendments) Act, 2019 dated
9th July, 2019, requires that the revenue raising
measures contained in the Finance Bill be
submitted to Parliament by 30th of April each year
as opposed to June during the budget-statement
usually in mid-June.

This forces Treasury to start the process of preparing the Finance Bill, 2020 early enough in order to meet the new timelines. It is in this regard, the preparation of the Finance Bill, 2020 commenced in November, 2019.

Proposed Amendments to the Public Finance Management (National Government) Regulations, 2015

The Purpose of the Amendment was to set a limit on public debt. The limit was changed from 50% of the GDP to nine trillion shillings.

2019 legislations

Data Protection Act, No. 24 of 2019

It is an Act of Parliament to give effect to Article 31(c) and (d) of the Constitution; to establish the Office of the Data Protection Commissioner; to make provision for the regulation of the processing of personal data; to provide for the rights of data

subjects and obligations of data controllers and processors

Finance Act 2019

In the 2019 Finance Act, interest rate capping was withdrawn. The Act also introduced digital taxation of digital market place.

Currency Change

The Central Bank of Kenya issued new currency bank notes. By Gazette Notice No.4849 of May 31 2019, all the older 1,000 shillings banknotes were withdrawn and ceased to be legal tender on October 1, 2019. All other denominations are still unaffected and continue to circulate alongside the New Generation banknotes. The objective of this measure was to deal conclusively with the emerging concerns about illicit financial flows and counterfeits.

High Court judgement on New Currency

A member of the public challenged the change in bank notes and wanted the process halted citing the unconstitutionality of the use of the image or statue of the first president Mzee Jomo Kenyatta.

The High Court, in its ruling, determined that there was no violation of the Constitution in the design of the new generation currency notes. The Court declared that the statue at the Kenyatta International Convention Centre, a national landmark, is an integral part of the building, and is not a portrait. The Court maintained that CBK carried out extensive, reasonable and all-inclusive public participation, leading to the final design of the currency. With regard to the withdrawal of the old 1,000 shillings note, the Court further ruled that CBK had the power and discretion to withdraw the notes, and the rationale given was justifiable. The Court ruled that the four-month period for withdrawal was adequate and reasonable, and that CBK had the power and discretion to set the period. The Court concluded that CBK discharged



We are committed to implementing the UNEP-FI Principles for Responsible Bankings through effective governance and a culture of responsible banking, demonstrating ambition and accountability by setting public targets relating to our most significant impacts. its duty properly.

Conclusion of Demonetisation of the 1,000 shillings note

The withdrawal (demonetisation) of the older 1,000 shillings notes ended on the 30th of September 2019. The exercise, announced on June 1, 2019, was aimed at addressing illicit financial flows, and the emerging risk of counterfeits. From a total of 217,047,000 pieces of the 1,000 shilling notes on June 1, CBK received 209,661,000 pieces at the end of the demonetisation period on September 30. Thus, 7,386,000 pieces of the older 1,000 shilling notes, worth KShs.7.386 billion, were rendered worthless at the end of demonetisation.

CBK's Transfer of KShs.4 billion and increase in CBK's Paid-up Capital

The Central Bank of Kenya announced that it transferred to the Government Consolidated Fund KShs.4 billion as distribution from CBK's General Reserve Fund (GRF) as at end FY 2018/19. This transfer increased CBK's paid-up capital.

CBK clampdown on Unlicensed Online Foreign Exchange (Forex) Dealers

The Central Bank of Kenya published a notice to warn members of the public against dealing with unlicensed and unregulated online forex dealers. They urged members of the public to only deal with genuine and licensed financial institutions and entities. Members of the public were advised to confirm the licensing status of forex dealers from the CBK website and/or CMA website (www.cma.or.ke) before engaging with the dealers.

Imperial Bank Limited (In Receivership)

Following KCB Bank's detailed due diligence on selected loans, KCB revised its Final Offer that was announced on April 5, 2019, about Imperial Bank Limited (In Receivership). The Revised Offer was accepted and concluded.

Acquisition of National Bank of Kenya Limited by KCB Group PLC

The Central Bank of Kenya approved the acquisition of 100 percent shareholding of National Bank of Kenya Limited by KCB Group PLC (KCB Group).

Merger of Commercial Bank of Africa Limited and NIC Group PLC

The Central Bank of Kenya approved the merger of Commercial Bank of Africa Limited (CBA) and NIC Group PLC(NIC) effective September 30, 2019.



CMA warns against coin offering and trading

Capital Markets Authority (CMA) cautioned the public against participating in any initial coin offering or trading in any coin exchange offered by Wiseman Talent Ventures.

CMA noted that Wiseman Talent Ventures was raising money from the public through issuance of digital tokens in the form of coins and further providing a platform for the trading of the said Coins on its coin exchange. The firm had promised guaranteed returns of 10 percent monthly on the initial investment in Coins which were issued at KShs.100 at the Initial Coin Offering (ICO) and were also purportedly being marketed as trading at KShs.2,000 at its Coin Exchange. Further, the Kencoin value was marketed as exponentially rising since its initial offering and that poses substantive information asymmetry, liquidity and fraud risks.

Public Consultation on Draft Information Notice & Draft Short Form Prospectus

CMA held public consultations on Information Notices and Short Form Prospectus.

Private offers are offers of securities to a select category of investors who meet the criteria defined under the law. Section 30c of the Capital Markets Act provides that all issuers of private offers file an Information Notice with the Authority. Such offers may not be targeted to the wider investing public and advertising for the offers is prohibited. Investors are required to meet relevant standards and must be approached privately and provided with relevant information to inform their investment decision.

A Short Form Prospectus is also suited for existing approved issuers who continuously disclose information and therefore have the opportunity to make disclosures of relevant material changes quicker and more cost effectively than through the conventional means of distributing a prospectus.

Section 30b of the Capital Markets Act provides that an issuer may submit a short form prospectus where an issue is targeted at sophisticated investors.

The Regulatory Sandbox Policy Guidance Note

CMA published the Regulatory Sandbox Policy Guidance Note and invited fintechs to apply for admission to its Regulatory Sandbox.

For those that were successful, they were given a 12-month period to deploy and conduct live-tests of their innovative products, solutions and services. The Sandbox is expected to also accelerate CMA's understanding of emerging technologies, support adoption of an evidence-based approach to regulation and facilitate deepening and broadening of Kenya's capital markets.

In line with the Authority's investor protection mandate, Sandbox Participants are required to comply with certain minimum regulatory requirements prescribed by law. CMA however assesses regulatory requirements that will be temporarily modified during a Regulatory Sandbox test on a case-by-case basis. In this context, the Authority provides guidance where it considers that a proposed innovation is already clearly addressed under existing laws and regulations and therefore not fit for inclusion in the sandbox to avoid the creation of regulatory arbitrage between players rendering equivalent products or services.

CMA licensed second non-dealing online forex trading broker

The Board of the Capital Markets Authority (CMA) approved the grant of a license to SCFM Limited to operate as a Non – Dealing Online Foreign Exchange Broker in line with the Capital Markets (Online Foreign Exchange Trading) Regulations, 2017.

The non-dealing online foreign exchange broker license means the entity is licensed by the

Authority to act as a link between the online foreign exchange market and a client in return for a commission or mark-up in spreads and does not engage in market-making activities (buying and selling of foreign currencies). This is the second non-dealing online foreign exchange broker license to be issued under the new regulations, which brought the oversight of online foreign exchange brokerage services under CMA. The first license was issued to EGM Securities Limited in 2018.

CMA licenses new Authorised Securities Dealer and Authorised Depositories

The Board of the Capital Markets Authority (CMA) approved the grant of a license to SBM Bank Kenya Limited to operate as an Authorised Depository and an Authorised Securities Dealer. Credit Bank Limited has been granted a license as an Authorised Depository. This brings the number of Authorised Securities Dealers to three and Authorised Depositories to twenty.

An authorised securities dealer carries out the business of buying, selling, dealing, trading, underwriting or retailing of fixed income securities. According to the Capital Markets Act, an authorised securities dealer is a person authorised to deal in securities and operate in a specified market segment as may be prescribed by the Authority.

CMA licenses AFG Wealth Kenya Limited as an Investment Adviser

The Board of the Capital Markets Authority (CMA) approved the grant of a license to AFG Wealth Kenya Limited to operate as Investment Adviser in Kenya bringing the number of investment advisers to fifteen.

AFG Wealth Kenya Limited was granted the license after meeting the minimum requirements as set out under the Capital Markets (Licensing Requirements) (General) Regulations, 2002. An investment adviser is a person or group licensed

under the Capital Markets Act to make investment recommendations or conduct securities analysis in return for a fee whether through direct management of a client's assets or through written publications.

CMA licenses Jubilee Financial Services Limited to operate as a Fund Manager

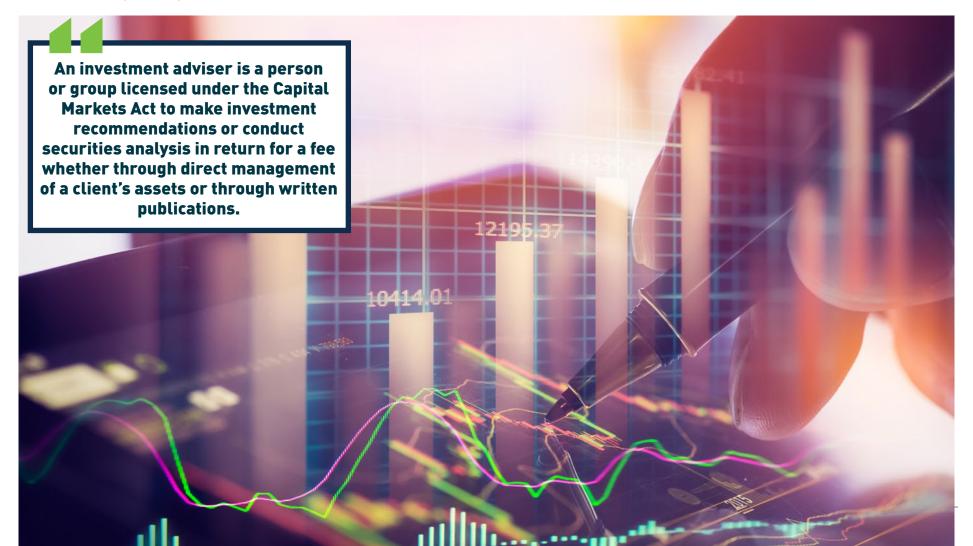
The Board of the Capital Markets Authority approved the grant of a licence to Jubilee Financial Services Limited to operate as a fund manager having met all requirements.

The grant of the license brings the number of fund managers licensed by CMA to 27.

A fund manager is a manager of a collective investment scheme (such as a unit trust), registered venture capital company or an investment adviser who manages a portfolio of securities in excess of an amount prescribed by the Authority from time to time.

CMA is set to recover KShs.208 million from illegal trading in fixed income securities

The CMA took action against Mr. Rodrick Muhoro, a bond trader, following the conclusion of investigations with respect to allegation of irregular trading of Government Securities in 2016 and 2017. CMA imposed a penalty of KShs.208 million being twice the amount of benefit Mr Muhoro received from irregular trading and banned him from conducting bonds trading for 10 years.





KCB Group 10-point action plan

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



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



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



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

Point Action Plan

Talent

management

and diversity



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

oint Action Plan



Portfolio reimagining

10.8B Amount of loans in KShs. lent under the women proposition

17.4% Percentage of portfolio lending to





Added-value partnership

81,571 Number of schools operating accounts through KCB

1,210 Number of active local suppliers





340 No. of scholarships under Scholarship Programme

5,382 No. of

on sustainability

awareness

10

employees trained

60%**

5%

Proportion spent on local procurement

Staff attrition rate



Product

development

& innovation









Financial Inclusion

45.3m Agency Banking transactions

563.121* Inua Jamii beneficiaries

11%



No. of new products launched

We endeavour to provide banking products and solutions that resonate with societal needs as expressed in the SDGs framework



KShs.447B

Cumulative Value of facilities that have undergone social & **Environmental Assessments**











Cyber security awareness & fortification

Environmental

footprint

5.303

of KCB Group staff trained in cyber security

SDG 13

On Climate Action

adopted in 2019

Core banking and lending systems upgraded

Reduction in fuel

consumption



Number of employee dismissals relating to fraud

13

689

No. of unsuccessful internal fraud attempts

Ethics & integrity





^{*} The decline was due to introduction of more service providers in Inua Jamii. However there was an increase in revenue and values and KCB handles 55% of the disbursements

^{**} Procurement decline in local sourcing was due to heavy IT purchases of specialized equipment that were not locally available in 2019.

Tackling fraud and cybercrime for a more sustainable business

s businesses digitise and automate operations, cyberrisks proliferate. As such, investment in resilience and cyber-security is become paramount.

We are continually investing heavily to secure our systems with the latest in security software as well as training staff up to the Board level on emerging threats. We have recorded a drop in SIM-fraud following awareness creation campaigns to staff and consumers about digital hygiene.

Ethics and corporate governance

KCB Group maintains stable corporate governance standards to ensure high accountability standards to the various stakeholders.

KCB is the only corporate to obtain the strongest rating within the market from two global agencies and the rating has remained stable for the last two years.

Risk Management

KCB Group currently works with regulators and security agents to safeguard against money laundering risks that have become a key concern for financial service providers across the globe. We continuously update our anti-money laundering policies in the markets we operate to safeguard our network against this risk.

We are currently at 93 per cent in terms of



achieving compliance with anti-money laundering legislation, which is the highest in the country, and we are currently working to achieve 98 per cent which is the global best practice.

We liaise with staff across all branches and in the subsidiaries to ensure suspicious transactions are flagged within three days, half the seven days that is usually the average in global best practice.







- GRI 102: General Disclosures
 GRI 103: Management Agency
- GRI 103: Management Approach
- GRI 205: Anti-corruption
- GRI 206: Anti-Competitive Behaviour

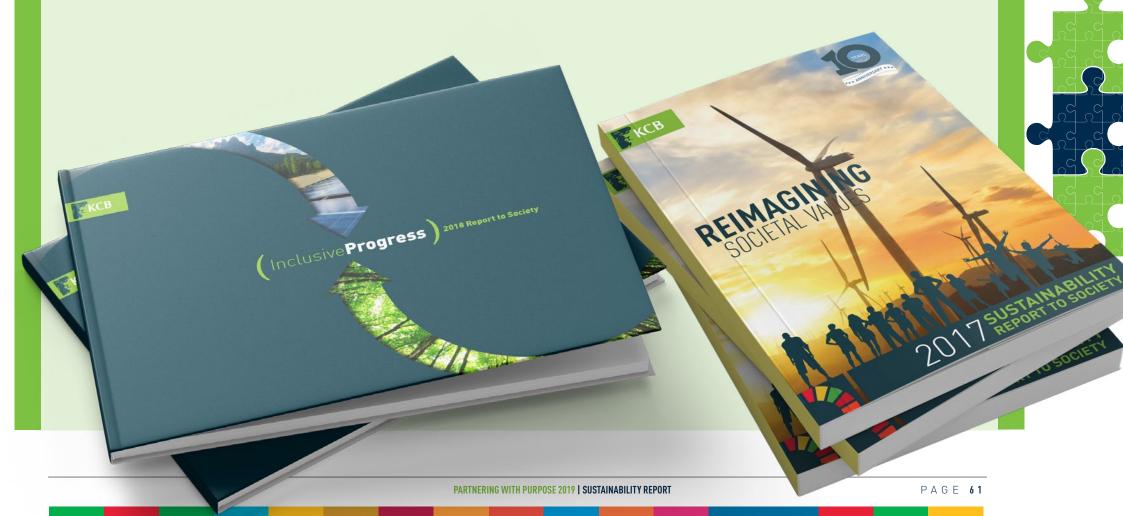


Since we published our first sustainability report in 2008, we have partnered with various organisations that require full disclosure. To this end, KCB Group has subscribed to the GRI reporting framework and the 10 Principles of the UN Global Compact. Every year, we publish integrated and sustainability reports for all our financial and non-financial performances and ensure effective distribution of the said reports. We also post the reports on the KCB Group website to increase accessibility especially to our global stakeholders. We are also active on Twitter, Instagram, Facebook, and emails.

Over the next 24 months, we will integrate the Principles for Responsible Banking into our business strategy and maintain our annual reporting cycles. In the third year, we will engage third party verifiers for our sustainability reports.



Over the next 24 months, we will integrate the Principles for Responsible Banking into our business strategy and maintain our annual reporting cycles.







salon and barbershop located on the second floor of a popular mall captures the essence of KCB Foundation's efforts to transform lives through 2jiajiri.

Juliana Githieya is the owner of the salon branded Ashleys Mtaani. Previously, Juliana worked with Ashleys before taking a KCB Kenya loan to start her business.

Because of its location and the strength of the Ashleys brand, customers have been flocking to the salon, enabling Juliana to increase her revenues ninefold since she opened the business in February 2019.

Two other salons opened in the outskirts of Kenya's capital demonstrate the success of 2jiajiri and its efforts in the transformation of communities.

The opening of the salons was the culmination of a partnership with Ashleys to establish franchises that would employ 2jiajiri graduates. Ashleys supervises the management of the salons and ensures the highest standards are maintained, which in turn gives customers the confidence to keep coming back.

The Foundation decided to pursue the franchising model after realising that while many graduates have solid business plans, they are afraid that without the cover of established brands, they would not fare well in business.

Ashleys also seconded their experienced staff, like Juliana, to train under 2jiajiri and take up loans and they have gone ahead to run the franchise shops, which are now generating significant revenue.

The establishment of the franchises marked a significant step for the Foundation in 2019 as it continued

to make progress in its three main stages: sponsoring students to acquire technical skills, helping graduates set up businesses or get to employment and transitioning the graduates into fullfledged KCB Group customers.

In 2019, the KCB Foundation oversaw the graduation of 10,565 beneficiaries, bringing the total number of the graduates from the programme since inception to 33,374.

To help the graduates set up businesses, 2jiajiri provided Business Development Services (BDS), where a lawyer, a marketer and accountant would guide them on how register, market and run and maintain their businesses.

The Foundation offered Business Development Services to 6,929 of the 10,925 beneficiaries of the 2jiajiri programme in 2019.

As a result, 2,636 business plans were developed and the beneficiaries went on to take loans worth KShs150 million from the Bank.

An in-depth analysis of the Foundation's work in 2019 established that 13,316 jobs were created both directly, by enabling entrepreneurs establish their own businesses, and indirectly, by linking graduates to employers.

Working with officers from BDS and micro-bankers, the Foundation offered services to 2,144 Person with Disabilities (PWD) in 2019.

These were 21 per cent of the total graduates for the year, and was a notable achievement given that the Foundation's target for BDS is 10 per cent of the graduates.



Juliana Githieya operates the salon branded Ashleys Mtaani, which she set up after taking a loan from KCB. It is located at Ciata Mall, along Kiambu Road. Because of its location and the strength of the Ashleys brand, customers have increased, enabling Juliana to increase her revenue and repay her loan.

Of the 2,144 beneficiaries, 544 were skillers (previously untrained workers), while 1,600 were upskillers (those upgrading their skills), who were mostly businessmen and women.

This training was done through workshops in December 2019, with the microbankers then plugging in by helping the traders open accounts. As a result, more than 1,200 accounts were opened.

Majority of the traders helped to set up accounts on Stawi, the mobile loan product backed by KCB Group and three other banks (Diamond Trust Bank, Cooperative Bank and NCBA).

Working under a Memorandum of Understanding with the Foundation, the Meru County Government helped mobilise PWDs for the workshops held in that part of Kenya.

The Foundation worked with the German International Development Agency (GIZ) to train youth.

Working with the GIZ's Employment and Skills for Eastern Africa (E4D/S0GA) programme, the Foundation procured tools to enable graduates start their careers in the construction sector.

A total of 580 beneficiaries received tool-kits.







Global Reporting Initiative Standards Index for the year ending 31 December 2019

The KCB Group Report to Society 2019 has been prepared in accordance with the GRI Standards: Core option.

We also report against Financial Services Sector disclosures.

Global Reporting Initiative Sustainability Reporting Standards https://www.globalreporting.org/standards

F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.			
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #	
GRI 102: General Disclosur	res					
Organisational Profile						
102-1	Name of the organisation	F	KCB Group Plc Integrated Report 2019	About this Report	2	
102-2	Activities, brands, products and services	F	KCB Group Plc Integrated Report 2019	Overview	4-21	
102-3	Location of headquarters	F	KCB Group Plc Integrated Report 2019	Overview	4-21	
102-4	Location of operations	F	KCB Group Plc Integrated Report 2019	Overview	4-21	
102-5	Ownership and legal form	F	KCB Group Plc Integrated Report 2019	Overview	4-21	
102-6	Markets served	F	KCB Group Plc Integrated Report 2019	Overview	4-21	
102-7	Scale of the organization	F	KCB Group Plc Integrated Report 2019	Overview	4-21	
102-9	Supply Chain	F	KCB Group Report to Society 2019	Stakeholder Engagement	44	
102-10	Significant changes to the organization and its supply chain	F	KCB Group Plc Integrated Report 2019	Operating Environment	14-21	
102-11	Precautionary principle or approach	NR				
102-12	External initiatives	F	KCB Group Plc Integrated Report 2019	Overview	4-21	
102-13	Membership of associations	F	KCB Group Plc Integrated Report 2019	Overview	13	
Strategy						
102-14	Statement from senior decision-maker	F	KCB Group Plc Integrated Report 2019	KCB Group CEO & MD Statement	32-47	
102-15	Key impacts, risks and opportunities	F	KCB Group Plc Integrated Report 2019	Risk Management	22-31	
Ethics and Integrity						
102-16	Values, principles, standards and norms of behaviour	F	KCB Group Report to Society 2019	Governance and Culture	58	
102-17	Mechanisms for advice and concerns about ethics	F	KCB Group Plc Integrated Report 2019	Risk Management	23,30	



F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	oorted.	NA - Not Applicable to our Industry.			
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #	
Governance						
102-18	Governance structure	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	71	
102-19	Delegating authority	F	KCB Group Plc Integrated Report 2019	Board Committees	74	
102-20	Executive-level responsibility for economic, social and environmental impact	F	KCB Group Plc Integrated Report 2019	Board Committees	74	
102-21	Consulting stakeholders on economic, environmental and social topics	F	KCB Group Report to Society 2019	Stakeholder Engagement	44	
102-22	Composition of the highest governance body and its committees	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	71	
102-23	Chair of the highest governance body	F	KCB Group Plc Integrated Report 2019	KCB Group Chairman Statement	32	
102-24	Nominating and selecting the highest governance body	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76	
102-25	Conflicts of interest	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	73	
102-26	Role of highest governance body in setting purpose, values and strategy	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76	
102-27	Collective knowledge of highest governance body	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76	
102-28	Evaluating the highest governance body's performance	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76	
102-29	Identifying and managing economic, environmental and social impacts	F	KCB Group Plc Integrated Report 2019	Risk Management	22-31	
102-30	Effectiveness of risk management processes	F	KCB Group Plc Integrated Report 2019	Risk Management	22-31	
102-31	Review of economic, environmental and social topics	F	KCB Group Plc Integrated Report 2019	Risk Management	22-31	
102-32	Highest governance body's role in sustainability reporting	F	KCB Group Plc Integrated Report 2019	Risk Management	22-31	



F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
102-33	Communicating critical concerns	F	KCB Group Plc Integrated Report 2019	Risk Management	22-31
102-34	Nature and total number of critical concerns	Р	KCB Group Plc Integrated Report 2019	Risk Management	22-31
102-35	Remuneration policies	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76
102-36	Process for determining remuneration	F	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76
102-37	Stakeholders' involvement in remuneration	NR			
102-38	Annual Total compensation ratio	Р	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76
102-39	Percentage increase in annual total compensation ratio	NR	KCB Group Plc Integrated Report 2019	Corporate Governance Statement	68-76
Stakeholder Engagement					
102-40	List of stakeholder groups	F	KCB Group Report to Society 2019	Our Stakeholders	42-51
102-41	Collective bargaining agreements	NR			
102-42	Identifying and selecting stakeholders	F	KCB Group Report to Society 2019	Our Stakeholders	42-51
102-43	Approach to stakeholder engagement	F	KCB Group Report to Society 2019	Our Stakeholders	42-51
102-44	Key topics and concerns raised	F	KCB Group Report to Society 2019	Our Stakeholders	42-51
Reporting Practice					
102-45	Entities included in the consolidated financial statements	F	KCB Group Plc Integrated Report 2019	Overview	4-21
102-46	Defining report content and topic Boundaries	F	KCB Group Plc Integrated Report 2019	Overview	4-21
102-47	List of material topics	F	KCB Group Plc Integrated Report 2019	Risk Management	26
102-48	Restatements of information	F	KCB Group Plc Integrated Report 2019	Financial Statements and Notes	186
102-49	Changes in reporting	F	KCB Group Plc Integrated Report 2019	Overview	11
102-50	Reporting period	F	KCB Group Report to Society 2019	About this Report	2



DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
102-51	Date of most recent report	F	KCB Group Report to Society 2019	About this Report	2
102-52	Reporting cycle	F	KCB Group Report to Society 2019	About this Report	2
102-53	Contact point for questions regarding the report	F	KCB Group Report to Society 2019	About this Report	2
102-54	Claims of reporting in accordance with the GRI standards	F	KCB Group Report to Society 2019	About this Report	2
102-55	GRI content index	F	KCB Group Report to Society 2019	KCB Group Website	2
102-56	External assurance	F	KCB Group Plc Integrated Report 2019	The Annual Financial Statements for the Group, KCB Bank Kenya, KCB Bank South Sudan, KCB Bank Rwanda and KCB Bank Burundi were audited by KPMG. KCB Bank Tanzania was audited by PwC while KCB Bank Uganda was audited by EY. The Annual Financial State- ments of National Bank of Kenya were audited by PwC. The KCB Report to Society 2019 was not subject to external assurance	2
GRI 103: Management App	roach				
103-1	Explanation of the material topic and its boundary	F	KCB Group Plc Integrated Report 2019	Overview	4-21
103-2	The management approach and its components	F	KCB Group Plc Integrated Report 2019	Overview	4-21
103-3	Evaluation of the management approach	F	KCB Group Plc Integrated Report 2019	Overview	4-21
GRI 200 ECONOMIC					

NR - Not Reported.

NA - Not Applicable to our Industry.

KCB Group Plc Integrated Report 2019

4-21

Overview



201-1

GRI 201: Economic Performance

F - Full Disclosures.

P - Partial Disclosure.

Direct economic value generated and distributed

F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
201-2	Financial implications and other risks and opportunities due to climate change	P	KCB Group Plc Integrated Report 2019	Overview	4-21
201-3	Defined benefit plan obligations and other retirement plans	F	KCB Group Plc Integrated Report 2019	Overview	4-21
GRI 202: Market Presence					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	NR			
202-2	Proportion of senior management hired from local community	NR			
202-3	Infrastructure investments and services supported	F	KCB Group Report to Society 2019	Alignment	17
202-4	Significant indirect economic impacts	F	KCB Group Report to Society 2019	2019 Performance High- lights	24
GRI 203: Indirect Economic	: Impact				
203-1	Infrastructure investment and services supported	F	KCB Group Report to Society 2019	Alignment	17-29
203-2	Significant indirect economic impact	F	KCB Group Report to Society 2019	2019 Performance High- lights	24
GRI 204: Procurement Pra	ctices				
204-1	Proportion of spending on local suppliers	F	KCB Group Report to Society 2019	2019 Performance High- lights	24
GRI 205: Anti-Corruption					
205-1	Operations assessed for risks related to corruption	F	KCB Group Report to Society 2019	2019 Performance High- lights	25
205-2	Communication and training about anti-corruption policies and procedures	F	KCB Group Report to Society 2019	Governance and Culture	59



F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
				Noport Deciron	l age n
GRI 206: Anti-Competitive Be	haviour				
206-1	Legal actions for anti-competitive behavior, anti trust and monopoly practices	F	KCB Group Report to Society 2019	Governance and Culture	59
GRI 300 ENVIRONMENTAL					
GRI 301: Materials		NA			
GRI 302: Energy					
302-1	Energy consumption within the organization	F	KCB Group Report to Society 2019	2019 Environmental Performance	35-36
302-4	Reduction of energy consumption	F	KCB Group Report to Society 2019	2019 Environmental Performance	35-36
GRI 303: Water and Effluents		NA			
GRI 304: Biodiversity		NR			
GRI 305: Emissions					
305-1	Direct (Scope 1) GHG emissions	F	KCB Group Plc Integrated Report 2019	Group Performance Highlights	5
305-2	Energy indirect (Scope 2) GHG emissions	F	KCB Group Plc Integrated Report 2019	Group Performance Highlights	5
305-3	Other indirect (Scope 3) GHG emissions	NR			
305-4	GHG emissions intensity	NR			



F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
305-5	Reduction of GHG emissions	F	KCB Group Plc Integrated Report 2019	Group Performance Highlights	5
GRI 306: Waste by type and o	lisposal method	NA			
GRI 307: Environmental Com	pliance				
307-1	Non-compliance with environmental laws and regulations	F	KCB has not identified any non-compli- ance with environmental laws and/or regulations	KCB Group Report to Society 2019: Risk Man- agement	22-31
FS1	Policies with specific environmental and social components applied to business lines	F	Sustainability Governance Framework SEMS: Social and Environmental Management System Approach to responsible lending in Retail and Business Banking Governance, Ethics and Risk Framework	KCB Group Plc Integrated Report 2019: Corporate Governance Statement	68-76
FS2	Procedures for assessing and screening environ- mental and social risks in business lines	F	Sustainability Governance Framework SEMS: Social and Environmental Management System Approach to responsible lending in Retail and Business Banking Governance Ethics and Risk Framework	KCB Group Plc Integrated Report 2019: Strategy Review	61



F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
			Sustainability Governance Framework		
	Processes for monitoring clients' implementation		SEMS: Social and Environmental Management System		
FS3	of, and compliance with, environmental and social requirements included in agreements or transactions	F	Approach to responsible lending in Retail and Business Banking	KCB Group Plc Integrated Report 2019: Strategy Review	61
			Sustainability Governance Framework		
			10 Point Action Plan Targets		
	Processes for improving staff competence to implement the environmental and social policies and		Staff Sustainability Training	KCB Group Plc Integrated Report 2019: Strategy	
FS4	procedures as applied to business lines	F	Governance and Ethics Review	Review	61
FS5	Interactions with clients/investors/business part- ners regarding environmental and social risks and opportunities	F	Our Stakeholders and how we engage	KCB Group Plc Integrated Report 2019: Strategy Review	61
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	F	SEMS: Social and Environmental Management System	KCB Group Plc Integrated Report 2019: Strategy Review	57
			Portfolio Reimagining		
			Responsible investment		
			Approach to responsible lending in Retail and Business Banking	Man a River a la l	
	Policies for the fair design and sale of financial		Access to financial products	KCB Group Plc Integrated Report 2019: Our Sustain-	62
FS15	products and services	F	Mobile Banking	ability Agenda	
GRI 308: Supplier Environn	nental Assessment				
308-1	New suppliers that were screened using environmental criteria	F	KCB Group Report to Society 2019	Stakeholder Engagement	44-45
308-2	Negative environmental impacts in the supply chain and actions taken	F	KCB Group Report to Society 2019	Stakeholder Engagement	44-45

F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	1	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
GRI 400 SOCIAL					
GRI 401: Employment					
				2010 D (11: 1	
401-1	New employee hires and employee turnover	F	KCB Group Report to Society 2019	2019 Performance High- lights	24-25
401-2	Benefits provided to full- time employees that are not provided to temporary or part time employees	F	KCB Group Plc Integrated Report 2019	Strategy Review: Human Capital	54
401-3	Parental leave	F	KCB Group Plc Integrated Report 2019	Strategy Review: Human Capital	54
GRI 402: Labour/Manageme	ent Relations				
402-1	Minimum notice period regarding operational changes	NR			
GRI 403: Occupational Heal	th & Safety				
403-1	Occupational Health and Safety management system	F	KCB Group Plc Integrated Report 2019	Group Performance High- lights Non-Financial	5
403-3	Occupational health services	F	KCB Group Plc Integrated Report 2019	Group Performance High- lights Non-Financial	5
403-6	Promotion of worker health	F	KCB Group Plc Integrated Report 2019	Group Performance High- lights Non-Financial	5
GRI 404: Training and educa	ition				
404-1	Average hours of training per year per employee	F	KCB Group Report to Society 2019	2019 Performance High- lights	24-25



NA

NR - Not Reported.

NA - Not Applicable to our Industry.

other raw materials, goods or services

in significant amounts from suppliers in

high risk jurisdictions.



408-1

F - Full Disclosures.

P - Partial Disclosure.

Operations and suppliers at significant risk for

incidents of child labour

F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
GRI 409: Forced or compulsor	y Labour				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	NA	Our business overall is not at high risk because of the nature of work in the financial services industry. We do not directly source high risk agricultural commodities, conflict minerals or any other raw materials, goods or services in significant amounts from suppliers in high risk jurisdictions.		
GRI 410: Security Practices					
410-1	Security personnel trained in human rights policies or procedures	NR			
GRI 411: Rights of Indigenous	peoples				
411-1	Incidents of violations involving rights of indigenous peoples	NR			
GRI 412:Human Rights assess	ment				
OKI 412:Hullian Kights assess					
412-2	Employee training on human rights policies or procedures	Р	KCB Group Report to Society 2019	2019 Performance High- lights	24-25
GRI 413:Local Communities					
413-1	Operations with local community engagement, impact assessments and development programmes	F	KCB Group Report to Society 2019	Stakeholder Engagement	44-45
413-2	Operations with significant actual and potential negative impact on local communities	NR			



DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
FS 13	Access points in low- populated or economically disadvantaged areas by type	F	KCB Group Report to Society 2019	Stakeholder Engagement	44-45
FS 14	Initiatives to improve access to financial services for disadvantaged people	F	KCB Group Report to Society 2019	Stakeholder Engagement	44-45
GRI 414: Supplier Social As	sessment				
414-1	New suppliers that were screened using social criteria	F	KCB Group Report to Society 2019	Stakeholder Engagement	44-45
GRI 415: Public Policy					
415-1	Political contributions	NR			
GRI 417: Marketing and Lab	pelling				
417-1	Requirements for product and service information and labelling	F	KCB Group Report to Society 2019	Our Clients and Custom- ers	31-40
GRI 418: Customer Privacy					
418 -1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	F	KCB Group Report to Society 2019	2019 Performance High- lights	24-25
-					
GRI 419: Socioeconomic con	mpliance				

F

NR - Not Reported.

NA - Not Applicable to our Industry.

KCB Group Plc Integrated Report 2019

Corporate Governance

75

Statement



419-1

F - Full Disclosures.

P - Partial Disclosure.

Noncompliance with laws and regulations in the

social and economic area

F - Full Disclosures.	P - Partial Disclosure. NR - Not Rep	orted.	NA - Not Applicable to our Industry.		
DISCLOSURE NUMBER	DISCLOSURE TITLE	REPORTING STATUS	REFERENCE, REPORT OR OTHER DOCUMENT	Report Section	Page #
FINANCIAL SECTOR SUPPLEMENT					
PRODUCT PORTFOLIO					_
FS 6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	F	KCB Group Plc Integrated Report 2019	Operating Environment	14-21
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	F	KCB Group Plc Integrated Report 2019	Operating Environment	14-21
FS 8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	F	KCB Group Plc Integrated Report 2019	Operating Environment	14-21
ACTIVE OWNERSHIP					
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues	NR			
FS11	Percentage of assets subject to positive and negative environmental or social screening	Р	KCB Group Report to Society 2019. SEMS, 10 Point ACTION PLAN	2019 Performance High- lights	24-25



